

NO 11 Bundle no 11

12MAR 1955
MADRAS GOVERNMENT

The Economist

FOUNDED 1843

'RIL 2, 1955

Boisterous Survey

Rubicon of Rearmament

Housewives' Choice

Fair Fever

Guide to the Economy

AMERICAN SURVEY: Trade in Trouble
THE WORLD OVERSEAS: The Last Act in Paris
BOOKS: The Cruel Hoax

Annual Postal Subscriptions : by ordinary mail £3; by air see page 91
THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1
VOLUME CLXXV · NUMBER 5823



Summa 15

In the hands of the famous Olivetti designers, the Summa 15 - a hand-operated, adding/listing machine of reduced size has all the up-to-date features of the most advanced machines.

Its range of performance has not been allowed to be restricted by size. In addition, it has a simplicity of control and a sturdiness of construction that make it easy to operate and capable of the hardest work.

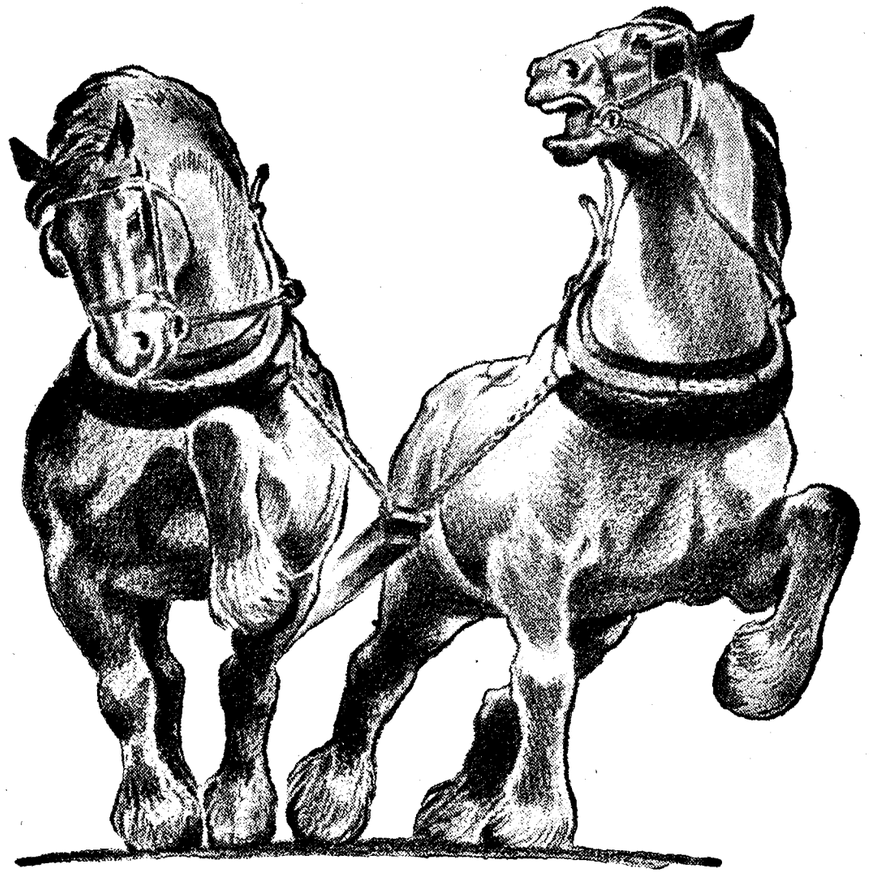
Hand-operated
Capacity 10/11 columns
Automatically prints proof of its operations
Operates both in sterling and whole numbers
Direct subtraction and credit balance

British Olivetti Ltd.
10 Berkeley Square - London W.1
Sales Branches:
London - 32/34 Worship Street, E.C.2.
Glasgow - 115/207 Summerlee Street, E.3.
Authorized dealers throughout the country

olivetti

You can't beat EUCLIDS

-THE WORLD'S "WORKHORSES"

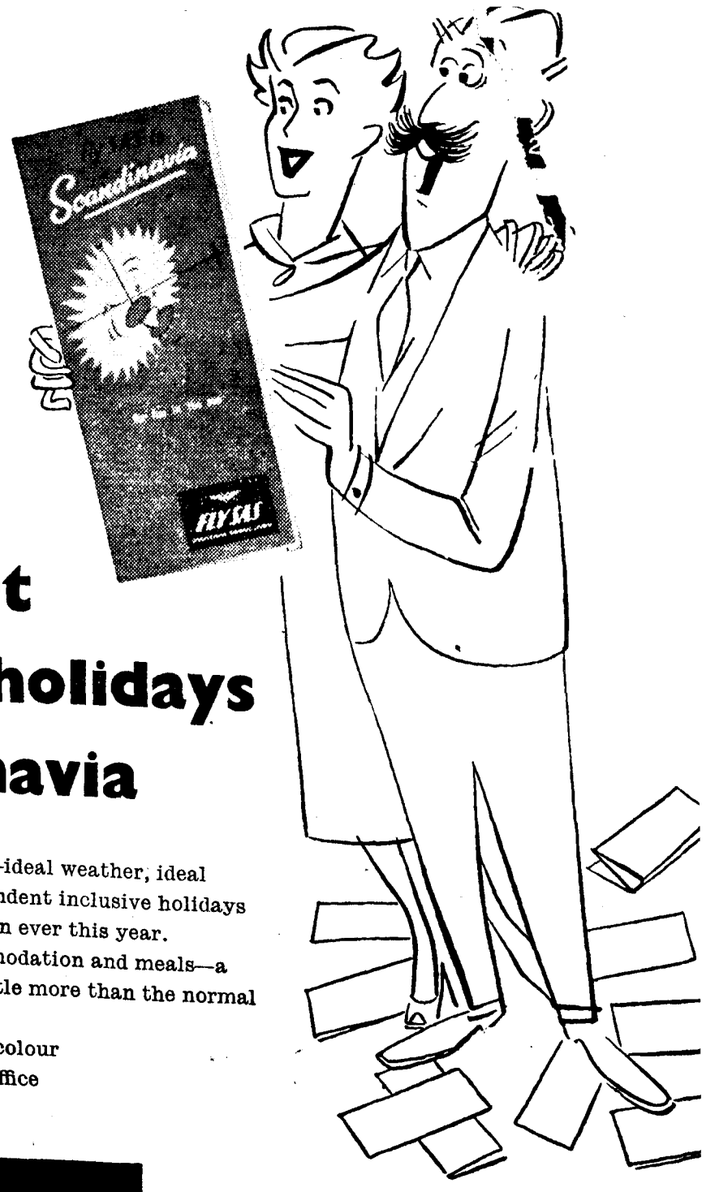


EUCLID Earthmoving Equipment is distributed and serviced by:

BLACKWOOD HODGE

Subsidiary Companies Branches Works  *and Agencies throughout the World*

This is it!



Cheap independent inclusive air holidays to Scandinavia

MAKE it Scandinavia this year—ideal weather, ideal food, hospitable people. Independent inclusive holidays to Scandinavia are CHEAPER than ever this year. Return air travel, hotel accommodation and meals—a really first-class holiday—at little more than the normal return air fare.

Ask your Travel Agent for full colour folder or contact nearest SAS office

FLY SAS

SAS

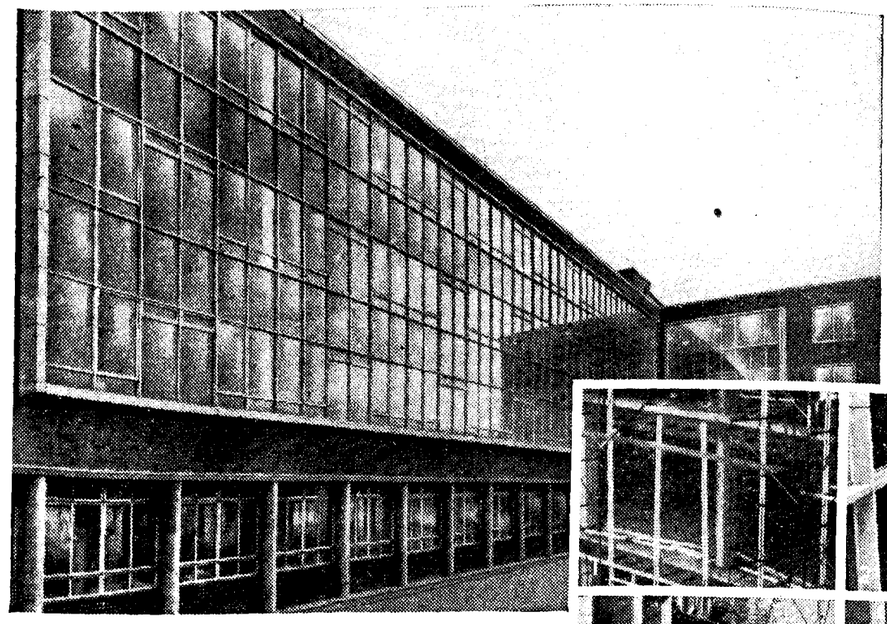
first over the Pole

SCANDINAVIAN AIRLINES SYSTEM

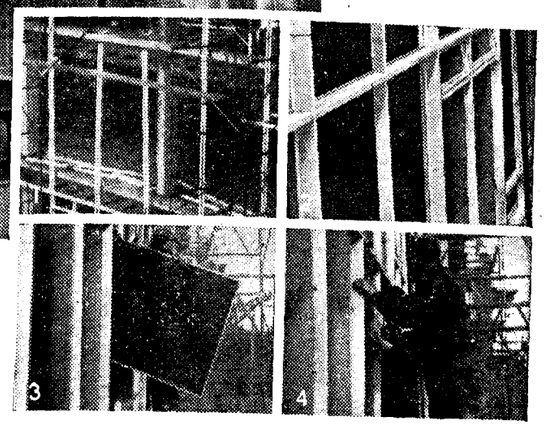
5, CONDUIT STREET, LONDON, W.1. (HYDE PARK 6777)

(AND AT MANCHESTER, BIRMINGHAM, GLASGOW)

This wall went up in 5 days!



Drawing Office: Messrs. Clarke Chapman & Co. Ltd., Gateshead. Architects: Messrs. Chas. S. Errington, L/A.R.I.B.A., Newcastle upon Tyne. Assistant in charge: K. Kennedy, A.R.I.B.A.



WALLSPAN

OUTER WALLS ARE THE QUICKEST WAY TO GET NEW BUILDINGS INTO BUSINESS

How Wallspan goes up so quickly. Wallspan is the logical way of constructing outside walls for modern multi-storey buildings.

Wallspan is a grid of aluminium alloy, formed of box-section vertical and horizontal members, which is readily bolted on the structure of the building. Into it are fixed windows and doors and the rest of the grid is quickly filled with any of a wide variety of durable, weatherproof panelling. You may, if you wish, get business going floor by floor as Wallspan goes up!

The panelling used can be any of a score of different materials in numerous textures and colours—glass, stone, metal, wood and many other substances.

Wallspan gives you more floor space. The weight of a modern building is carried by the structural frame, not the outer walls, which are merely protective and decorative and carry the windows. So the Wallspan grid need be no more than 5 inches thick with panels half that thickness. This means *extra* rentable space all round every floor: hundreds more square feet in any sizeable building!

And more warmth! The slender panels in the Wallspan grid can be constructed to provide up to 50 per cent better heat-retention than cavity brick walls. And maintenance is negligible. There's no pointing or painting. The walls can be washed down occasionally . . . by the window cleaners.

It will be well worth your while to discuss with your Architect the use of Wallspan in any new building you are planning—offices, factory, shop, stores, warehouse, school . . .

1 *Fixing the vertical aluminium members—they are so light in weight that one man can easily handle the largest of them!*
2 *The grid is fixed—floor by floor.*
3 *This is how the panels go in . . .*
4 *. . . and are clipped into place by a neat aluminium beading.*

Extensions to this building had to go upward owing to site limitations. Three floors have been added to the original single-storey office and these have Wallspan walls.

The elevation illustrated is 115 ft. 7 in. long and 27 ft. 9 in. high. The Wallspan grid carries aluminium framed opening casements and fixed glazing. The opaque panels are green Vitroslab.

This Wallspan framework was fixed in FIVE DAYS by a routine-strength Williams & Williams fixing team and without working overtime!

WALLSPAN CURTAIN WALLING

WILLIAMS & WILLIAMS

RELIANCE WORKS · CHESTER

You'll be using your building sooner—much sooner—if it has Wallspan walls!

We Can Sell Your Products Throughout the United States

Our 52 branches cover every major market in the entire U.S.A. Each branch is staffed with well-trained salesmen, now available to handle a few European products.

We can warehouse your merchandise in America, and handle every phase of selling, demonstrating, advertising, shipping, etc. Cost is surprisingly reasonable.

Top executives of our firm will travel in Europe during May, and will be available for personal meetings.

If you want big-volume sales throughout the U.S., write at once, giving all possible information about your merchandise, including special sales features, pricing, domestic sales policies, etc. These advance facts will help make a personal interview more productive.

All information strictly confidential. No obligation involved. Write:

SALESPOWER INC.
20 Copthall Avenue
London Wall
London E.C.2, England

LEATHER UPHOLSTERY

MAKES YOUR NEW CAR A LASTING INVESTMENT

Real leather is unique for its enduring comfort and luxurious appearance. So, even if this refinement involves a little extra cost, you will be more proud of your car and, when the time comes to re-sell, your good judgment will be more than rewarded.

"YOUR CAR AND YOUR COMFORT" is the title of a booklet on the virtues of leather upholstery and gives an up-to-date price list of cars that are available with leather upholstery. *Write to:* The Dressed Hide Leather Publicity Committee, Leather Trade House, Barter Street, London, W.C.1

the way I figure



Why do businessmen from Bradford to Boston, from Brighton to Bombay use FACIT, the world's most exported calculator? Why is FACIT the way they figure? For three simple reasons: the Facit ten-key system offers the simplest, most effective method of calculating; anyone can become a proficient FACIT operator *without training*, achieving machine-perfect multiplication and division with only a few minutes practise; every model in the FACIT range is precision-built, robust, and 100% efficient. Add one more reason for Great Britain: every FACIT is backed by expert 'B & A' service from nineteen Branches throughout the country. That's why they figure with FACIT . . . and it is only part of the story. Drop us a line and we'll give you the rest with full details of the FACIT range of hand and electric ten-key calculators. Block & Anderson Limited, 58-60 Kensington Church Street, London, W.8. Tel: WEStern 2531.

FACIT

a BA business machine

BY APPOINTMENT
MERCERS OF WOOLLEN CLOTH TO THE LATE KING GEORGE VI

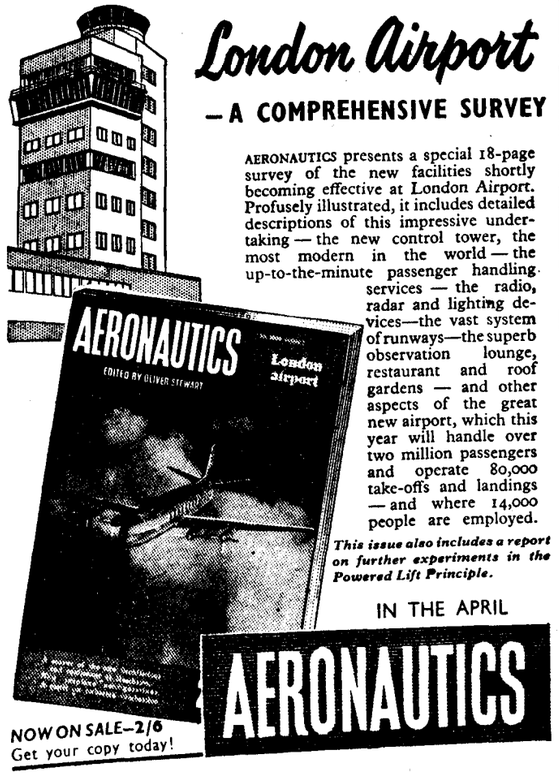
JOHN G. HARDY LTD.

The Big Six

The well-dressed man spends time as well as money on his clothes. For him, time spent in looking through the six John G. Hardy speciality cloths is a pleasure—as well as a sartorial duty. He wants to compare the rugged pure wool tweed of **'Hardithorn'** and **'Hardilaine'** with the silky luxury of **'Sheltie'**. He wants also to feel for himself the resilient strength and toughness of the famous **'Alsport'**. Perhaps he'll decide finally on the popular new **'Hardiwear'** worsted, but almost certainly he'll have a second look at the **Irish Homespuns.**

Ask to see these fine cloths (they're known as the John G. Hardy 'Big Six') at our showrooms or on extra-large bunches at your own tailors.

JOHN G. HARDY LTD., 4 NEW BURLINGTON ST., LONDON, W.1.
TELEPHONE: REGENT 1313.



London Airport

—A COMPREHENSIVE SURVEY

AERONAUTICS presents a special 18-page survey of the new facilities shortly becoming effective at London Airport. Profusely illustrated, it includes detailed descriptions of this impressive undertaking — the new control tower, the most modern in the world — the up-to-the-minute passenger handling services — the radio, radar and lighting devices—the vast system of runways—the superb observation lounge, restaurant and roof gardens — and other aspects of the great new airport, which this year will handle over two million passengers and operate 80,000 take-offs and landings — and where 14,000 people are employed.

This issue also includes a report on further experiments in the Powered Lift Principle.

IN THE APRIL

AERONAUTICS

NOW ON SALE—2/6
Get your copy today!

FERRANTI
ELECTRONIC COMPUTERS
have been sold to:

Government Departments

A.V. Roe and Co. Ltd
Chadderton, Lancashire

Shell Petroleum Co. Ltd
Amsterdam

Universities at Manchester and Toronto

The National Research Council of Rome

COUNT ON FERRANTI

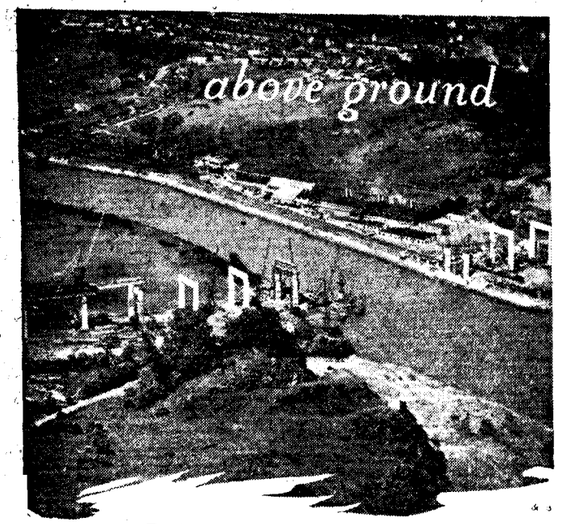
The Largest Manufacturers of Electronic Computers in the British Empire

FERRANTI

FERRANTI LTD.
Works: MOSTON, MANCHESTER 10

LONDON COMPUTER CENTRE
21 Portland Place, London, W.1.

Head Office: HOLLINWOOD LANCS



and below Under the control of Cleveland's foundation engineers, the rock strata deep under the surface has been exposed and tested . . . then concrete and steel is moulded in the foundations which are to support many thousands of tons of steel structure. There is no better plan than to place deep foundation construction in Cleveland's experienced hands.

CLEVELAND

Builders of Bridges & Fabricators of all types of structural steelwork

Craven for Civic honours



SIR JAMES BARRIE considered that a tin of Craven Tobacco was a far greater award than the freedom of the city. In 'My Lady Nicotine' he said:

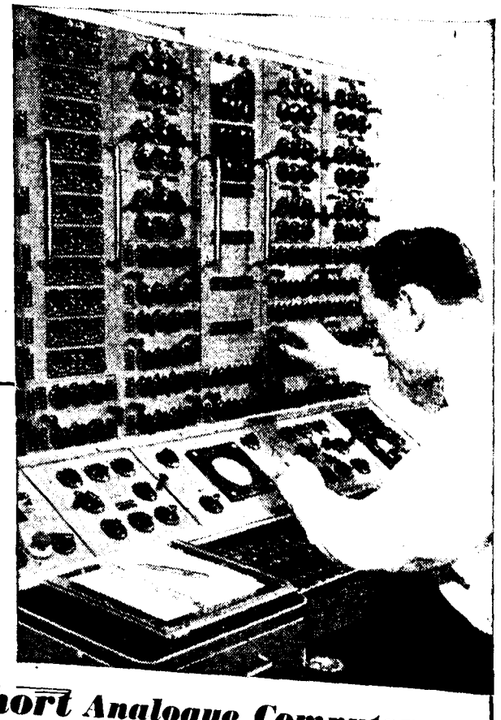
"It is a Tobacco that should only be smoked by our greatest men. Were we to present a tin of it to our national heroes, instead of the freedom of the city, they would probably thank us more."

Craven Tobacco is unstinting in its service—mellow, slow-burning, deeply satisfying. Try it—every pipeful will honour you with smoking riches.

Craven Mixture 4/7 oz., Craven Empire de luxe Mixture 4/3 oz.

A month's work before lunch...

. . . and not just run-of-the-mill stuff; a month of complex calculations that would engage the full time and skill of a team of highly-paid mathematicians. Applied to the complicated problems of modern engineering or economic planning the Short Analogue Computor reduces the work of weeks into hours, months into days—a direct and indirect saving of money to the industrialist and the businessman.



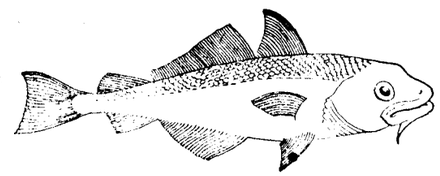
If you design or build

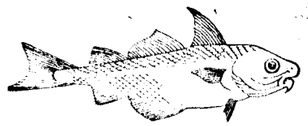
SERVO SYSTEMS
VEHICLES
ELECTRICAL GENERATORS,
TRANSFORMERS, ALTERNATORS,
POWER SYSTEMS,
GOVERNORS FOR STEAM
TURBINES ETC.
BRIDGES
ACOUSTIC EQUIPMENT
CRANKSHAFTS
ELECTRONIC SYSTEMS
AND COMPONENTS
OR, OF COURSE,
AIRCRAFT

solve your problems with the Short Analogue Computor

Inquiries to:— SHORT BROTHERS & HARLAND LTD · COMPUTOR SALES DEPARTMENT · 208a REGENT STREET · LONDON W.1 · REGent 8716

Is the price of Fish too high or too low?







The next time you or your family are out shopping, remember—fish is the best food bargain you can find. It's the cheapest first-class protein food that money can buy. There's been a lot of talk about fish prices — what are the facts?

Suppose you had your own business and you were producing something that cost you 6d. and yet you could only sell it for 5d. If this was your only way of making a living, your only way of supporting your family—you would very soon go bankrupt. You might stand a chance if the situation was only seasonal, if at times you could sell your product for 7d. or 8d., but it would not be an easy life. Working at a loss for long periods would be a constant source of worry—and very bad business.

That is about the situation with fish, mainly Cod, caught by Britain's Distant Water trawlermen. For half the year our trawlers operate at a loss. A recent survey of 80 ships of the Hull and Grimsby Distant Water Fleet discloses that in 1954 they ran at a loss for over half the year. What's the reason for this? Very simple. Current minimum prices for fish sold at the dockside auctions (4.07d. a lb.), are too low compared with the costs of trawling. A modern trawler costs £200,000 and the cost of running it is at least £250 a day!

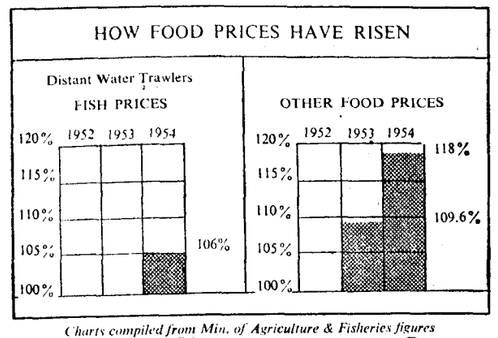
Trawlermen must sell their catches when they land them, and all too frequently sales are below the actual cost of production. You cannot force people to buy fish. If the housewife doesn't want it, the merchant won't buy it. Last year over 14 million lbs. of fish went unsold.

Fish caught and landed by our Distant Water Fleet is the cheapest first-class protein food money can buy. Quayside prices have risen only 9% since 1951, "a very moderate increase" remarked Mr. Heathcoat Amory, Minister of Agriculture and Fisheries, in the House of Commons on February 10th. On February 14th, in the House, Dr. Charles Hill confirmed that other food prices have risen by 18% since 1952 and 34% in the three preceding years. The truth is that in the face of mounting costs, the price of fish caught by our Distant Water vessels has risen much less than meat, butter, eggs or any comparable food since the war and *this fish is not subsidised*. Other staple foods—meat, butter, milk, eggs and potatoes are heavily subsidised by you, the taxpayer. Last year food subsidies cost £334 million. Not a penny for our fish!

However hard we try it is impossible to keep the same flow of fish throughout the year—both sea and fish are too unpredictable. Distant Water trawling is a dangerous and difficult business—more dangerous than coal mining. In the last 12 months 85 trawlermen were lost at sea, and 6 ships went down. Until some way is found of catching more fish during Winter gales, fish always will be scarcer and cost a bit more for a few weeks around December and January. The amount of fish landed varies from day to day. The same quality and quantity of fish may fetch a different price at public auction on Wednesday compared with Thursday. The price we get for our fish depends on the catch itself, the quality and public demand.

If you are fair, if you consider all the facts about fish and remember the risks and dangers trawlermen face to bring it home, you must agree that the price is not too high. It is really much too low. It will always be too low until minimum prices at least equal the cost of production. The astonishing fact is that fish prices have not risen to meet the soaring cost of trawling. Only a combination of hard work, efficiency, economic planning and competitive private enterprise has kept and can keep the price of fish so low.

The next time you or your family are out shopping, remember—fish is the best food bargain any housewife can find . . . it is the cheapest first-class protein food money can buy.



Charts compiled from Min. of Agriculture & Fisheries figures & Index of Retail Prices.



BRITISH TRAWLERS Hull/Grimsby/Fleetwood

THE BRITISH TRAWLER FEDERATION



"Kindness to cheque books!" say Owners

KINDNESS TO YOUR CHEQUE BOOK begins *inside* the Ford Dagenham Factory. Here are some of the unique ways in which Ford make fundamental savings in manufacturing costs—at Dagenham is the only motor factory with its own blast furnace . . . its own jetty for low cost water transport of raw materials . . . its own electric power house and gas works (incidentally, the surplus is sold). These unique savings are passed to the purchaser, which is why Ford products cost less than you'd expect to pay for their quality, performance and durability. And that is only the beginning. Ford Service is famous. The Ford Dealer Organisation *outside* the factory, with its low fixed charges for spares and repairs, means low maintenance and running costs —more kindness to cheque books! *Now and in the future, it all adds up to the best at lowest cost.*

"All ways" say FORD of Dagenham

FORD PRODUCTS—THE BEST AT LOWEST COST

The Economist

FOUNDED 1843

APRIL 2, 1955

ONE SHILLING

Boisterous Survey 11
Rubicon of Rearmament 12
Housewives' Choice 14
Fair Fever 16

NOTES OF THE WEEK

Attack on Matsu and Quemoy?; Election Latest; Mr Bevan's Rescuers; Life Without Newspapers; Spotlight on Baghdad; Austria—Neutral or Neutralised?; Two Steps Back, One Step Forward; Walk Off the Barrett Way; The Liberal Banner; Calm Again in Brussels; Mr Strydom Tries His Hand; A Desirable Casualty; Stubborn German Trade Unionists; Germans in the Air; Horror Comics for the Lords; Restraining our Servants; Shorter Notes. 17

LETTERS TO THE EDITOR 27
BOOKS AND PUBLICATIONS . . . 28

AMERICAN SURVEY

Trade in Trouble 33
Democrats Come to Dinner; Victory Over Taxes; Employment Guaranteed; Postmen Go On Ringing; It Can Happen There; Natural Gas in Congress; Telephone Spies; Flying Neighbours.

THE WORLD OVERSEAS

The Last Act in Paris 39
Australia Tightens its Belt; Breathing Space in Nigeria; Trade Across the Curtain; Party Manœuvres in Israel; Colombia's Ups and Downs; Satellite Spies in Sweden; Notes from Canada.

THE BUSINESS WORLD

Guide to the Economy 49

BUSINESS NOTES

Markets without News; Bank Liquidity Again Tightens; Marking Time in Cotton; The Capitalists' Share; Personal Savings Maintained?; Argentina to Begin Paying; New Policies in Coal; AEI Looks Forward; Claymores at Renfrew; Keeping Ships Steady; Liquidation Prescribed; Support for the Gnat; Lower Supply Estimates; Disgorge or Pay; American Copper at 36 Cents; Little Change in Commodities; Spring Tide in Whisky; Trade with Persia Under Way; Atoms Aiding Industry; British Steelworks for India; Hudson's Bay Pays More; Shorter Notes. 53

COMPANY NOTES AND SECURITY PRICES 64
STATISTICS 67

Registered as a Newspaper. Entered as Second Class Mail at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

Boisterous Survey

IT was Thoreau who said that a man is rich in proportion to the number of things he can afford to let alone. Mr Butler may find himself in wry agreement as he faces up to the dilemma of his pre-election budget. On the one hand, the Exchequer has ended the financial year 1954-55 with an overflowing surplus. On the other, the Economic Survey for 1955, which was published this week (Cmd 9412), suggests strongly that he should leave existing tax rates alone—not because prosperity is fading, but because it is being maintained.

The Survey, whose essential figures are set down on a later page, is an unexpectedly boisterous document. Last year, it reveals, Britain's real income rose by some £625 million; and the division of this very large increase between consumption today and investment for the future, as well as between rapidly rising real wages and more slowly rising property incomes, has been of a pattern that will gladden Conservative election literature in the weeks to come. This year—and this forecast is perhaps the most surprisingly heartening feature of the Survey—the Government believes that once again "industry should have the capacity to increase output appreciably above the present level." Allowing for seasonal variations, that present level of production is already 2 or 3 per cent above the 1954 average; there may be a further small increase in the working force in 1955; three-quarters of the increase in output in 1954 was due to what the Government clearly believes was the beginning of a rising trend in productivity per man year; and, although overtime working may be near its peak, the economy has not yet felt the full benefit of last year's realignment of labour from places where men were not needed to places where they are. The resources should be available for a substantial increase in exports, and in living standards, too.

What, then, of the recent talk of economic crisis, and the 4½ per cent Bank rate that was supposed to be its harbinger? The Survey has a ready explanation of this, which can be summed up in a single statistic. Last year industrial output rose by 6½ per cent, but imports rose by only 2 per cent; they were held down at the beginning of the year by false fears of an American slump. It was inevitable that this gap would have to be corrected; and the correction that set in with heavier importing in and after the late summer, together with the rise in import prices that inevitably accompanied it, had already precipitated Britain into a small balance-of-payments deficit by the end of 1954. The correction is likely to have to be carried further in 1955, and there will need to be a further increase in imports to match the new increase in production on which the Government's hopes are based. Unless the balance-of-payments deficit is to be allowed to widen dangerously, exports will have to take a larger proportion of the increment in production in 1955 than they did in 1954.

But will home demand—even on the basis of present tax rates—gobble the increment in production away? This, of course, is the question that lies at the core of the budget problem. It is also the

question that the Survey most carefully avoids. The Survey says that fixed investment is likely to rise "substantially" this year; that the current rate of consumption is already above the average level in 1954, and must be expected to rise further; that Government expenditure on defence and civil purposes will increase slightly in 1955 (a disappointing forecast, this); and that stocks are also likely to rise, although the 4½ per cent Bank rate is designed as a rein. No figures are attached to this crystal ball, and where Government analysts fear to tread outside commentators would be foolish to rush in. But even approximate "back-of-an-envelope" estimation impels towards the irresistible conclusion that, by stern reference to the economic conjuncture alone, the Chancellor can have little or nothing to give away.

Irresistible conclusions, however, can sometimes clash with equally irresistible forces. And there are at least two active and possibly irresistible forces which must be bearing down upon the Chancellor in these pre-budget weeks of 1955. One of them is allowed to rear its head in the closing paragraphs of the Survey. It derives from the impatient thought that although prudence makes for security in the short run it does not make for progress in the long. If the present crushing weight of taxation cannot be cut at the end of one very good year, and at the beginning of what the Treasury's economists believe is going to be another, then when in all conscience can tax reliefs be made? "Productivity," says the Survey hopefully, "should benefit . . . from the added incentive to effort which the prospect of rising consumption affords"; and, again, "general confidence in the possibilities of expansion will do much to ensure that expansion is in fact achieved." There is surely a hint here that the Chancellor's own confidence in expansion is very highly geared.

The other force is political. This is not allowed to obtrude into the Survey, which is not an election manifesto. But which would be more inflationary: a fair-weather budget that gave, say, £100 million of tax reliefs away, or a foul-weather budget that helped to bring a Labour Government back to power? This is not a question that the Treasury economists can decently put, and it is not one that a Conservative Chancellor can safely be allowed to answer on his own. But it must be hovering in the background, with less reputable political considerations, all the same. It would not be altogether surprising if Mr Butler decided on April 19th to give, say, rather less than half of his estimated budget surplus for 1955-56 away; and if he claimed great credit for not giving away the rest. But the Economic Survey for 1955, though it can be interpreted to provide some arguments that could be used to support such a course, provides no reliable clues to the Chancellor's actual intentions.

Rubicon of Rearmament

THE importance of the vote in Paris last Sunday morning is that it enables the West to regain the initiative. For the past few months, indeed for at least two years, the long hold-up on giving the West Germans their sovereignty and right to rearm has led to a dangerous stagnation in Europe's affairs. It has compelled western statesmen to approach negotiation with Moscow with their hands tied behind their backs. Not only have they been unsure of the real strength of the West; they have continually had to look back over their shoulders to see what effect they may have been having on the irresolution of many of their followers. Now, ratification of the agreements for Western European Union by the French upper house has cleared the way for a new surge forward; admittedly, Belgium, the Netherlands and Luxemburg have still to ratify, but there is little doubt that they will. This is a moment that may, and should, be as significant in postwar history as the start of the Marshall Plan or the signature of the North Atlantic treaty.

What use can be made of it? There are three things to be done. Western Germany must in fact be absorbed into Nato as a free and equal partner; and that means, inside the Federal Republic, going ahead with implementation of the new rearmament arrangements, however slowly it may be politic to proceed after the first cadre divisions have been set up. Secondly, a new look must be taken at the whole problem of dealing with the Russians in the light of the changed position in Western Europe, of the latest thinking on hydrogen bomb strategy, and of the shifts in the Russian rulership since Stalin died. And, thirdly, some effort must be made to re-engage the gears of what for want of better words may be called the "European movement"; even if no great advance can be made in the months immediately ahead, no one should assume that Western Europe will go on consisting indefinitely of a series of archaic national compartments.

The work of rearming Western Germany and of fitting the Germans into Nato has long been prepared, and Dr Adenauer's government should now be able to take the final steps in its stride. In spite of last minute constitutional doubts about the Saar agreement, President Heuss has signed the vital documents. It is therefore the much wider question of trying to negotiate with the Russians, to which the western powers must now switch their top priority. There would, after all, have been no Federal German Republic on the present pattern but for Russian ambitions and Russian obstruction. And while the West is bound to complete the work it began

nearly six years ago when the Bonn government was established, there can be no prospect of stability until the political map of Europe is agreed on both sides of the iron curtain. The West Germans are now on the brink of becoming sovereign allies and they must be treated as such. But, quite apart from the general western interest in the matter, it is almost inconceivable that either they or the Russians will rest till Germany is reunited and its fate determined. And the British, like the other signatories to the Western European Union treaties, are already pledged to work for that larger settlement.

The idea of a four-power conference in May has been quietly put in the dustbin; the process of ratification will in any case barely be finished by then. But there is now far more general agreement that a conference is necessary. The questions are: on what terms, at what level, and how much later on this year? Of the recent statements by M. Faure, Sir Anthony Eden, President Eisenhower and Marshal Bulganin, the main interest attaches to the last two as coming from the leaders of the major powers. Some shift in the American attitude has undeniably taken place, although it is probably less than it seemed at first and it appears to spring more from domestic politics than from the international scene. The President has in effect replied to the new suggestions for a four-power meeting made by Senator George, the Democratic chairman of the Senate Foreign Relations Committee, with a partial dropping of the guarded American approach, which demanded that the Russians should first give evidence of their good intentions by accepting the western agenda. This does nothing, however, to alter the fact that the West is bound to attach the same importance it has always done to its two prime conditions for any settlement on Germany, even if the Russians are not to be required to assent to them before any meeting can take place at all, and even if there can now be less rigidity at the conference table itself. These demands are for genuinely free all-German elections, and no withdrawal of foreign troops at least until a united Germany is in a position to choose its own foreign policy.

There is no evidence for jumping to the conclusion, as many people have, that Marshal Bulganin's weekend statement necessarily reflects a major change in Russian policy. By saying that he took a "positive attitude" to President Eisenhower's statement last week on the desirability of "exploratory talks," the Marshal was being no more than consistent with the Russians' well-known attitude of pressing for talks on their own terms. These are that they would refuse to discuss reunification with the western powers, but would do so with the Germans themselves; they have never excluded a conference on the general question of security.

For the West, as Sir Anthony Eden said in the House of Commons on Monday, the right course is to pursue the present diplomatic discussions among the western powers themselves—including Germany—and then with the Russians "on an official level," following this up later with a meeting between foreign ministers and on "other levels also if all goes well." Whatever happens, Sir Winston Churchill's renewed suggestion for talks between heads of government, without other preparation, must be avoided. The French will now press hardest for talks with Moscow. But they are in a much stronger position to do so than they were, and M. Pinay, the foreign minister, will receive some encouragement when he goes to Bonn in a few days' time. Even if the Russians stick by their word and refuse to budge on Germany or indeed to discuss it at all, the effect of ratification of the London and Paris agreements is to make possible some new attempt to break a little ice in other directions, such as disarmament and general security. The one absolute condition is that nothing should be agreed to, which is based on either the permanent division or the neutralisation of Germany.

★

Amid the new diplomatic flurry, it will be all too easy to forget Western Europe's own problem of "Where now?" Is Western European Union (WEU) to take on where the European Defence Community (EDC) left off, to chart the course, that is, towards eventual political federation? Dr Adenauer is prominent among those who hope it will. Or is WEU to remain essentially what it is now, a military alliance, a pact between governments rather than peoples, a useful department of Nato? This would certainly be in keeping with British policy. And it has behind it the strong argument that, since the key to Europe's survival lies in America's keeping, anything which weakens American interest and the American stake in Western Europe through Nato is bad.

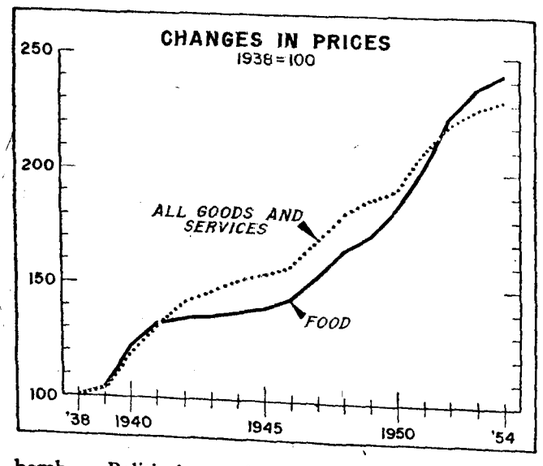
Two things, however, cannot be ignored. One is that there may be no continental Europe to defend, if the French and the Germans cannot seize this fresh and golden opportunity to work out their own salvation together; therefore anything which weakens the impetus behind their sense of collaboration is also bad—as Dr Adenauer recognises. The other is that without the British catalyst the prospects of this process are still by no means good. This is no argument for surrendering, for instance, to the impractical French clamour for an arms production pool. But it does suggest that Sir Anthony Eden, with his unique stature on the continent, should do his utmost during the next twelve months to give a lead, in order to complete the work that he began last September when he salvaged Europe's future from the scrapheap of EDC.

The "European movement" may yet have to lie fallow for a year or two. But a firm statement of intent from Britain, even if no further action is proposed for the moment, would do more to help reassert the spirit of the original Brussels Treaty than anything that has been done for several years. Last autumn's British military commitment on the continent may or may not prove to have been a turning point in policy. What is wanted is a turning point in the psychology of an aloofness that has outlived its sense of reality.

Housewives' Choice

ONE of Parliament's favourite but most stereotyped engagements is its periodical slanging match about the cost of living and food consumption. The Opposition (of whichever party) always claims that food prices have so rocketed that the nation can no longer afford a nutritious diet, while the Government claims that the diet is better than ever before and that food prices have risen less rapidly than under its opponent's rule. Last week's debate on these lines was even less original than usual, since it took place without benefit of the figures that are published this week in the Economic Survey.

It is indeed unsatisfactory that figures showing what the nation eats and how much it spends on food are issued only annually, and that the subsequent detailed analysis in the National Food Survey always appears so late. Up-to-date estimates exist, but they are shuffled round the Ministry of Food in folders labelled Secret as if they were blue prints for the latest



bomb. Political considerations apparently dictate that they shall not be released until they have lost their explosive force. Yet the facts are of great interest, not only to food manufacturers and traders, but also to all who are concerned with public health.

The Economic Survey shows that in terms of calories people are eating more per head than ever before. The average is 3,120 a day, and 3,000 are supposed to be enough for a man doing moderately active work. But mere quantity means little in this connection. Is the diet made up of those foods that contribute to health? According to the standard laid down by the British Medical Association, and used in the National Food Survey, it is, except perhaps in large families of the poorest kind. But it is remarkable how little it has changed since the 1930s, in view of the vastly improved circumstances of the poorest classes.

The figures released this week show that the British in 1954 ate, per head, less meat and fish and hardly more eggs and cheese than they did before the war. In the first months of this year the prewar level for meat seems to have been reached, but compared with North America Britain eats very little protein. The legend of a nation of beefeaters, temporarily on short commons as a result of the war, has finally faded. The shortages have disappeared, freedom of choice has returned, real incomes are higher than ever before; and there are baked beans on toast for supper.

The national diet, as the table shows, also contains rather less fruit than it did before the war—although the poorer classes eat more fruit than they used to. Butter here, as in many countries, has been partly ousted by margarine. Bread and flour are eaten less than before the war, and less every year since 1950—one result, at least, which is to be expected as personal incomes rise. It appears, therefore, that in these days of high wages and full employment the national diet has worsened in several respects; and it would be less satisfactory than it was before the war were it not for two important changes. One is an increase in the consumption of potatoes, and the other is the 35 per cent increase in the consumption of milk, boosted by free milk in schools, the welfare scheme, and by the subsidy. Containing as it does animal protein, fat, vitamin A, calcium and riboflavin, milk can offset a multitude of dietary sins.

Apart from these changes, the average British family in 1954 was fed in much the same way as the average British family before the war. Why has the vast redistribution of income had so little effect on that pattern? The Labour party's answer to this question is that the most nutritious food has become too expensive for the housewife to buy. A glance at the figures shows that this is nonsense.

It is true that the rise in food prices in the last few years has played a part in holding back consumption of certain kinds of food. That would partly explain why, as the table shows, the British people ate more of several important foods in 1950, before inflation gave prices a new push, than they did in 1954. But another reason for this was that in 1950 there were fewer alternative foods to buy. Prices are not the whole explanation, as witness the fact that housewives are chasing some of the very things that have risen most steeply. As a rough rule of thumb from the general price index, anything that costs more than 2½ times as much as it did before the war is relatively dear, anything that has risen by less than that is relatively cheap. Yet tea and sugar, of which more is consumed than ever before, are three times as expensive as in 1938; while bacon, cheese and eggs, in which housewives are no m...

interested than they were then, have only doubled in price. The fact is that expenditure on food as a whole has kept up with prices. The trouble is that people do not choose to buy the kind of food that wise men think is good for them.

Food buying is not the well-considered business that it would be if this were a nation of dieticians. It is to a large extent governed by impulses, and these seem to be of three kinds. The first is the impulse to casual spending—for example, on sweets and ice cream. On these, according to the Minister of Food, the nation spent £297 million in 1954—£49 million more than it spent on milk. The consumption of sweets has reached the astonishing figure of over half a pound a week a

FOOD CONSUMPTION
(oz per head per week unless otherwise stated.)

	Average 1934-38	1950	1953	1954
Milk (inc. processed: pints)	3·9	5·6	5·3	5·3
Cheese	2·7	3·1	2·9	2·7
Eggs (number)	4·2	4·7	4·2	4·3
Butter	7·6	5·2	4·2	4·3
Margarine	2·7	5·2	5·6	5·7
Meat (edible weight)	33·8	29·5	28·6	31·7
Sugar and syrups	33·4	27·4	31·8	35·0
Tea	2·9	2·6	2·9	3·0
Fish	6·7	6·1	5·8	5·8
Flour	59·8	63·3	59·0	56·7
Potatoes	56·0	75·8	68·3	67·9
Coffee	0·2	0·5	0·4	0·3
Fruit (fresh equivalent)	38·2	32·4	35·3	36·5
Vegetables (fresh equiv.)	37·0	39·0	36·2	36·2

This table is mainly based on figures published in the latest National Food Survey and the Economic Survey. The 1954 figures are provisional estimates.

head—1½ ounces higher than before the war, and a world record. It must be feared that a sweet tooth is often a decayed one. The English have long been renowned for their poor teeth, which not even chalky flour seems likely to save against this opposition.

The second kind of impulse springs from the principle that only the best is good enough. Hence the pronounced preference for home-killed meat at any price, and the best cuts of it at that—so embarrassing to the Ministry of Food, knee-deep in its frozen carcases. This preference certainly makes nonsense of those heart-rending accounts heard in Parliament about meat being priced off the working-class table; but the reason for it is anybody's guess. Eating habits, it seems, depend mainly on social class, and changes in income are slow to affect them. Being better off, housewives buy better meat instead of more meat. Any suggestion that they should do otherwise raises a cry of "Scrag end for the workers." Yet if a pound of home-killed meat is richer in nutrients than a pound of frozen meat, it is certainly poorer than two pounds of frozen meat—which, at today's knock-down prices, hardly cost any more. Perhaps a lack of skill in cooking has something to do with the prejudice.

The third kind of impulse that prompts food buying is guided by advertising which, since the working-class housewife has been able to afford more than the necessities of life, has assumed an importance far greater than before the war. A glance at the popular papers shows that food selling has become an extremely competitive business. From half-page advertisements everywhere the saucer eyes and ooh-ing mouths of ecstatic consumers proclaim the delights of somebody's cake mix or somebody's summer-fresh margarine. Thus are one in three of today's housewives—those who had no experience of a free market until last summer—being taught how to spend their money. Some of the interests concerned with the more valuable foodstuffs have realised that they will get nowhere without advertising and have banded together for the purpose. The overseas butter producers have their information council; the New Zealand meat producers have advertised; the trawler owners have vaunted the merits of fillet of cod against those of fillet steak; the Milk Marketing Board has Miss Zoë Newton. Together they make but a small counterblast against the cake mixes and the lollipops. But they have grasped the moral, which is that if the vendors of the more nourishing foods are to keep their hold on the market, and to increase it, they must advertise. Perhaps there is a lesson here for the Ministry of Food also, which might revive its powers of persuasion and start recommending frozen meat for night blindness.

Can We Afford Not To?

If, therefore, says the economist, you insist upon putting an end to the plan of purchasing steps and original commissions in the army—you must be prepared to forgo the £500 or £700 each which you receive for perhaps 500 first commissions every year; you must raise your rate of payment considerably; you must make up your mind to a vast increase of the retiring pension list; and you must pay many hundred thousand pounds yearly for a considerable period for the re-purchase of saleable commissions. . . . We are not in the least dismayed by the amount of the annual sum which it would cost us to get back into a better system. We know the temper of the House of Commons;—how lavish it is on some occasions; how niggardly it is on others;—but we have never known it refuse to sanction a vote which the public service really required, or which was needed to meet the claims of clear justice and good sense. . . . if the Queen, at the recommendation of Parliament, were to revise the system of purchase, we are confident that Parliament would never demur to the expenses entailed upon the country by carrying out that recommendation. To suppose the contrary is an insult to its good feeling and good sense. . . . There is no doubt this would at first be a costly plan. But if you want a good article, you must pay for it—in some form or other. The country has no right to be served for nothing. . . . We will not even attempt to calculate the annual cost of the changes we have been considering. If they are just, and if they would contribute to the efficiency of the service—still more if they are indispensable to that efficiency—the cost has nothing to do with the question. We can well afford it; we can *not* afford to grudge it; and it must be incurred.

The Economist

March 31, 1855

Fair Fever

TRADE fairs, like chicken-pox, are infectious. In recent years they have broken out in rashes ; the international calendar is filled with competing attractions. There are literally thousands of trade fairs, big and small, each year, nearly all of which canvass British participation. Every day harassed businessmen are deluged by glossy brochures and tempting invitations. Which fairs should they go to, and how should British industry in general be represented ?

It is, of course, up to individual firms to decide for themselves if it is worth while putting up an exhibit, and there can be few fairs in the world where British firms are not represented. But as the number of important international fairs grows, a bigger problem has appeared. There is a tendency, noticeable in many international fairs, to organise exhibits in national pavilions rather than to divide them up by industries. Here, questions of national prestige naturally arise, and willy-nilly the government is forced to take a hand. As a general rule the Board of Trade, the department mainly concerned in Britain, takes the line that it is up to industry to shoulder the main responsibility. But the Board is prepared to give a certain amount of help and guidance. At many international fairs it provides a central information bureau for British exhibitors, and on occasions the Board itself, as a token of British interest, has organised an exhibit representative of a section of industry or of industry in general. Most reports speak of the high quality and impeccable taste of these exhibits, but there is frequent criticism from visiting businessmen of their modest dimensions.

★

The Board of Trade's Fairs and Exhibitions departments, working as it does on a slender budget, deserves credit for the good work it has accomplished. There is, however, widespread criticism of the government for allotting itself so minor a role. Unfavourable comparisons are drawn with the money and effort expended by countries like the United States and Western Germany. The Americans have recently undertaken a programme in which they will spend some $2¼ million a year to boost American participation in various international fairs. The Board of Trade has a mere £60,000 a year available for this purpose, and this is a modest sum indeed when the Board is faced with so many commitments. Should the government play a more active part in trade fairs ? Clearly it is important both from the point of view of national prestige and for the country's trade that British industry should be represented—and well represented—at the major fairs in the international calendar. There is a case for more liberal spending of government money for this worthy purpose ; but the line must be drawn somewhere.

One obvious place to draw it is between those fairs which are of a purely political character and those which are primarily intended to show prospective customers the range and quality of goods from abroad. There is, for instance, little to be said on commercial grounds for a government-sponsored British exhibit at the Leipzig and other Communist fairs, the primary aim of which is propaganda ; there can, on the other hand, be no objection to individual firms going there at their own expense. The line is less easily drawn in the case of the many new and important fairs, such as those at Delhi and Karachi, where it is planned to arrange the exhibits in national pavilions.

★

The problem here is that someone must undertake the responsibility, as well as the financial liability, of taking up the area allotted to the British pavilion. This explains the fair promoters' enthusiasm for national pavilions, since it relieves them of a great deal of administrative and financial worry and, moreover, enables them to practise a form of polite blackmail on governments. Inevitably a competitive spirit arises and soon the British government, if it is induced to enter the field, finds itself committed to a huge expense for fear that the British pavilion will be put to shame by Eastern Germany or Holland. The Board of Trade is certainly right to set its face against this sort of thing ; if Britain is going to play this silly game it should be a Foreign Office affair, not the Board of Trade's.

Organised industry is equally opposed to national pavilions. Indeed, many British businessmen have yet to be convinced that exhibition at trade fairs of any kind is worth while from a business point of view. Sir Norman Kipping, of the Federation of British Industries (FBI), has recently explained, in a correspondence in the daily press, his organisation's general approach to the problem. In particular, he emphasised the Federation's dislike of the national pavilion technique. It seems that some progress has been made in persuading other members of the Council of European Industrial Federations to accept this point of view. But it is doubtful whether, in spite of British hostility and the pressure to resist this development, the trend can be quickly reversed. In all probability, there will be national pavilions at many fairs in the future. So if British industry is to be represented in these fairs, who is to be responsible for the British pavilion ?

The government's view is that, since the purpose of trade fairs is principally to stimulate sales, it should be the task of industry to run the pavilion. In the case of some of the smaller fairs, it has sometimes been possible to find a British promoter who is willing to undertake the job of organising British participation—hiring the allotted space and letting it out to any exhibitors he can induce to take part. The risks are great and the prospective profit modest. A new departure is the formation by the FBI of a special subsidiary company, Overseas Fairs Ltd., which possesses only nominal capital but has pledges of financial backing and is able to put its hands on fairly substantial sums of money for short-term purposes. Ultimately this type of venture, financed and run entirely by industry, may be the answer to the problem ; but it will need to have access to much more finance than it enjoys at present.

Overseas Fairs was actually brought into existence for the purpose of running the British Fair at Baghdad last autumn, a type of fair which is quite different from the traditional international fair. Its object is to show British products from every walk of industry in places where a concentrated sales effort is likely to pay dividends. A successor to the successful Baghdad Fair is planned in Copenhagen next autumn. But this worthy type of enterprise is not without snags. First, there is the question of selecting a suitable site. Baghdad was ideal ; it had the advantages of novelty, a clear field from possible rival shows, and, most important of all, a market stuffed with money. Copenhagen appears less of an inspiration, since fairs are commonplace, British goods are on the whole well known, and the Danes, good customers though they are, have even fewer dollars than the British. Unquestionably there is scope for the wholly British fair in some foreign countries ; it would be worth while considering the possibilities of Latin America and South East Asia as future sites.

Teething troubles that have been encountered in the matter of organisation should not be difficult to correct. At Baghdad, for instance, though the fair was a brilliant success once it had opened, those who were concerned with it on the spot found it difficult to resist the impression, almost throughout the night or two before the opening, that they were living over again the last frenzied moments before the opening of a parish bazaar. Maybe the hitches and delays that had held things up will not recur in western countries, but, as their outcome, commercial exhibitors and even local British residents, willing but untrained, were giving services that ought not to have been necessary, but without which the fair could hardly have opened on time. Amateurs are often all right on the night, but a British overseas fair is a job for professionals. Admittedly those who went to Baghdad were breaking new ground, and they were handicapped by unexpected transport difficulties ; but in future they ought not to have to call in so much last moment help. It is to be hoped that this will not be necessary even if these British fairs venture away from the familiar trade centres into fresh territory. Moreover, it is essential that better publicity arrangements should be made, and that the organisers should be given more solid financial backing. Nonetheless, in spite of the preliminary alarms, the Baghdad Fair was a rollicking success and Overseas Fairs made a profit. The wholly British trade fair has a future if it is properly handled ; it is a field in which co-operation between government and industry can bring much profit to both.

Notes of the Week

Attack on Matsu and Quemoy ?

THE idea that a *de facto* cease-fire might be developing in the Formosa Straits has received a setback with fresh intelligence reaching American military headquarters. While a Chinese Communist build-up has been evident on the mainland for some time, some people in Washington now think that an attack will be launched on the Matsu group of offshore islands about April 15th, and that a subsequent onslaught will develop against Quemoy about a month later. This appraisal appears to be purely military and President Eisenhower has emphasised that it does not have his personal backing. It does in any case make nonsense of the political argument that Peking will not want to do anything to spoil its own propaganda as a peacemaker, immediately before the Afro-Asian conference in Bandoeng at the end of the month. It also presupposes, from a political point of view, that the Russians are no longer either able or willing to put the brake on the Chinese. On the whole, this seems unlikely. But it is a possibility too serious to be dismissed.

If the Chinese did attack Matsu and Quemoy they would confront Washington and London with the same grim question in two different forms. In Washington, President Eisenhower and the National Security Council would have to decide at what level to pitch America's reaction. As yet, it

is by no means certain whether the United States would do more than supply the Nationalists ; on the other hand, there are strong voices which urge a decisive retaliation with atomic weapons that would smash China's power to make war.

In London, if the United States committed itself to battle, the question would take the form not only of what Britain did, but also of what it said. Given that a prime aim of all Chinese and Russian policy is to split America from its allies, and that no major action is now taken by either of the big Communist powers except in concert with the other, much would depend on the way Britain answered the challenge. For Sir Anthony Eden, possibly about to face a critical general election, it would be hard indeed to give the pledge to America that the situation demands. Yet not to give it could do lasting damage to the alliance and bring untold consequences in its train. The decision might be made less difficult if the country were given a lead and prepared for it now.

Election Latest

WHILE well over three-quarters of British families have been without their usual morning or evening newspapers, the two rumours that dominated the headlines before the great shut-down have strengthened without changing course. Sir Winston Churchill has avoided any direct answer to Parliamentary questions about his retirement with such puckish assiduity (his formula is that the "future is veiled in obscurity") that it is now more widely assumed than ever that that retirement is only a few days off. One factor that might postpone it past next week is the natural, and very proper, feeling that he should not come up for his curtain call at a time when the national press is gagged. Opinion has also been hardening, without any new evidence, that—the Chinese forces opposite Quemoy permitting—the Government wants the general election to be held on May 26th.

Both parties are now covering up their nervousness about the result of the election with an increased bravado. The Tories will have derived some useful material for statistic-mongering, which plays so large a part in a modern election campaign, from the tale of roaring prosperity told in this week's Economic Survey and National Income White Paper. The Labour party has got on slightly better terms with itself, as a result of this week's diplomatic manœuvrings leading up to Mr Bevan's reprieve from expulsion ; and it therefore tends to assume that it has also got on better terms with the public than it was a fortnight ago. Meanwhile, however, the newspaper crisis is likely to blow away what might otherwise be a useful straw in the analyst's wind. One casualty of the lack of newspaper publicity may be the poll at the county council elections, which started on Thursday and which will be continued in various parts of the country until the middle of next week ; the small size of the vote is likely to make it more difficult than ever to judge the significance of the swing to the Tories, compared with 1952, which these council elections will almost certainly show.

Mr Bevan's Rescuers

MR ATTLEE and the Tories seem to have subscribed in about equal parts to the rescue of Mr Bevan from the threat of expulsion from the Labour party. It was the imminence of the election that lay behind this week's final decision to save his bacon, together with some shreds of the right wing's face. The last act of the rescue operation was very carefully stage-managed. Mr Bevan appeared before the special disciplinary committee of the Labour Executive on Tuesday, and presented it with a written statement. The centrepiece of this statement was a magnificent example of how to apologise while actually administering a haughty and condescending rebuke:

> In a great party such as ours there must always be argument about how to apply the principles of Socialism to a particular situation. The essence of democracy in a political party is to enable the argument to proceed while at the same time maintaining the effectiveness of the party in action. It is not always easy to achieve this, but we must always strive for it, and I shall do my best to make it possible.
>
> The charge is that in what I have done, and also in the way in which I have done it, I have created difficulties for Mr Attlee. . . . This was certainly never my intention. But if any action or speech could lend themselves to the interpretation that such was my motive, then I am sincerely sorry and I apologise to Mr Attlee for any pain I may have caused him.

This statement—together with an equally ambiguous assurance that Mr Bevan would "claim no more privileges than and accept all the obligations shared by other members of the party"—was then laid before the meeting of the full Executive on Wednesday ; and one of the trade union members who had argued for Mr Bevan's expulsion last week put forward a face-saving motion. It declared that the Parliamentary Labour party had been fully justified in withdrawing the whip from Mr Bevan, but that the Executive itself should merely warn him that "it will take drastic action against future violations of party discipline." It is a sign of the growing strength of the left that the Bevanites on the Executive felt strong enough to vote against this motion as "too harsh," and that Mr Attlee and Mr Griffiths found it diplomatic to abstain. The motion was carried by sixteen votes to seven.

As a result of this play-acting Mr Bevan is destined to remain in the Labour party. He will also, presumably, have the whip restored to him in time for the election. Only after the election will the party start to reap the tainted harvest of Mr Attlee's manœuvring. If Labour wins, of course, Mr Attlee will be splendidly placed, but what if Labour loses ? Mr Attlee will have lost the trust of the right, while Mr Bevan will be able to put himself forward as the man whom that disloyally maligned leader really preferred. There will be little emphasis on this week's "sincere" apologies then. There has been some argument that Sir Winston Churchill, in his speech at Woodford last Saturday, championed Mr Bevan's case. But Sir Winston laid down the priorities on an MP's honourable service, in their order, as country, constituency, party. He gave no place to "Self."

Life Without Newspapers

THE news famine produced by the newspaper dispute in London has fallen on an unprepared public. The provincial papers have explained why they cannot increase their circulations to step into the breach. The BBC is moving only cautiously (but, since Tuesday, less clumsily) towards a more comprehensive news service. In trains and buses the public is thrown back on its powers of meditation —a not unwholesome experience, but only if not prolonged. Will it be prolonged ? The moment has been well chosen. A small number of technicians—from the Amalgamated Engineering Union and the Electrical Trades Union—has paralysed the industry at a time when a great deal of revenue is at stake. At the beginning of the negotiations the Newspaper Proprietors' Association apparently assumed that increases in wage rates which they had amicably arranged with the printing and kindred trade unions—the craft unions—would automatically be acceptable to the technicians. Perhaps as a demonstration that they were as good as the favoured craftsmen, the electricians and engineers have pitched their demands high, and the employers declared them to be out of line with those already granted.

Now the craft unions have turned round and said that their own demands, conceded by the NPA, were only an instalment. The original weekly basic rate of the electricians was £12 5s. 6d. for night work and £10 9s. 6d. for day work. Increases comparable to those granted to the craftsmen would have brought these rates up to £12 19s. 6d. and £11 1s. 6d. respectively. But the AEU and the ETU leaders are asking for at least 58s. 6d. more—£15 4s. for night work and £13 8s. for day work. It is stated that on existing rates an electrician can get £750 a year with overtime ; and this would become his basic rate if the unions' demands were granted. It is understandable that the employers are worried if this sort of increase is to spread back to the other workers ; but, despite differences of viewpoint, they are maintaining a united front and have given notice that they will lay off their strikebound—though not striking—employees after April 15. On Thursday, however, the familiar noise could be heard of Sir Walter Monckton's conciliation machinery attempting to clank into action.

Spotlight on Baghdad

ONCE again this week, Baghdad is the focal point of Middle Eastern diplomatic activity. Negotiations there between the British and Iraqi governments have ended in a new defence agreement whereby Britain adheres to the Turco-Iraqi pact, signed in February ; and, simultaneously, the Anglo-Iraqi treaty of 1930 is brought to an end. One outcome that will please Iraqis will be the hauling down of the British RAF flag that has flown for a generation over the airfields of Habbaniya, on the Euphrates, and Shaiba, near Basra. When these two airfields are transferred to the Royal Iraqi Air Force, the Iraqis will make them, and other fields also, available to their allies for training purposes. The accent of the new arrangements is on joint planning and combined training, and, in the course of these, RAF ground staff will be stationed on Iraqi airfields for purposes of training and maintenance, while British air squadrons will, also for joint training purposes, pay periodic visits to Iraqi bases.

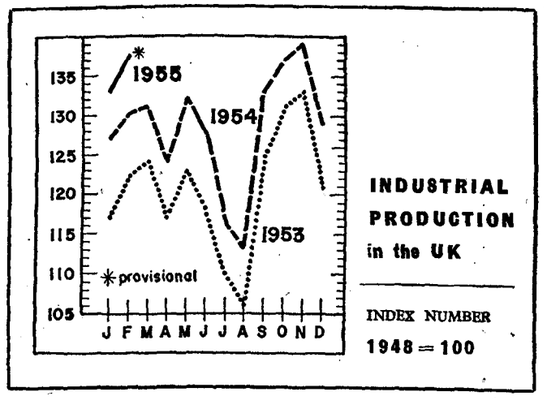
The reasoning behind these plans seems to be that, in modern terms of atomic warfare, ground troops may be cut off by regions of radio activity from what used to be their ground-lines of communication, and will be bound to need servicing by air ; it is important, therefore, that each ally should know the terrain of the neighbour over which he may have to fly.

In announcing the agreement to the House of Commons on Wednesday, Sir Anthony Eden said that he did not expect any other adherent to join the pact in the immediate future ; nor were its signatories pressing anyone to do so. This last remark disposes of some stories about pressure that are coursing round the Middle East, and that are being given currency by both Moscow and Cairo radios.

Austria—Neutral or Neutralised?

HERR RAAB, the Austrian Chancellor, is going to Moscow at Mr Molotov's invitation to discuss the Austrian peace treaty. He could hardly do otherwise, now that Mr Molotov has taken back the extra demands which were put up at the Berlin conference last year. Mr Molotov no longer insists that the occupation troops should stay in Austria until there is a German settlement, and in his latest Note he agreed with Herr Raab that a conference of the powers might discuss Austria separately.

As the matter now stands, Mr Molotov keeps to his demand for an international guarantee to back Austria's declaration that it will not join a military alliance or permit bases on its territory ; he also insists that there shall be no fresh *Anschluss* with Germany. The Kremlin also appears to want some clause in the treaty which would permit troops to reoccupy Austria in the future, if there were a threat of reunion with Germany. It is easy to see that the word "*Anschluss*" could be interpreted very loosely, by



the Communists covering, for instance, a return of former German industrial firms to Germans.

The greatest difficulty, however, revolves round the question whether Austria is to be neutral or neutralised. And there is a world of difference between the two. The distinction is playing a more and more important part in the unending discussions that go on among official and unofficial politicians over the future of Germany as well as of Austria. In essence, neutrality means that a country has the sovereign status of a Sweden, and can abandon its neutrality in time of war if it wishes. Neutralisation, on the other hand, means that a country renounces its right to an independent foreign policy and that the onus for keeping it neutral rests on the other powers. It will be just as well for Herr Raab to explain plainly to Mr Molotov that the western occupation powers oppose neutralisation for Austria and for him to reject the idea himself. Otherwise, a principle would be established that would one day affect negotiations on the future of Germany. In order to set up Austria as a model, Mr Molotov may be expected to offer still more concessions in his *tête-à-tête* with the chancellor.

Two Steps Back, One Step Forward

IN a flurry of leaks, the "secrets" of the Lancaster House disarmament talks have escaped to the world this week and have proved to be very much what the world had expected. Mr Gromyko's statement, issued a few hours after he had left London for Sweden, disclosed the proposals which the Russians put to the conference on March 18th. The various Western delegates have since attacked Mr Gromyko for bad faith in breaking the pledge of secrecy, and have issued details of the Western counter-proposals. *Pravda* has defended Mr Gromyko on the grounds that he was compelled to "correct Western distortions." It seems pointless to debate who sprang what leak first. Perhaps President Eisenhower was technically at fault in saying, when he announced Mr Stassen's recent appointment to a special disarmament post, that the London talks had "again resulted in no progress." But the Soviet delegation was the first to divulge the details of what has been going on, and it must bear the blame for the consequent raising of the temperature at Lancaster House.

It is now possible to measure the gap between the positions of the two sides. Mr Gromyko is entitled to claim that the Russian proposals are an advance on those made before the conference began, which demanded unconditional abolition of all nuclear weapons before a start was made on conventional disarmament. But these earlier proposals themselves marked a big retreat from Mr Vyshinsky's speech to the UN General Assembly last autumn. All the Russians have in fact done in the last month is to stiffen their terms first in order to claim a concession later. The chief differences between East and West remain: the Russians still demand a one-third reduction in conventional forces (which would leave them and the Chinese with a numerical superiority of roughly 5½ million to 3½ million in the West) instead of a reduction to agreed and equal levels on the lines of the naval treaties of the nineteen twenties and thirties. And there are still no signs that the sort of control commission that the Russians want would be a really muscular and independent body.

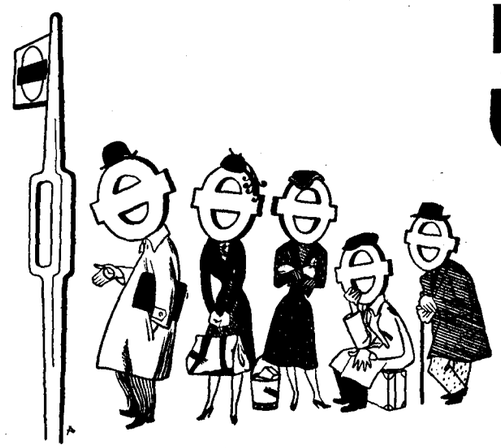
Walk Off the Barrett Way

MR BARRETT has done it again. Last October he succeeded in bringing out London dockers of the Transport and General Workers' Union on strike in sympathy with his stevedores' union. This week he brought the docks at Merseyside and Manchester to a standstill, and again a number of the rival union's men promptly struck in sympathy. For two days work was held up on nearly a hundred ships at these ports; and the strike was only called off after the stevedores' demands had been met in full.

The background of the dispute was the intrusion of Mr Barrett's National Amalgamated Stevedores and Dockers, which used to operate in London only, into the northern ports, where it started last year to recruit the Transport union's members and continued to do so unimpressed by its consequent suspension from the TUC. Matters came to a head this week when men had to get their new record books for the next six months. For many years the practice has been that clearance cards, showing paid-up membership of the union, are issued to the men by a local official of the TGWU, and that the local official of the Dock Labour Board registers those who can present these white cards. But large numbers of men at Merseyside and Manchester this time turned up with the blue card of the NASD. At Merseyside the Board's officers did not refuse to register them, but told them to come back next Friday. This, presumably, was just playing for time, in the hope that the boards—and the port employers too—could avoid being dragged into a quarrel with which they had not so far been concerned. But the "blue union" men chose to regard the delay as refusal, and came out on strike. With them came many who had not transferred their allegiance, but who walk off the docks, sheeplike and solid, as soon as anyone else does. Work was resumed on Wednesday after the Liverpool Dock Labour Board had agreed to accept NASD men.

The Dock Labour Board has had to make a very difficult decision, which however, one would have thought it could have made in advance. On principle, it is illiberal to insist that men should belong to any particular union; and in practice it would have prolonged the strike and almost certainly spread it to London. But the results of yielding to the NASD may also be serious. It will be a blow to the TGWU, with which the employers have a long-standing agreement, dating from the time when there was no other union in the field; that must seem an odd way of requiting its record of co-operation and responsible behaviour. And it will greatly strengthen Mr Barrett, who can now appear as a victorious David who has slain Goliath with his little sling, and who will be raring to fight —on some other issue—some other day.

Queue Questions **3**



SELF OR CHAUFFEUR DRIVEN?

The private motorist who drives to the shops in Central London is faced with many hazards. There is the exasperation of waiting while the engine idles at the cross roads. There is the need for skill, for a desperate concentration in order to avoid the indiscretions of other drivers. There is the anxiety that, forced to park by the roadside, she may return to find the arm of the law, resting notebook in hand across the radiator . . .

What is the solution? It is surely a chauffeur who will set her down at a convenient place and be ready at any time for the return home in the evening; who will speed her from shop to shop or from hairdresser to the cinema.

And how much does such a chauffeur cost? The price of a ticket on a bus.

By using public transport the motorist will do more than save in money and anxiety. She will be easing the congestion of the streets; *she will be helping the buses to go through;* she will be improving the service she is patronising. A car occupies some 80 sq. ft. of road space and carries at most four passengers. A bus occupying 195 sq. ft. can carry 61 passengers. To the motorist it is the difference between selfishness and self-interest. And by leaving her car at home she will be helping everyone to more efficient travel on the London streets.

ISSUED BY LONDON TRANSPORT



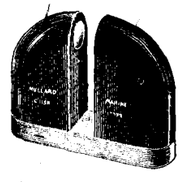
PROGRESS IN ELECTRONICS

Despite its innumerable applications, the magnet is still popularly associated with its use as a navigational aid. This is perhaps not surprising when one considers that the earliest experiments in magnetism were connected with the compass and its use in navigation.

It is said that the Chinese were using a form of lodestone compass in B.C. 2637, but the experimental study of magnetic direction finding devices really began in A.D. 1000 and reached something of a milestone in the 16th century with the work of Dr. Gilbert, who was physician to Queen Elizabeth.

It is only within the last twenty years, however, that revolutionary advances have been made in navigational aids. Radar was, of course, the most important of these advances and it owed its successful development to the invention of an electronic tube known as a magnetron, and this device, in turn, depended for its efficiency upon the "Ticonal" permanent magnet—an alloy having great field strength, stability and uniformity.

Mullard's work in the field of magnetic materials has been particularly outstanding. In addition to "Ticonal" permanent magnets, two other materials now in quantity production are Magnadur, a non-metallic permanent magnet, and Ferroxcube, a non-metallic H.F. core material. These materials are contributing to important developments in other electronic applications such as television receivers and line communications equipment.



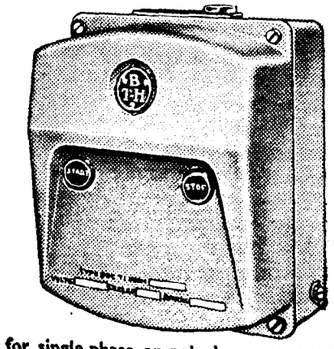
Progress in magnetic materials continues, and through this the future may well see developments of equal significance to those which have gone before.

Mullard

MULLARD LIMITED, CENTURY HOUSE, SHAFTESBURY AVENUE, LONDON, W.C.
Factories at: Blackburn Fleetwood Gillingham Hove Lytham-St. Anne's Mitcham Padiham Rawtenstall Waddon Wandsworth Whyteleafe

MP5 14

B T-H
A. C. Direct-on-line CONTACTOR STARTER Type DOC71



for single-phase or polyphase non-reversing squirrel-cage induction motors.

This new starter is enclosed in a die-cast aluminium case of elegant appearance. Sturdy in construction and dependable in operation, it incorporates under-voltage release and overload protection, with integral start-stop buttons. It complies in all respects with BS.587 for "Frequent Duty", i.e. forty starts per hour.

Up to 5 h.p. 200-550 volts 25-60 cycles

DELIVERY FROM STOCK

THE
BRITISH THOMSON-HOUSTON
COMPANY LIMITED, RUGBY, ENGLAND
Member of the AEI group of companies
A 4719

Here's the most sought after Sherry in all Spain



—now available in England in limited quantities

You owe yourself the pleasure of

Garvey's FINO SAN PATRICIO

IMPORTED BY MATTHEW CLARK & SONS LTD. 110 CANNON ST, LONDON, E.C.4

IC STRAIGHT TO THE POINT

BOILER PLANT to operate under the most advanced conditions of steam pressure and temperature in the United Kingdom

Evaporation 1,400,000 lb./hr.
Steam pressure 2450 p.s.i.
Temperature 1060 F.
Reheat Temperature 1005 F.
for the Central Electricity Authority's largest project—

HIGH MARNHAM*

So the contract for three of the largest watertube boilers in Europe comes to the Organisation which in 1954 supplied firing equipment with a total generating capacity of over 8,000,000 lbs. of steam per hour to Electricity Generating Stations of the C.E.A. alone.

Enterprising Engineering by

INTERNATIONAL COMBUSTION LIMITED

**The location of this station is subject to the consent of the Minister of Fuel and Power.*

LONDON OFFICE: NINETEEN WOBURN PLACE, W.C.1
WORKS: DERBY, ENGLAND; PORT ELIZABETH, SOUTH AFRICA; SYDNEY, AUSTRALIA

The Liberal Banner

IF the general election is really coming at the end of May, as most people think, then the Liberals have good cause to congratulate themselves on the timing of their annual assembly, which is being held in a fortnight's time. The Liberals are not likely to get many more chances to re-establish themselves on the national political stage, and they will need to use their Assembly for hard tactical planning. One of the main jobs for the party leaders will be to deflate the more windy illusions of the rank and file. There is a resolution on the Assembly agenda, for instance, which urges the party to put up as many candidates as money can buy, based on the fatuous claim that when 475 candidates stood in 1950, "189 deposits were saved." Any more "successes" like the 1950 election will give the Liberals the dubious honour of being the first political party to finish in Carey Street.

It has, in fact, been confirmed this week that the Liberals hope to put into the field between 120 and 150 candidates; this compares with 109 candidates in 1951, so that—if the hope is fulfilled—it may be a small bear point for the Tories. Approaching the problem with a belated sense of realism, however, the leaders have graded the constituencies, and are concentrating resources on the few which do or might return a Liberal MP and the larger number which might furnish a reasonable Liberal poll. The party will not be able to offer itself as an alternative government, but this it has not been in a position to do for nearly a quarter of a century.

The only service the Liberals can now render is to induce the other parties to adopt Liberal policies. The number of electors still retaining the habit of voting Liberal is dwindling and Liberal voters nowadays are mainly refugees from the two big parties. But the natural thing for an elector to do if he is discouraged by the other parties is to abstain; if the Liberals want him to vote for them, they will have to attract him to the polling booth, and that makes the Liberal programme far more important to the party's chances than in the case of the two big parties. The preliminary agenda for the Assembly, when it came out earlier in the year, was noted as offering signs that the Liberals are concentrating on social and economic issues that are inadequately covered by the other parties, such as education and monopolies. The final agenda does not add to the list of distinctive Liberal policies, but it wisely retains in a key position the resolution on civil liberties—which is to be moved by their unexpected new standard-bearer, Mr J. B. Priestley.

Calm Again in Brussels

BRUSSELS is calm again after an exciting weekend during which police manned roadblocks in the city, security measures were reinforced and army leave was cancelled. In the event, these precautions proved to be more than equal to the occasion; the "march on Brussels," organised by the Catholics in protest against the government's new education policy, did not prove successful and there were only a few minor incidents.

The Liberal-Socialist government's proposals for making a cut in the cost of education have evoked strong protests from both the Church and the Catholic Christian-Social party. It is claimed that the proposed cut of 500 million francs in the subsidies paid by the government to confessional schools would virtually "destroy Church education in Belgium." But the battle between clerical and anti-clerical forces has been going on for at least a hundred years and all the arguments on both sides have been heard before. The fact is, that of 96 teacher training colleges 64 belong to the Church, of 800 secondary schools 532 are confessional, and of 1,370 technical schools 1,034 are run by the Church. The present government, whose subsidy bill for the so-called "free schools" is over 3,500 million francs, proposes to stabilise the exchequer contribution at a figure a little lower than this, thus in time gradually shifting the emphasis in the general education scheme towards a greater proportion of state-run schools.

The failure of the recent public demonstrations to influence the government will now give the moderate elements in the Catholic ranks an opportunity of steering the protests into more constructive channels. The government is not unwilling to make compromises. It is in the interests of everybody concerned that the problem should be settled inside parliament.

Mr Strydom Tries His Hand

A CLEAR indication of the South African government's next step in its campaign to resolve the constitutional issue was given this week with the appointment of five additional judges to the Appeal Court bench. They will join the five judges who previously gave a unanimous ruling against the government in the case of the Cape Coloured voters. Apparently a quorum of 11 judges will in future be required for cases concerning constitutional appeals; thus one more appointment may yet be made. There is no mistaking the government's intention of using this manœuvre to break the deadlock, which has for so long embarrassed it with its extremist supporters.

There can, on the other hand, be no certainty that this transparent attempt to pack the bench will be any more successful than the abortive High Court of Parliament, which the government convened in an effort to circumvent the ordinary courts. Indeed, the integrity and the independence of the South African judiciary being what it is, the chances are that the enlarged bench will not in fact be swayed from the compelling arguments of law that led to the earlier decision. For it cannot fairly be said that the new Appeal Court judges are persons necessarily favourable towards the present government; some of them were originally appointed to the bench by the Smuts government.

This latest move runs somewhat counter to Mr Strydom's well-known views on the sovereignty of parliament. He has frequently objected to the so-called "testing rights" of the courts; but strengthening the Appeal Court with the object of again submitting the Coloured voters' case is tanta-

mount to reasserting the prerogative of the judiciary in this matter. Perhaps the charitable—and it may not be wholly improbable—construction to put on it is that Mr Strydom, whose sense of responsibility has been much strengthened by the burdens of office, is secretly hoping that an adverse decision by a packed bench will provide him with a legitimate excuse for dropping the whole fruitless affair.

A Desirable Casualty

ONE of the first casualties of an early general election would be the Road Traffic Bill, which had its third reading in the House of Lords last week. Several members did not conceal their pleasure at the prospect of its demise. From its first drafting, this has been a bad Bill with a good intention; and it has not been much improved, despite searching scrutiny, in the Lords. Whether the House of Commons could do much with it may be doubted. Many of the Lords complained that few of their suggested improvements had been accepted. The most controversial proposal—to set up a vast organisation to test all vehicles, over a period, with the object of cutting down the mere two per cent of accidents directly attributable to defects in the cars involved—has admittedly been watered down; but it has been watered down from a silly proposal to an ineffective one, for the tests will now apply only to second-hand vehicles—which were fairly easily shown to be unlikely to achieve much in the way of permanently improved performance.

Lord Brabazon of Tara rightly described the Bill as being, in reality, a new criminal law amendment Bill, embodying the idea that "by the intimidation of penalties, the roads can be cleared of accidents." It is true that road safety is primarily a matter of motorists and pedestrians, not of conditions; Earl Howe quoted a telling American accident analysis which concluded that "in most accidents the guilty party is man and not machine, mind and not motor, reflex and not roadway." But penalties are likely to be operative and to deter only if a jury regards them as fair and the offender regards them as certain. Under this Bill the penalty for dangerous driving still depends on the results, not simply the culpability, of the accident; and conviction will depend less on facts than the state of the jury's conscience over its own regard for the—lately improved—Highway Code. Whichever Government is returned at the election should reintroduce this Bill with at least two major modifications. It should lay more emphasis on long-term withdrawal of driving licences, and less on prison, as a deterrent; and it should look again at the proposal to test vehicles. If this happens, the long labour of the Lords will not have been wasted.

Stubborn German Trade Unionists

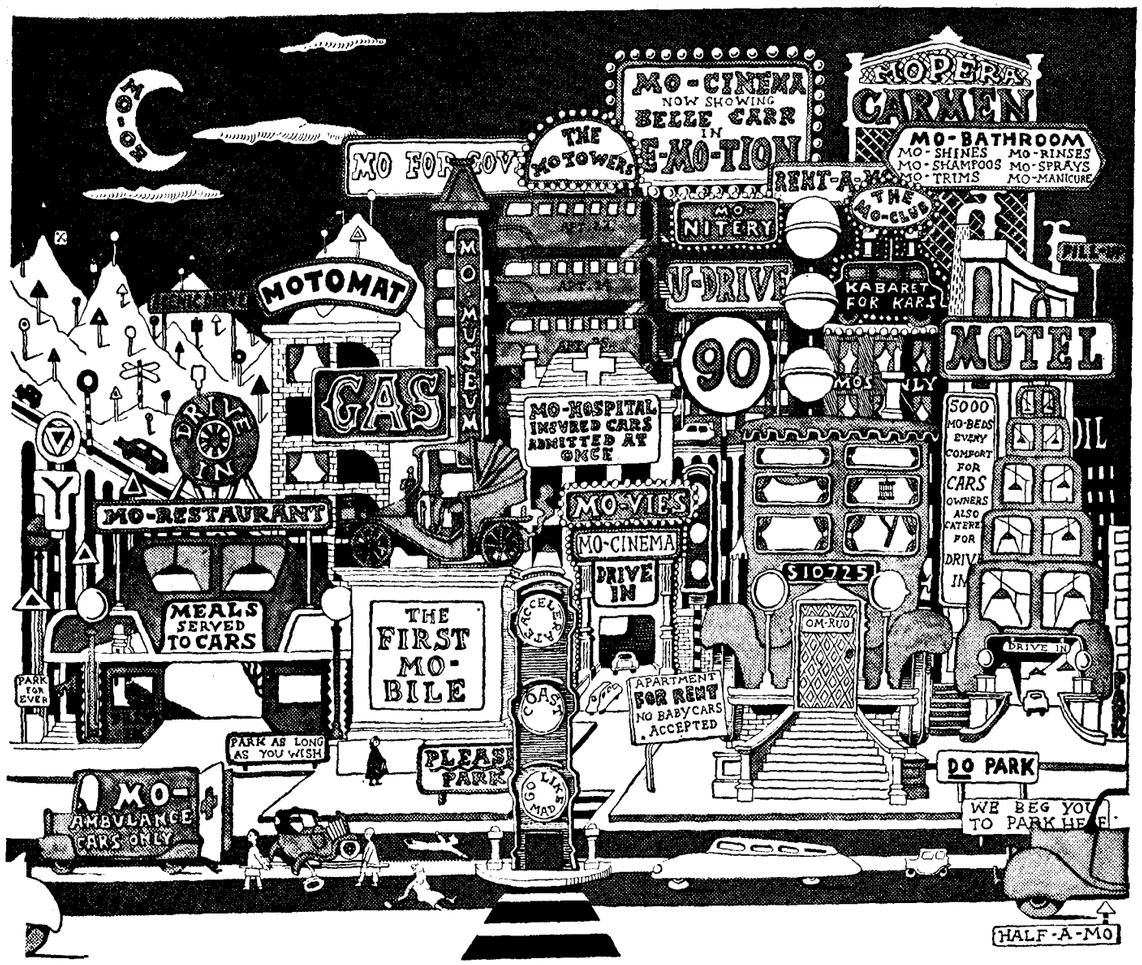
ALTHOUGH last Sunday's voting in the Council of the Republic (described by our special correspondent on page 39) opens the road to German rearmament, Dr Adenauer is still uncertain whether the new forces will be set up in the teeth of German trade union opposition or with their active collaboration. One of the most unyielding obstacles to overcome is the hostility of many German trade union leaders. At a specially convened conference held in Brussels last weekend an attempt was made by Western trade union delegates to persuade the Germans to stop opposing German integration in Nato and to give practical support to the federal parliament's decision. It seems to have had little success. The conference, which was held under the auspices of the International Confederation of Free Trade Unions (ICFTU) and consisted of delegates from the seven countries of the Western European Union plus the United States, spent two days in arguing with the Germans and at the end issued a non-committal statement which simply recorded the subjects discussed. The German delegates of the trade union federation (DGB) stubbornly refused to give their blessing to Dr Adenauer's plans.

The DGB is known to be divided on the matter. An influential section of the leadership is willing to accept the federal parliament's decision as binding, if not actively to co-operate in defence matters; it was presumably this section which, after the *Bundestag* debate, inspired the leading article in the DGB's official weekly paper urging this point of view. The extreme anti-rearmament wing is led by Herr Brenner, head of the metalworkers' union, and Herr Kumnernuss, of the public transport employees. The latter appear, for the time being, to have got their way. At the end of the Brussels conference the Germans seemed to be back on the position they took up at their congress last October: that German reunion—not merely an attempt to negotiate with the Russians about it, but the finished article—must be achieved before they will accept the principle of a German contribution to Western defence. This is a step back from the more conciliatory statement issued by the executive of the DGB after the *Bundestag* debate. If they persist in their stand, they can create serious embarrassment for Dr Adenauer.

Germans in the Air

AFTER nine years of grounding, the Germans are taking to the air in a modest way this week. Their civil air line, the Lufthansa, is beginning by opening purely internal services—without being able to include the lucrative run to Berlin, however, since that city is still under four-power control. Four Convair machines have been bought, and the short haul services will be extended to include London, Paris and Madrid in the early summer. Later on this year four Super-Constellations will be able to start the trans-atlantic run to New York; Buenos Aires and Teheran are on the schedule for 1956. The company has informed the Bonn Finance Ministry that it will have a deficit of DM10 million (about £830,000) for the current financial year but hopes to dispense with subsidies after three years. These are admittedly very uncertain estimates, as the position of the new company when operating abroad is still uncertain.

The prewar Lufthansa had a very good name for efficiency, but rapidly lost its goodwill in Britain because it was misused as a camouflage for Goering's secret Luftwaffe.



SCHWEPPSYLVANIA

the motocracy

Written by Stephen Potter and drawn by Loudon Sainthill

Schweppsylvania, 49th of the United States and more so than any of them, is neither a technocracy nor a republicanocracy. It is a motocracy, misleadingly called autocracy — a government of, by, and for autos, with, practically, an auto for governor.

For their greater honour, motels are for cars, not people. Mo-parks are clustered with charming polishers and mo-manicurists waiting to tempt the appetite of reclining engines with the oiliest oils and the petroly-est petrols; while slender girls inject into the tyres, from lovely bottles, purest Detroit air.

All highways are mo-ways only. Pedestrians who get in the way are removed after a time to the side of the road and imprisoned, when they recover, for dangerous walking. But the damaged car has been driven, long since, by mo-ambulance to the mo-hospital.

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

There is a world of difference between those days and this. The new Lufthansa has been lifted into the air with the help of the British and Americans, and it hopes to collaborate particularly closely with Air France. British pilots, lent by British European Airways, are training the Germans and will be taking the first pilot's seat for some time to come. Although, for several years, the airport staffs in the Federal Republic have included Germans as well as nationals of the occupation powers, more Germans will now have to be trained.

There is, of course, some reason to lament the appearance of a new competitor to the British airlines. On the other hand, there is much more reason to consider the advantages of bringing the Germans as closely as possible into the "club" of international air lines, objecting only if they show signs of breaking the rules. When all is said and done, the other companies have had nine years of monopoly inside Germany and the Federal Republic is about to become a fully-fledged ally, a member of Nato. Moreover, British aircraft manufacturers will have a chance of selling Viscounts to the Lufthansa if the company goes over to turbo-props in a few years time; the British put up keen competition to secure the original orders, but these went to the United States chiefly on account of the generous credit terms which the Americans offered at an early stage. Dollars may not be so plentiful when the next German orders are placed.

Horror Comics for the Lords

THE Children and Young Persons (Harmful Publications) Bill has now passed the committee and report stage and was read a third time on Tuesday. Many amendments were proposed: some to extend the scope of the Bill—for example, to cover newspapers—and some to restrict it, for example, by exempting retailers and newsagents from its operation, on the ground that they cannot examine everything that they sell. The Government, however, would make only two concessions. It agreed, first, that the term of the Act, if so it became, should be limited to ten years. That was at least some consolation to the anti-censorship party on both sides of the House, since it guards against the danger that long after the original purpose of the Bill is forgotten, it may be used to censor publications of a different kind. The Government's second concession was to accept an amendment that no prosecutions under the Bill should be instituted without the consent of the Attorney-General. That will be an important safeguard against activity started by busybodies and prudes.

The Bill therefore goes to the House of Lords without any change in its substance or in its definition of a harmful publication. The criterion of Lord Cockburn's judgment of 1868, which has caused such trouble in prosecutions for obscenity, is extended to another field. It is the tendency of a work "as a whole" to "corrupt a child or young person into whose hands it might fall" that is to be actionable. And, as with books and other publications, the intention of those responsible and any evidence of literary or artistic merit are irrelevant to the question of guilt. This is perhaps logical so long as the law against obscenity stands, but it only serves to emphasise the need for amending it. Mr Roy Jenkins's—and the Society of Authors'—Obscene Publications Bill was designed to attempt such an amendment; and it is still not clear why the Government felt unable to accept it, and to incorporate its own legislative tinkering into this wider measure.

Restraining our Servants

LAST Friday's debate in the House of Commons on the compulsory acquisition of land and property was not a strictly party affair. But it is fair to say that most of the Conservative backbenchers who spoke were intent upon developing the idea of controlling the unreasonable use of executive power through some kind of administrative court; that most of the Labour backbenchers present probably agreed with Mr George Brown's view that "If it is to be argued that there is something about a court of justice that makes it better able to look after the rights of citizens than this House of Commons, it is an argument which strikes at the whole basis of Parliamentary democracy"; and that Mr Brooke, who replied for the Government, was rather nearer to Mr Brown's views (which are also the average civil servant's views) than he was to those of his own backbenchers. He appealed for details of all hard cases to be reported to the Minister responsible.

The ideas of the Conservative backbenchers have many antecedents, including Lord Justice Denning's recent suggestion for the establishment of a new court, composed of a judge and two civil servants. But their immediate rallying point is a pamphlet which has just come out of their own stable—called "Rule of Law,"* produced for the Inns of Court Conservative Society by a "committee consisting in the main of practising barristers, including Conservative Members of Parliament, under the chairmanship of Sir Patrick Spens." The authors believe that the chief defect at present is lack of publicity; once the facts are known justice often follows. They call for the establishment of an administrative court because it would be able to secure publicity as a matter of course; it would have power, on the application of a person aggrieved by an administrative decision involving personal or proprietary rights, to call for a statement of the facts and reasons upon which the decision was based. If the court, which the authors consider should constitute a new division of the High Court of Justice, decided that there had been a material error of fact or law, it would be able to annul the decision or to order the rehearing of the case before a tribunal or to make such corrections as appeared necessary. The authors insist that, since a High Court Judge would preside over the court, it must not be involved in policy and they therefore propose that any statement of his policy by a Minister should be binding on the court and unexaminable by it. Parliament would remain the forum for attacking policy. The court would therefore not substitute its own view for that of the Minister, so long as it was satisfied that the facts had been properly ascertained and that any inferences and conclusions were based on reasonable grounds.

* "Rule of Law"—Conservative Political Centre—boards 2s., cloth 3s. 6d.

This system, which would fall far short of a Conseil d'Etat on the French model, would go some way to staunch growing public resentment. One of the troubles about the present system—under which publicity can only be obtained by persistent efforts through political channels—is that the opportunity for making a fuss varies from individual to individual, and perhaps even from constituency to constituency. But, especially in view of the attitude of some civil servants, the reform is not one that can easily be effected by a Government unless it has been committed in advance of its period of office. It would be an excellent thing if the ideas behind this thoughtful pamphlet could find their way into the Conservatives' election programme.

SHORTER NOTES

The High Authority of the Coal and Steel Community, with the concurrence of the Council of Ministers, has increased its control over the importing and distributing of imported scrap within the six countries. From now on, a representative of the High Authority will participate in the Joint Office of Scrap Consumers which sits in Brussels, and, if there is disagreement, he will have the determining voice. Despite French arguments to the contrary, the High Authority, supported by the Council of Ministers, has determined that no absolute shortage of scrap requiring the fixing of allocations and priorities exists. On the contrary it believes that demand and supply are in approximate balance, and that any temporary difficulties can best be ironed out through the technique of pooling imports and directing the imported scrap, as necessary, to meet temporary deficits.

★

The latest news from South Vietnam is bad. After weeks of increasing tension, regular soldiers of the Vietnamese army clashed with armed members of the Binh Xuyen gang in Saigon early on Wednesday. Six loyal soldiers and police were killed; ten Binh Xuyen men lost their lives and there were six civilian dead; the wounded totalled 112, more than half of them civilians. The clash was apparently a spontaneous explosion following an insulting epithet hurled at a Binh Xuyen man by one of the regulars, who this week have seized the police building on behalf of Mr Diem, the prime minister. Until then, the police had been controlled by the Binh Xuyen, a band of privateers about five thousand strong, who are in alliance with the two important armed religious sects in Cochinchina, the Caodaists and Hoa Hao. It may be premature to describe the clash as the beginning of a civil war, but there are ominous reports of fighting in the south-west between Hoa Hao guerillas and government troops, while the notorious rebel Ba Cut has apparently started an economic blockade of the capital.

Letters to the Editor

Capital for the Professions

SIR—In your interesting article of March 19th you mention the progress of a typical professional man's salary. The iniquity of present rates of taxation is well illustrated by calculating the sums this typical professional man would have to pay in income tax, at present rates, throughout his career, and then assuming that the whole of these sums had been steadily accumulated for his benefit at retirement. On the assumption of 5 per cent return and accumulation at compound interest there would be available between £60,000 and £100,000 at the age of 65.

How many professional men will, in fact, be able to retire with even a small fraction of this sum saved for their old age?—Yours faithfully,

A. M. P. BROOKES

St John's College, Cambridge

★

SIR—In your issue of March 19th the excellent article headed "Capital for the Professions" appears to treat barristers as being subject to the same considerations as members of the other professions. This is not in fact the case. The article states that, on retirement, the main asset of the practitioner in a profession will be his professional goodwill—a saleable item.

However lucrative may be the goodwill of a member of the Bar while he is in practice, it is worth nothing when he retires. He is not a partner in a firm which continues after he has gone, and he has nothing to sell at the end of his working days. By building up goodwill members of the other professions can obtain on retirement a capital sum free from the depredations of the tax collector. This privilege is denied to the barrister.

There are, I believe, only 2,000 or so barristers in practice, but it would seem that there is a good case for the Millard Tucker committee to make special recommendations for the Bar.—Yours faithfully,

Cockfosters MARC RYLE

Deficit Finance in Asia

SIR—I have only just seen your issue of March 5th in which Mr Balogh criticises my article which appeared in *Lloyds Bank Review* for January, 1955.

If Mr Balogh has read this article he would have seen that it consists almost entirely of quotations from, or paraphrases of, the report of the ECAFE Working Party. The report was published only in mimeograph, and I thought that it deserved wider publicity.

I did, however, express one or two personal opinions, and my conclusion was precisely the one which Mr Balogh blames me for not drawing, "Finally," I wrote, "it is very clear that a substantial measure of external aid to the area is essential during these critical and formative years."—Yours faithfully,

Rome FREDERIC BENHAM

Graphs or Tables?

SIR—Mr Claydon (March 26th issue) objects to the lucid graphs with which you illustrate many articles, thus benefiting the less literate readers like myself, who are unable to analyse visually the figures given in the "less frivolous third" of *The Economist*. Many people will agree that the accuracy lost in graphical presentation is compensated for by clarity and impact. If one wishes to quote statistics with authority, it is perfectly possible—and preferable—to examine them in full in an official source such as the "Monthly Digest."

After all, are we entirely to forgo pictorial methods? Now deprived of our Horror Comics, must we also lose our graphs?—Yours faithfully,

A. R. WOLFE

Clare College, Cambridge.

Books & Publications

The Cruel Hoax

THE ILLUSION OF THE EPOCH.
By H. B. Acton.
Cohen & West. 286 pages. 18s.

THIS is a very good book. In choosing to write, as his sub-title has it, on "Marxism-Leninism as a philosophical creed," Professor Acton has devoted himself to an important but difficult subject. He has accomplished successfully what might seem an impossible task: to analyse critically and exhaustively the foundations of Marxism in a volume of modest size. Even more remarkable is the fact that although he covers with meticulous thoroughness all the philosophical aspects of Marxism and their relationship to the views of many other philosophers, he has written a book that can be read by the non-specialist. The style, moreover, has a distinction of its own. It is simple, sober and direct, and makes it both pleasant and exciting to follow the author's skilful dissection of the morbid tissues of this modern illusion.

The first hundred pages are stiff going; but any reader tempted to go straight to the last two-thirds of the book is strongly advised to persevere. Marxists always claim that their views are part of a comprehensive *Weltanschauung*, founded on the philosophy of "dialectical materialism." It is, therefore, vital to an understanding of Marxism to be aware of the seductive, but fallacious reasoning about the nature of man, the physical universe, and human knowledge on which it is based. In this part of the book, Mr Acton provides a brilliantly concise and clear account of "Marxist Realism," as contrasted with philosophical idealism, phenomenalism and positivism, which, incidentally, sheds light on many basic problems of philosophy. The subsequent discussion of "Marxist Dialectics," of the relation of the phenomena of nature (and the understanding of them supplied by the natural sciences) to those of human relations, including history (and the understanding of them supplied by the social sciences), is equally rewarding.

The remainder of the book examines the manner in which Marxists apply their philosophical concepts to the analysis of history, the state and society. It deals in particular with the Marxist theory of the relation of the development of mankind's productive powers, first to the "economic base" and, secondly, to the "ideological superstructure." In a final chapter surprisingly, but aptly, entitled "Marxist Ethics," Mr Acton describes the specific prescription for political action related to its own kind of morality which is derived from Marxist social science.

Professor Acton has little difficulty in establishing that Marxism is "a philosophical farrago," a mixture of incompatible elements. Marxists reject speculative philosophy (metaphysics, as they pejoratively call it) in favour of methods taken, by false analogy, from the natural sciences; but at the same time rely heavily on features of Hegelian philosophy that are highly speculative and generally opposed to the scientific methods. This inherent confusion is carefully traced by Mr Acton through all its various manifestations in the doctrines of Marx and his disciples. It is difficult to know what to pick out for special mention among so many good things, but the following are particularly impressive. Mr Acton demonstrates that the celebrated Marxist laws of the dialectic are not scientific laws at all, developing as science progresses, but merely "modes of expression . . . etiquette rather than science." In discussing human needs, which play an important part in Marxist historical materialism, he shows that behind a notion apparently based on sense and fact there is concealed a moral assessment. In analysing the Marxist theory of ideologies and their relation to changing economic structures, he exposes decisively the confusion in the use of the word ideology to denote both a complex of false ideas, developed to serve a ruling class, and any kind of ideological superstructure, including that which might exist in the future classless society. Similarly devastating criticism is applied, *inter alia*, to the Marxist theories of morality and the division of labour in the unregenerate class societies and the future communist order. Particularly valuable is Mr Acton's resuscitation of the ideas of Feuerbach on religion as one of the most potent formative influences on the thought of Marx and Engels.

Professor Acton has not set out to show why, notwithstanding its intellectual shortcomings, Marxism should have had such a considerable influence. No doubt, it would need a psychologist to explain to what deep yearning it supplies the satisfaction. But if this were to lie in the appearance of philosophical certainty that Marxism conveys, Professor Acton's exposure of this illusion is especially salutary. For he has shown that the hoax is perhaps most cruel precisely in the realm of the mind. It is here that Marxism has made an intellectual wilderness and called it science.

Anglo-American Courtship

GREAT BRITAIN AND THE UNITED STATES: *A History of Anglo-American Relations*, 1783-1952.
By H. C. Allen.
Odhams. 1024 pages. 45s.

ANY student of Anglo-American relations has the choice of two methods of approach to his subject. He can stress either the similarities or the differences between his two nations. The second has of late years been the favoured approach by all save the most unsophisticated of after-dinner orators, on this side of the Atlantic at least. Probably it reflects, more than anything else, a discretion learnt in the hard school of the interwar years, when even the crassest of Americo-philes discovered that his suit, to be successful, must never presume on victory until his affianced had been led to the altar-rail, if then. Tactically justified, this approach has the further advantage that it squares easily with certain obvious historic facts, as well as legends: the War of Independence; 1812; "it would be superfluous to point out that this is War"; Sackville-West; the great time-lags (1914-1917, 1939-1941); "they hired the money, didn't they?"; Formosa and the offshore islands. All this may be true, and certainly it lies in 1955, responsive to the slightest touch, across the whole surface of our national consciousness.

But have the virtues of the first approach not been a little underrated? Is the time not ripe for a new history of Anglo-American relations, based frankly on the opposite assumption? This at least is Mr Allen's conviction, as he essays the first comprehensive treatment of the subject in a generation, perhaps indeed the most comprehensive ever. He, too, can claim that it squares with certain facts and legends: Magna Carta; "the language of Shakespeare"; *habeas corpus*; the Resolution of the Manchester Working Men; Henry James; Mutual Aid; Billy Graham; and B.29 bases in East Anglia. His case is strongest whenever he deals with social and cultural intercourse across the Atlantic, weakest when he narrates the often painful story of diplomatic and official economic relations. This is the more unfortunate, for it is the diplomatic story that has been given not the exclusive, but certainly the dominant, place in Mr Allen's treatment. In this respect he follows somewhat disappointingly along the lines laid down by his predecessors, Mowat and Dunning—disappointingly not only from the viewpoint of his own thesis but even more from the essential requirements of the subject itself. The distinctive feature of British-American relations has, after all, been the extent to which the diplomacy of both countries has been subordinated in the last resort to everything else in their relations, to everything that they feel and think about each other. Their national lives have touched not at one point only but continuously at a great many.

Mr Allen, attempting little or no fresh research himself, has necessarily had to build with the bricks made by others, and he should certainly not be harshly judged if the bias of his account follows the main lines of previous treatment. His book remains within its accepted limits a very useful piece of work. It is up to date, lucid, admirably fair, careful and reliable in detail. He has a number of shrewdly perceptive comments to offer, not least when treating of economic issues. And even where his treatment seems inadequate, honesty obliges one to state that it is not likely to be superseded until a good deal more fundamental research has been done in several strangely neglected fields of Anglo-American history.

New Nations' Problems

SOUTH-EAST ASIA BETWEEN TWO WORLDS.
By Tibor Mende.
Turnstile Press. 346 pages. 21s.

THE main problems of South East Asia are those common to new nations emerging from colonialism. Riots, insurrections or civil wars; the disillusionment caused by the inefficiency of regimes lacking trained administrators; the economic stagnation or even retrogression that results from the discouragement of foreign capital; these are symptoms of transition, and to a greater or lesser degree, they have characterised the postwar stories of nearly all the new nations of the area. Tibor Mende's admirable new book deals with these problems both in detail and in their wider context, though the scope of his work is less sweeping than the title would suggest. He has, in fact, concentrated upon three countries—Indonesia, Burma and Pakistan, the inclusion of the third name having the effect, however, of stretching the western boundary of South East Asia beyond its conventional limit east of the Indian sub-continent.

Mr Mende has sometimes been accused of Communist sympathies, and it would be unfair not to point out that his latest book, the bias of which appears to be roughly a social democratic one, makes a strenuous attack upon Communist aims and practices, while it suggests energetic and positive measures to counter the appeal of Communism to the peoples of underdeveloped countries. His method, which combines the attraction of journalism and the more solid merits of scholarship, consists of alternating chapters of personal reminiscences and political analysis. The result is perhaps slightly more readable than authoritative, though it is hard indeed to find inaccuracies. One probable example is the membership of the Indonesian Communist party, which is given as less than fifty thousand—almost certainly no more than one-tenth of the actual figure. Indeed, although the author deals with the Communist threat to Indonesia in great detail, he appears to underestimate it on the basis of facts more recently revealed. Few enlightened observers would quarrel with Mr Mende's general thesis, which is that mere anti-Communism is a sterile and unrewarding substitute for a policy; and that what is needed is a positive attempt to raise living standards, provide an outlet for the energies of discontented intellectuals and discontinue assistance to "unrepresentative and anti-social ruling groups," particularly in Pakistan; but there is a conflict of opinion, still unresolved, between those who, like Mr Mende, advocate economic aid in the form of loans to governments and those who would prefer such aid to take the form of private investment. This conflict is nowhere more apparent than in the discussion still in progress in Washington about the ultimate form of the so-called "Stassen Plan" of aid to Asia.

There are also grounds for disagreement in Mr Mende's gloomy estimate of economic progress in Soviet Russia compared with that of the Western countries. It seems at least highly doubtful whether Russia will overtake British living standards in ten years at the present relative rates of economic growth, as Mr Mende asserts. Mr Mende appears to ignore such factors as the *direction* of Russia's economy, with its emphasis on heavy industry and on armaments, and the fact that an underdeveloped economy tends to grow more rapidly, once the impetus is given, than a more developed one. Besides, the expansion of Russia's economy, rapid though it has been, has not been comparable with American expansion at its peak in the second half of last century. The contentious arguments should be mentioned; but they detract only to a minor degree from the merit of a book which deserves a wide public.

Worse Than the British

THE AFRICAN AWAKENING.
By Basil Davidson.
Cape. 262 pages. 12s. 6d.

RELIABLE, comprehensive and up-to-date information about non-British Africa is not always easy to come by. Mr Davidson's survey could have performed a most useful function for the areas it covers—the Belgian Congo and Portuguese Angola. But it is essentially a political judgment, based on a minimum of evidence. It contrasts the "new colonialism" of the Belgians, based on the enlightened self-interest of large capitalist enterprises, with the "old colonialism" of the Portuguese, based on forced labour and the vilest exploitation and brutality, some of the evidence for which, however, is quoted at second-hand. Mr Davidson is opposed to both, fundamentally; to him the model for Africa is the Gold Coast—apart from the fact that British shareholders are even now drawing tainted dividends from it.

After the Gold Coast solution, however, he commends the Belgians, for

From the Government Bookshops

Statistical Summary of the Mineral Industry

Prepared by
MINERAL RESOURCES DIVISION
COLONIAL GEOLOGICAL SURVEYS

The most complete reference book of its type, this annual volume of statistical tables contains comprehensive details of the production, exports and imports of all important commercial minerals and metals used throughout the world. The new edition covers the six-year period 1948 to 1953.

Price 27s. 6d. By post 27s. 11d.

H. M. STATIONERY OFFICE

York House, Kingsway, London W.C.2; 423 Oxford Street, London W.1. (Post Orders: P.O. Box 569, London S.E.1); 13a Castle Street, Edinburgh 2; 39 King Street, Manchester 2; 2 Edmund Street, Birmingham 3; 109 St. Mary Street, Cardiff; Tower Lane, Bristol 1; 80 Chichester Street, Belfast;
or through any bookseller

BARBARA WOOTTON

Social Foundations of Wage Policy

"Not only for the facts that she has unearthed and presented, but for the freshness of her approach to this tiresome problem, this must be considered a work of first importance."—*Spectator.* 15s.

Post - Keynesian Economics

Edited by K. KURIHARA

Covering a wide variety of subjects, these essays use Keynesian economics as their basis. 25s.

The Irish Pound 1797 - 1826

FRANK W. FETTER

"Throws a flood of light on Irish monetary and banking questions at the beginning of the nineteenth century."—*The Economist.* 16s.

GEORGE ALLEN & UNWIN LTD
40 Museum Street, London, W.C.1

while they grant no political rights, they do train Africans to skilled and even professional jobs and push on with the industrial revolution in the Congo ; this, in Mr Davidson's view, at least leads Africans towards ultimate mastery of their own country, destroys tribalism (but also, he suggests, native agriculture) and shows them to be capable of the same technical proficiency as white men, thus causing gnashing of teeth in South Africa and Rhodesia. The Portuguese method, on the other hand, is a hideous anachronism. Mr Davidson accuses the Portuguese of perpetuating a system little removed from slavery, which is depopulating the country much as King Leopold's methods depopulated the Congo from 1885 onwards. He even denies that the Portuguese are enlightened about race relations, for they are creating a colour bar by pouring poor whites into the territory. But he does not confine his judgments to the Belgians and Portuguese—the French and the British are castigated *en passant* for their iniquities too.

Africa, Mr Davidson insists, is not poor, because some companies are making large dividends—he quotes selected lists of blue chip mining shares. The idea that an immense capital might have been sunk in Africa with little or no return apparently never crosses his mind. Professor Frankel has, for example, shown that railways would probably never have opened Africa up so quickly had it not been for the discovery of the mineral wealth which alone made them possible. That leaves immense areas of Africa still desperately short of capital. It leaves the problem of raising agricultural skill untouched. Mr Davidson never refers to the peculiar problems of cultivating tropical soils. A few companies make good profits—and for him that is proof of a vast exploitation, a conspiracy to rob the African of his country's production, a determination to keep him as a hewer of wood and drawer of water, except where, as in the Congo, it pays even better to make him a skilled machinist.

This is not a fair picture of Africa ; it is an unkind picture, to say the least, even of the Belgians and Portuguese. And if Mr Davidson thinks so ill of the Belgians for withholding political rights and the Portuguese for their entire colonial approach, he might have spared some praise for British efforts. It is certainly true that both the Belgians and the Portuguese (and the French) lose African population to British—even to South African—territories. There is, no doubt, ground for criticism. But to reduce Angola to a racket and the Congo to a well-run but soulless corporation is to oversimplify. Yet Mr Davidson has a perceptive eye, as well as a racy style and genuine power to entertain. Even through pink glasses he saw much of the greatest interest in Angola and the Congo ; and this book can be read with enjoyment if only for the proof it offers that the Colonial Office policy is often right—notwithstanding riots, uprisings, suspensions of constitutions, exilings of potentates, groundnut schemes and all.

Spain Overseas

HERNAN CORTES, CONQUEROR OF MEXICO.
By Salvador de Madariaga.
Hollis and Carter. 563 pages. 25s.

THIS is the second edition of a work published in 1942, and there is no indication that any changes have been made. Sr de Madariaga is certainly the most brilliant chronicler of Spanish America, and his study of Cortés takes its place between his biographies of Columbus and Bolívar. It is founded on Bernal Díaz's *Historia verdadera*, on Bartolomé de las Casa, on Prescott and on a careful use of Cortés's superb letters to Charles V. To these sources, Sr de Madariaga adds his unrivalled knowledge of the minor conquistadors and of the countless petty manœuvres and intrigues that characterised the development of the New Spain.

The dominant note that emerges is the total inability of the Spaniards to get along among themselves or to take a long-range view of the colonial problem. Cortés was hounded at every step by the jealousies, greed and blind stupidity of his countrymen. In the end, he succumbed to their machinations, and Spain's great empire across the seas was doomed by the very Spaniards who set out to govern it. Sr de Madariaga's spirited and often inspired narrative falters when it has to deal with Cortés's weary battles against Velázquez, Narváez, and the rapacious fools who were sent from Spain in order to "assist" him. It is at its finest when he traces Cortés's first march against Mexico and his subtle relations with the captive Montezuma.

The one defect in this book is Sr de Madariaga's refusal to see things Spanish in the perspective of common sense. To him Cortés's admittedly bold campaigns rank with those of Alexander and Napoleon. Cortés's decision to run his boats aground at Veracruz represents, according to Sr de Madariaga, something far more important than Cæsar's march across the Rubicon. Cortés is not just an interesting minor figure, with great narrative gifts and immense pluck, but "a fit symbol of the tragedy of man on earth." It is this unbalance of tone that mars an otherwise fascinating and erudite biography.

Animals, Vegetation and Villages

MAN AND THE LAND.
By L. Dudley Stamp.
Collins. 288 pages. 25s.

IN recent years, the investigations of workers in a number of fields have converged on the topic of the evolution of the landscape under the hand of man. Botanists, for example, have recognised the impermanence of particular plant associations which have hitherto been regarded as "natural" vegetation. One such change in a vegetational cover is occurring beneath our eyes today, as the famous downland pastures are, with the departure first of the sheep, and now of the rabbit, invaded by scrub. Geographers, and some historians, have in their turn begun to study the evolution of what has been rather horridly called the "cultural landscape," the pattern of field, farm, village and town that we see around us.

In making a study of this kind, the writer is "looking at the surface [of the land] and trying to trace there the hand of man in shaping the scenery as we actually observe it today." These words are from Professor Stamp's preface, in which he sets out the scope of this book ; but anyone taking them at their face value will be disappointed. For the treatment of such creations "of the hand of man in shaping country" that happen to be inanimate, patterns of villages or fields for example, is perfunctory and even misleading. The reader may even ask what the distribution of turkeys, brown rats or cockroaches has to do with scenery. It rapidly becomes clear that what occupies the centre of Professor Stamp's attention is not landscape or scenery as a whole but man's influence on the distribution within these islands of animals and plants, both wild and domestic, which is not quite the same thing.

The result is that the central part of the book takes the form of a series of disconnected chapters on such topics as the evolution of farmyard animals, British forests or the introduction from abroad of wild animals and plants. Here is much that is interesting and stimulating, especially as regards the changing use that man has made of the land at various periods of time, but even the Director of the Land Utilisation Survey cannot speak with equal authority on all of these subjects. There can, however, be no doubt about the value of the concluding section of the book, in which the writer draws upon his incomparable knowledge of how land is used in these islands to look into the future. Not all will agree with Professor Stamp's opinions on the problem of the loss of agricultural land to other uses, but nobody will question the sincerity of his concern for the land of Britain shown in these final chapters of a strange, disjointed but extremely readable book.

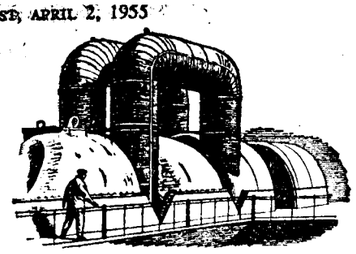
Books Received

CHRISTIAN FAITH TO-DAY.
By Stephen Neill. *A Pelican Book. Penguin Books.* 272 pages. 2s. 6d.

MAN, MORALS AND SOCIETY.
By J. C. Flugel. *A Pelican Book. Penguin Books.* 415 pages. 3s. 6d.

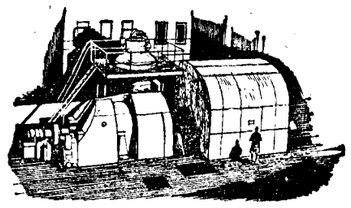
EUROPE: *Volume I, From the Renaissance to Waterloo. Revised bibliography. Volume II, Since Waterloo.* By Robert Ergang.
Boston: *D. C. Heath.* London: *Harrap.* 848 and 856 pages respectively. 40s. each.

SOUTH AFRICAN MINING AND ENGINEERING YEAR BOOK 1954-55: *incorporating the Rhodesian Mining Year Book.*
Edited by S. R. Potter. *South African Mining Journal Syndicate.* 664 pages. 63s.

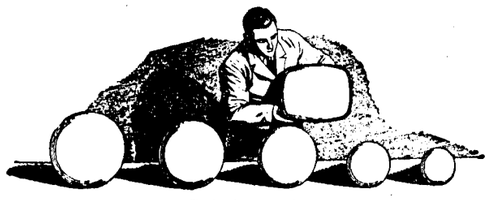


100,000 kW turbo-alternator
by Metropolitan-Vickers Electrical Co. Ltd.

&



Two 2,500 kW gas turbo-alternators
by The British Thomson-Houston Co. Ltd.



Cathode ray tubes
by The Edison Swan Electric Co. Ltd.

&

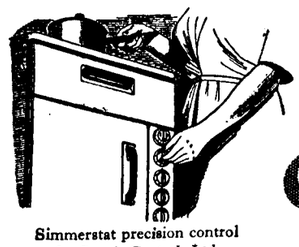


Washing machine
by The Hotpoint Electric Appliance Co. Ltd.



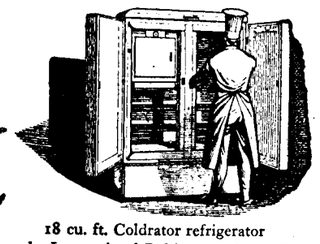
33 kV power station switchgear
by Ferguson Pailin Ltd.

&



Simmerstat precision control
by Sunvic Controls Ltd.

&

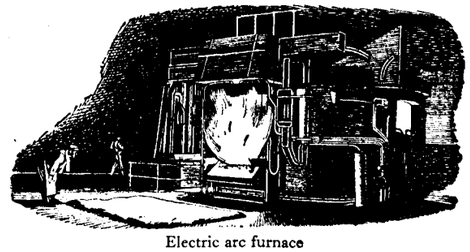


18 cu. ft. Coldrator refrigerator
by International Refrigerator Co. Ltd.



Domestic equipment
by Premier Electric Heaters Ltd.

&



Electric arc furnace
by Birlec Ltd.

To A.E.I., the Associated Electrical Industries, partnership is much more than an ideal or a friendly word. As the parent company of nine individual manufacturers it brings them into a great and practical partnership—a partnership of research, of service to the public, of economy in manufacturing, of adventure in the vast developing field of nuclear power. Each company is world-famous in its own right: all have the extra of A.E.I.'s inspiration and financial strength.

&

AEI

LONDON AIRPORT

New terminal buildings and access tunnel

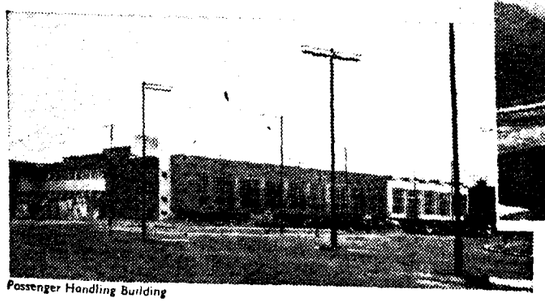


Air Traffic Control Building

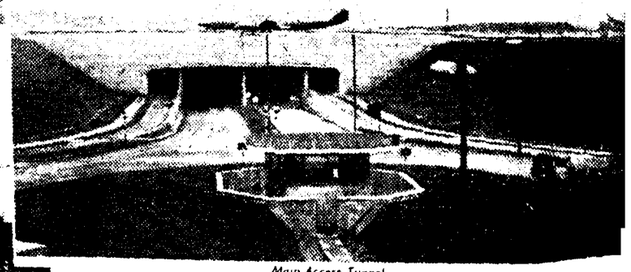
London Airport Contracts—for the Ministry of Transport and Civil Aviation (Air Ministry Directorate of Works) include: Nine-storey Air Traffic Control Building. Three-storey, 600 ft. x 250 ft. Passenger Handling Building. Three-storey Eastern Apex Building. Main concrete Foundations, Roads, Drainage, Pedestrian Tunnel and Ancillary Works—Central Terminal Area.

ARCHITECT: *Mr. Frederick Gibberd, C.B.E., F.R.I.B.A., M.T.P.I.*

CONSULTING ENGINEERS: *Sir William Halcrow & Partners*



Passenger Handling Building



Main Access Tunnel

For Ministry of Transport & Civil Aviation (Air Ministry Directorate of Works). This 2,080 ft. long Main Access Tunnel built in reinforced concrete, is 86 ft. wide and 22 ft. high.

"When we build, let us think that we build for ever"
John Ruskin

TAYLOR WOODROW *Building & Civil Engineering Contractors*

10 PARK STREET · LONDON W.1. · GROsvenor 8871

MR. PITT BUILDS THIS YEAR'S FLATS ..AND NEXT YEAR'S AIRLINERS

As an architect with an international reputation, Mr. Pitt naturally does a lot of flying. And because he invariably flies British, Mr. Pitt is responsible for more building than he knows! For example. His fares help to buy more British airliners — like BEA Viscounts and Elizabethans. Help to pay the men who design and build new airliners. And help pay BEA technicians to lend advice from the operational (and passenger's) point of view. In fact, without people like Mr. Pitt (*and nearly 2 million others who flew BEA last year*) the experts who have put Britain's aircraft industry ahead would get nowhere. But while Mr. Pitt (and all the others) keep on flying British, British Civil Aviation will keep on flying ahead.

fly British
with
BRITISH EUROPEAN AIRWAYS



BEA
fly **BEA**
EUROPE'S FAVOURITE AIRLINE

American Survey

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

Trade in Trouble

Washington, D.C.

SENATOR Byrd of Virginia is certainly justified in warning Mr Dulles that the President's whole trade programme will be in danger unless his coming Message to Congress on the General Agreement on Tariffs and Trade carries conviction. The programme is already in difficulties with the Senate Finance Committee as a result of the volume of detailed evidence from industries allegedly suffering injury from reduced tariffs. Moreover, the disconcertingly close vote on the Bill in the House of Representatives suggests that, thanks to the growth of the textile industries in southern towns and the alarm raised by the current tariff negotiations with Japan, the Democratic party's unity behind low tariffs may be a thing of the past. If a constitutional wrangle is allowed to develop over Gatt, with conservatives in both parties lining up against the Administration, the protectionists might be able to engineer a vote that would wreck the trade programme.

Both the objections to Gatt and the desire to strengthen the "escape clause" mechanism, which inspired the most dangerous amendment in the House, one which might prove even more dangerous in the Senate, stem from a similar approach. Under the Constitution tariffs are Congress's business but, as Mr Watkins of Utah, the leading opponent of the President's policy in the Senate, complained, there has been a "*de facto* abdication" of Congress's responsibility since 1934, when power to negotiate tariff reductions was first delegated to the President. Most people would agree that, when Congress dealt with tariff rates on the debating floor, it was far too responsive to local interests. The complaint against leaving negotiations in the hands of the executive is that it is insensitive to every cry for help except those that come from abroad.

★

Senator Watkins, like his colleagues in the House, Representatives Reed and Simpson, wants to recapture some of Congress's lost authority. He hopes to do so by building up the powers of the Tariff Commission, an expert body originally established to advise Congress on regulating tariffs. By investigations and public hearings it establishes on the eve of trade negotiations the "peril point" below which a tariff cannot fall without "serious injury" to the domestic industry concerned. By the same method the commission deals with claims under the "escape clause" that an existing concession should be wholly or partly withdrawn because "serious injury" is a fact. In putting its case to the congressional committees the Administration laid much stress on the continued presence of these two safeguards. But to many members of Congress they seem a snare and a delusion, since the President is not bound to accept even the Tariff Commission's findings of fact, let alone its recommendations for invoking the escape clause. Since 1948, the White House has acted on only five out of fifteen recommendations for a tariff increase, despite the fact that the commission has been severe enough to reject forty-four other applications for relief.

The protectionist leaders in both the House and the Senate chose wisely when they decided to concentrate on the "escape clause" issue. There is a sense of frustration among companies which have presented a case for relief through a nine-month-long investigation only to have the favourable verdict reversed at a private session between the President and his personal economic advisers. Sometimes the President disagrees with the commission's view that increased imports have damaged the domestic industry concerned, and puts the blame on changes in fashion or technological progress. Sometimes he accepts the commission's findings but rejects the recommendations after hearing from the State Department about the effect which a rise in duty would have on the exporting country. All this seems unlike American justice to the petitioning companies, which are often small and may have been involved in considerable expense by the investigation; their opinion is reflected by their congressional representatives.

Senator Watkins's proposal, slightly different from the plan advanced in the House, is that a rise in duty recommended by the commission should go into effect automatically after sixty days unless vetoed by either the Senate or the House. Mr Watkins combined this with a suggestion that only injury to a particular segment of an industry, not as now to a whole industry, would have to be proved. Thus this amendment would push the roof wide open to the upward revision of all past concessions from the United States. It would also destroy the President's purpose of assuring America's allies of some stability in its trading behaviour.

★

Democrats in the Senate may hold together enough to defeat this dangerous amendment but not unless the Administration speedily clears up the anxieties over Gatt. Fortunately the State Department seems confident that it can demonstrate that the recent conferences at Geneva, so

far from placing a time bomb under the Constitution, amounted to a major victory for American diplomacy. Starting with a very bad hand, dealt by the need to stand by every embarrassing section of the laws on agricultural subsidies, the Americans eventually trumped almost all opposition by the familiar tactic of appearing as arbitrators between other countries and Congress.

Since the new Organisation for Trade Co-operation, which is to take over the policing of the Gatt concessions and trade rules on a permanent basis, cannot exist without American membership, its composition and powers had to be what American delegates said Congress would swallow—and no more. Every effort by underdeveloped countries to write into the OTC charter provisions that would evoke memories of the grandiose International Trade Organisation, which looked to Congress like the first step to World Government and never got as far as a vote in the Senate, was ruled out of court. The trade rules which the OTC will police restrict mainly the kind of devices, such as quotas and special taxes, that are particularly harmful to American exports, while the quotas the United States uses to prevent imports undercutting highly-subsidised domestic farm prices during periods of glut are specifically exempted.

Other nations were willing to pay a high price for the promise of stability that congressional endorsement of American membership would bring. The American delegates were confident of congressional endorsement at this price. Now they must ensure delivery, unless the international reputation of the United States is to suffer a severe setback. The fear that foreigners will fix American tariff rates must above all else be exorcised. It is to be hoped that the rest of the world will turn its deafer ear towards Washington during the coming congressional hearings on Gatt, while American diplomats go through the necessary process of convincing the committees in detail that American views have in all cases prevailed.

Democrats Come to Dinner

PRESIDENT EISENHOWER was a busy host this week: on Wednesday he lunched with members of his Cabinet and leaders of both parties in the House of Representatives, and on Thursday he was entertaining leading Democrats and Republicans from the Senate. At the same time, the President has dissociated himself from right-wing Republicans such as Senator Knowland on the subject of the Yalta papers. Emphasising that "you can never recapture the atmosphere of war," Mr Eisenhower opposes the idea that the records of Yalta should be used as political material. At the risk of alienating extremist elements in his own party, therefore, President Eisenhower has been moving towards a better understanding with the opposition. The Democrats have been complaining that, although they are the majority in Congress, the President has not been consulting them and has been allowing members of his Administration to pursue partisan ends at the expense of unified policy.

Although Mr Eisenhower does not share Admiral Carney's view that an attack on Matsu and Quemoy is imminent—he has indirectly reprimanded the Admiral for airing it—nevertheless the President may be facing grave decisions and is wise to rally the widest possible political support. Mr Eisenhower is embarrassed by talk of war. But the mood in Washington, if not in the White House, has toughened during the last weeks and the argument that no further retreat in Asia is possible has been gaining ground. At the same time, it is felt that Russia and China should be handled differently and that the time may be ripe for a Big Four meeting. The latter was first advocated by Senator George, chairman of the Committee on Foreign Relations, in resolute disregard of the supposed "lesson" of Yalta, and has now been conditionally approved by the White House. More and more Congressmen are becoming convinced that such a meeting is inevitable if European morale is to be maintained after the ratification of the Paris agreements.

Victory Over Taxes

THE President has a handful of conservative Democrats in the Senate to thank for his first major victory in this Congress, on his Tax Bill. Admittedly he and his advisers combined a skilful use of political pressures with some strongly-worded criticism of the Democrats to secure the desired extension of corporate and excise taxes, at present levels, without the income tax concessions which the House had added. But it was five Democrats, led by Senators George and Byrd, who defeated the compromise offered by the official Democratic leaders in the Senate—an increase in taxes on industries and dividends to compensate for the loss of revenue from the House's cut in levies on taxpayers with low incomes. And these Senators' refusal to make any concessions to the representatives of the House ensured that the conference to reconcile the two versions of the legislation agreed on a Bill which was just what the Senate voted and just what the President wanted.

The House can hardly fail, however reluctantly, to approve this Bill before April 1st, since otherwise it could be accused of adding to the budget deficit. For on that date, in the absence of new legislation, excise taxes on petrol, cars, cigarettes and liquor would drop by varying but substantial amounts, and taxes on corporate profits would fall from 52 to 47 per cent on all earnings above $25,000 a year. However, while the Democrats may have lost this particular battle, they have not lost the tax war. In 1956, election year, another fiscal campaign will be fought but, from present indications, it will be on very different ground. The question will not be whether or not taxes should be cut, but whether Republicans or Democrats can manage to cut them more. Meanwhile the Democrats, in spite of Senators George and Byrd, have clearly labelled themselves as the party which favours lower taxes for the people with most votes and which tries to keep the Republicans from "soaking the poor and sparing the rich."

The writing on this label is being firmly underlined in the debates on yet another Tax Bill, which has already passed the House. It repairs retroactively two badly-drafted sections of last year's Act, which have brought unexpected windfalls to businessmen and unexpected losses, of perhaps $1 billion in revenue, to the Treasury. There appear to be many more such "bloopers," although less costly ones, in the 1954 Act and the Democrats are thinking of going over it with a tooth-comb to find other examples of Republican inefficiency and leniency towards big corporations. Meanwhile when the present Bill comes before the Senate there may be yet another Democratic attempt to introduce income tax reliefs.

Employment Guaranteed

New York

THE leaders of the United Automobile Workers will be proceeding from the trade union's annual convention, held in Cleveland this week, to Detroit to negotiate new contracts to replace the wage agreements which expire at the end of May. They will be pressing a demand with significance far beyond the motor industry—the demand for a "guaranteed annual wage" or, as the union now prefers to call it, "guaranteed employment." Such plans have been in operation in some companies for several decades; but these are specialised plans, restricted in scope, and of types which cannot be extended to other industries on a large scale. The automobile workers' scheme is not only far more comprehensive; it is also likely to set a pattern to be followed by the steel, electrical and rubber workers and may eventually lead to the establishment of a new general principle throughout American industry.

Two main complaints underlie the demand for guaranteed employment. One is that the unemployment compensation provided by the states, out of contributions collected from employers, varies in amount from state to state but rarely exceeds one-third of normal earnings, and can never be claimed for longer than 26 weeks. The second complaint is against the strongly seasonal nature of production and employment in several industries, especially in the automobile industry where this year's production race is giving added force to the union's arguments at the bargaining table. With motor car production now running at a current annual rate of over 8 million cars, even record sales of 6,600,000 cars during 1955—General Motors' latest estimate for the industry—will not enable the companies to avoid a substantial reduction in the rate of output during the second half of the year. By its guaranteed employment plan the union intends both to provide employers with a cost incentive to stabilise production in future, and to obtain more adequate compensation for those workers who may still have to be laid off.

★

The union proposes, first, that employers should guarantee a forty-hour week to any employee called to work at all during that week; this is an attempt to eliminate the short work week. The second demand is more far-reaching. After an employee has completed a probationary period of ninety days, the union wants his employer to guarantee him, if he is laid off work, one week's pay for every two weeks previously worked, up to 52 weeks' pay. The pay he receives would consist of two parts (although under some state laws this arrangement seems to be illegal): unemployment compensation from the state, and a contribution from the employer to enable the worker "to maintain the same living standards as when fully employed." While unemployed he would be obliged to accept any other "suitable" employment available.

In bargaining over how this payment should be financed by employers, the union is attempting to reconcile several conflicting objectives. To force employers to stabilise employment and eliminate seasonal fluctuations, the union wishes to make the cost of laying off workers as direct and as heavy as possible. If this were its only object it would demand payment entirely out of the company's current earnings. But to the extent that the union is relying on its plan to deal with cyclical unemployment also, it wants to ensure generous unemployment compensation, which will help to sustain purchasing power, while reducing as far as possible the immediate burden on employers already troubled by a decline in sales. For this purpose a trust fund, built up in good years for use in bad, would be the best solution. And as a practical matter, the union must also keep the cost of the plan within limits that the employers can reasonably be expected to afford. The automobile workers' present proposal, therefore, is a compromise between these different objectives. Initially, lay-off payments must be met by employers out of current revenue, up to a certain percentage, still to be agreed, of their payrolls. Any liability exceeding that percentage would come from a trust fund built up by fixed weekly contributions from the employer.

Until the details of the plan emerge more clearly during the coming bargaining with the employers, only the most arbitrary estimate of cost can be made. But for a large firm like General Motors, it has been calculated that, on the basis of the company's 1953 pattern of production, the cost is unlikely to exceed 4½ per cent of the payroll, in addition to the existing unemployment contribution to the state. If seasonal fluctuations in output were reduced, the burden would be lightened correspondingly; the union suggests that, to achieve this, manufacturers should extend the practice of "banking" automobile parts in times of slack production and should encourage "resort-style" pricing of cars, charging consumers extra for the privilege of buying a car in season.

The question is whether, in the light of the recent history of the industry, the plan provides sufficient incentive to stabilise output. For the cost of guaranteeing one week's pay for each two weeks worked could not exceed the cost of overtime at time and a half. And the exigencies of the automobile production race are such that fluctuations in output have not so far been discouraged by the high cost of overtime. Much has already been done, as the companies have pointed out, to reduce the length of shut-downs during model changes. But the most severe variations in output have occurred when smaller companies have been unable to sell their cars—a problem which the additional costs of guaranteed employment would aggravate.

★

As the costs of the plan are not excessive for the larger motor companies, there is a good chance that the union, which is raising a $25 million fund to back its demands by a strike if necessary, will secure guaranteed employment, at least in principle. But the extension of this principle to other industries raises more fundamental questions. Some fluctuations result from changes in fashion, as in the cloth-

ing industry, from the timing of the harvest, as in food canning—and even from uncontrollable events such as strikes in suppliers' plants. It can indeed be maintained that the cost of seasonal fluctuations in the demand for any product should be borne by those who consume it. But cyclical unemployment is within the control of neither individual employers nor individual consumers. The union argues that guaranteed employment, by stabilising purchasing power, will help to counteract such unemployment, and that it will also encourage employers to support the unions in seeking higher unemployment compensation from the states.

But through its effects on labour mobility and technological change the plan is more likely to weaken than to strengthen the economy. Guaranteed employment will make it more expensive for employers to shut down their least economic plants and transfer production elsewhere, and thus it can only delay the adjustments urgently needed in such industries as coal and textiles. The union relies on guaranteed employment to force employers to give more consideration to the provision of alternative work for men displaced by the machine. But it is equally possible that guaranteed employment, by increasing the cost of labour, will encourage, rather than discourage, the more rapid introduction of automatic methods.

Finally, is labour asking private industry to assume what is, or should be—as it is held to be in Britain—a public obligation? A patchwork approach, providing first for the workers in the strongest unions in the strongest industries, would discriminate sharply against unorganised workers and against the smaller and weaker firms. And if the present unemployment benefits are inadequate, as the President contended in his last two annual Economic Reports, is not the straightforward solution to improve the present system, rather than to ask private employers to make up the deficiency for their own employees only?

Postmen Go On Ringing

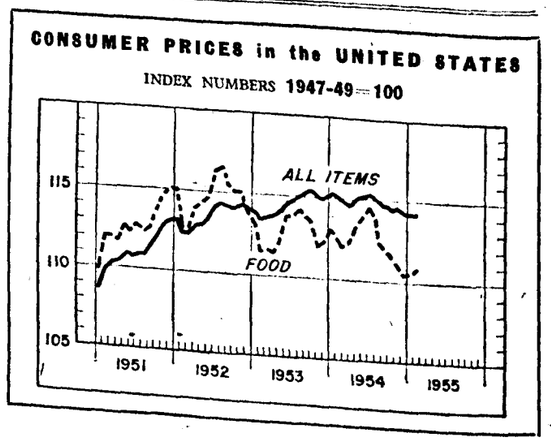
IT seems to make little difference whether Congress is controlled by Democrats or Republicans when it comes to rearranging civil service grades or increasing postal charges. The first is needed for the sake of fairness and efficiency, to equate pay with modern responsibilities and, at the upper levels, to relate it to the salaries that could be earned in private employment. Higher postal charges, particularly for letters, which have cost the same for the last twenty-five years, are needed to reduce the Post Office's perennial deficit. The President, reminding Congress that this amounted to $399 million last year, pointed out that a rise in postal rates was a sounder fiscal proposition than a rise in general taxation. He regards the regrading and the higher mail charges as essential companions of any increase in pay for government servants. But Congress, this year as last, is paying less attention to the wishes of the President than it is to the pressures of the well-organised postal workers' lobby and of the businessmen who do not want to pay an economic rate for the Post Office's services.

Last year Mr Eisenhower refused to sign a Bill which provided pay raises without either regrading civil servants or increasing postal charges. This year he is apparently prepared to accept an unaccompanied raise, provided it does not put up civil service and Post Office pay by more than 7½ per cent on the average, although in his message to Congress in January he asked for increases of only 5 to 6 per cent, which were considered enough to keep up with rises in the cost of living. The House of Representatives, however, has already indicated that it does not think 7½ per cent is adequate and the Senate last week voted an increase of 10 per cent for the 2,000,000 government employees, including the 500,000 postal workers. This would add $360 million more than the President had proposed to the annual federal payroll. The Senate, moreover, voted down a request for reclassification of civil servants and the Bill seems headed for a presidential veto. It is a pity that civil service morale may suffer yet another setback because the political sensitivities of Congressmen prevent them from accepting the realism of the Treasury.

It Can Happen There

AFTER 114 years of publication, Brooklyn's daily newspaper, the *Eagle*, has been killed by a strike that lasted forty-seven days. The *Eagle* was the only major newspaper in a borough of New York City which contains nearly 3 million people and which is famous for its proud parochialism. The daily circulation reached 130,000, and the Sunday edition often exceeded 165,000, since there is no other good Sunday evening paper in New York. The *Eagle* has had distinguished moments in its history: Walt Whitman wrote editorials for it, it gave New Yorkers their first printed news about Pearl Harbour, and it obtained a Pulitzer Prize in 1951 for its exposure of collusion between bookmakers and police officials.

Some 315 of the *Eagle's* 630 employees belong to the powerful Newspaper Guild of New York and in a series of annual wage negotiations they have tried to obtain the same pay increases as have been given by the seven major daily papers in Manhattan. The publisher, Mr Frank Schroth, said that he could not afford to match the wage-scales of newspapers with circulations and advertisement revenues far above his own. Mr Schroth argued that, if he were to accept the trade union's latest demands, the considerable deficit suffered by the *Eagle* in 1954 would be doubled. He warned his employees that a strike might lead to the end of their paper, but the Guild assumed that he was bluffing. *La morale de cette histoire*: for 630 people in Brooklyn a good job at slightly less pay than in Manhattan was better than no job at all.



Natural Gas in Congress

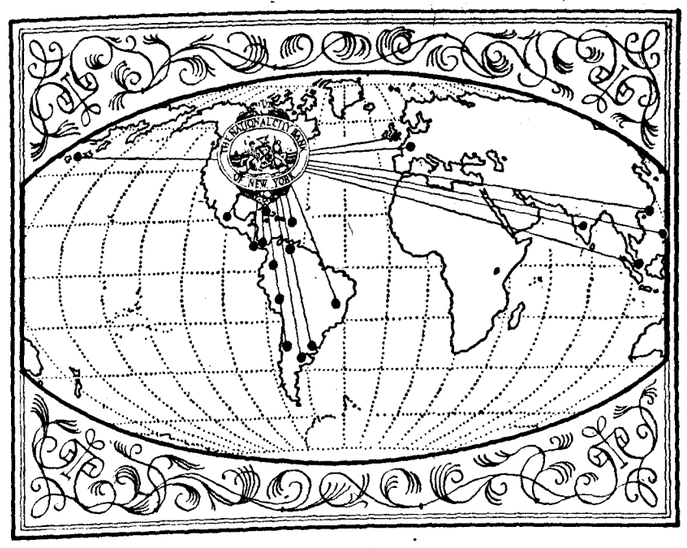
New York.

THE natural gas producers, clamouring to be freed from federal control, gratefully received support last week from their controller, the Federal Power Commission, which is equally anxious to be rid of its fractious charges. Federal regulation of the 4,000 odd independent natural gas producers who deliver gas to the distributors, the interstate pipeline companies, was first imposed as a result of a Supreme Court decision last summer. Now the producers have gathered their forces and are parading them before a House committee on behalf of amendments to the Natural Gas Act, which, if passed, will effectively revoke the Court's decision. Such amendments have already been officially endorsed by a Cabinet Committee (although the President is not committed to accept its recommendations), and now the chairman of the FPC, with a Benthamite flourish, has approved the arguments of the producers, on the ground that they would bring "the greatest good to the largest number of people."

The commission feels that producers of natural gas, like those of oil, coal and other minerals, should not be treated as public utilities; that the high risks of exploring for gas demand high returns from successful wells to ensure that supplies will remain plentiful; that federal control could diminish deliveries of natural gas to interstate pipelines since producers, rather than accept federal regulation, might prefer to sell their gas only within the boundaries of their states; and, finally, that the commission's powers over the prices at which the pipeline companies buy their gas are sufficient to keep the producers from exploiting the consumers. In Congress the producers have the staunch support of the Speaker of the House, Mr Sam Rayburn, and the Democratic leader in the Senate, Mr Lyndon Johnson—who both come from Texas, which is responsible for over half of the natural gas production of the United States. But in opposition are the representatives of the heavily-populated gas-consuming states of the north and east, led most vocally by two more Democrats, Senator Douglas of Illinois and Senator Kefauver of Tennessee.

Nine states produce 97 per cent of the natural gas consumed in the 48 United States, and of these all but two—Texas and Louisiana—consume more gas than they produce. In an election there are only 4,000 independent natural gas producers with votes—and 30 million gas consumers. The

A BANK WITH BRANCHES ALL OVER THE WORLD



For over forty years The National City Bank of New York has been developing a global network of overseas branches.

There are now fifty-eight of these branches in twenty different countries throughout the world. In addition, nearly one thousand banking correspondents—reporting from every commercially important city of the globe—are in constant touch with Head Office in New York.

The National City Bank can, therefore, offer businessmen with international interests—and particularly those engaged in the vitally important trade with dollar areas—the substantial benefits and invaluable local market knowledge of such a system.

The specially qualified staff of the London office will be glad to place at your disposal the long experience, resources and facilities of the organization. Wherever your interests lie and whatever they may be, The National City Bank is anxious to help.

THE NATIONAL CITY BANK OF NEW YORK

ESTABLISHED 1812

Incorporated with limited liability under the National Bank Act of the U.S.A.

Head Office: 55 WALL STREET, NEW YORK

London Offices—City: 117 OLD BROAD STREET, E.C.2 *West End:* 11 WATERLOO PLACE, S.W.1

FIRST IN WORLD-WIDE BANKING

consumers argue that federal controls are necessary to keep prices down, and it would seem that the producers' only hope of winning their case is to convince the consumers that federal controls will diminish supplies of gas, and consequently raise prices. But Congress is not always logical and the last time a Democratic majority dealt with this problem, the producers won, even though the consumers were certainly not any more convinced at that time than they seem to be now. Then they were saved by President Truman's veto ; Mr Eisenhower is less likely to think that they need to be rescued.

Telephone Spies

FOR a long time suggestions that telephone conversations are not necessarily private have been heard more frequently in the United States than in Britain. Nevertheless New Yorkers who live or work in and around Park Avenue, in the district which houses the United Nations and the head offices of many of the largest business corporations, were shocked to be told a few weeks ago that an extensive organisation for listening in to telephone conversations in the area had been found in a flat on East 55th Street. The exact purposes of this organisation are not yet known, to the public, at least, but it is thought that it engaged mainly in business espionage ; calls to and from a well-known pharmaceutical company were among those intercepted.

The discovery has led to much discussion of the extent to which such practices are used by business firms to keep watch on their competitors and their employees, and by private detectives to obtain evidence in divorce and other cases. The growing prevalence of this type of spying springs, it is said, from the number of young men who leave the army with the necessary technical knowledge and find no difficulty in building up a market for their skills, sometimes, apparently, with the help of telephone company employees. It is also pointed out that such interference is almost impossible to detect and that modern electronic devices make it unnecessary actually to tap telephone wires in order to listen in to conversations.

★

This leads in turn to a question about the adequacy of existing state legislation forbidding wire-tapping except under police auspices ; laws against unauthorised wire-tapping may apply only to physical interference with a telephone wire, not to electronic equipment that can operate from a distance. The New York discovery also leads to a question whether the police are enforcing the laws with sufficient energy, particularly since it was not they, but an official of the privately financed Anti-Crime Commission, who first revealed that the raid on the 55th Street centre had been made. This official has now been sentenced to five days in prison for refusing to tell a grand jury where his information came from. The full ramifications of the whole situation are being thoroughly investigated, by this grand jury, by a committee of the New York State Legislature and by a committee of Congress.

This last committee is primarily concerned, however, with the Department of Justice's latest request for authority to tap telephone wires in cases of treason, sedition and other types of security violation ; it already does this regularly, but at present the evidence thus obtained cannot be used in court. Last year the House insisted that this authority should be granted only on condition that an order was first obtained in each case from a federal judge. The Senate then dropped the legislation after the department had objected that such a condition would make it impossible to act with the necessary secrecy and speed. The Attorney General is now putting his case in the form of a request for stronger controls over wire-tapping ; but even though it is coupled with the new York revelations, this may not be enough to overcome Congress's natural reluctance to allow the Department of Justice to interfere in the private affairs of citizens by such repugnant means.

Flying Neighbours

FROM A CORRESPONDENT IN CENTRAL AMERICA

THE Civil Aeronautics Board appears to have decided that financial participation by American airline companies in foreign airlines, particularly in Latin America, should be gradually curtailed. This policy emerges from official comments on an application, for additional routes to American possessions in the Caribbean area, submitted by the Compania Dominicana de Aviacion. Pan American World Airways has important holdings in this Dominican airline, and also in other airlines south of the border, such as Lacsa, the Costa Rican air carrier.

American financial interest in Latin American airline companies stems from two sources : when the United States entered the last war, it sought to wrest control of certain Latin American carriers, the Colombian company, for example, away from German interests. Secondly, American companies, such as PAA, tried to create domestic "feeder" airlines in the various countries served on their international flights. These "feeders" were often not self-supporting, but they helped supply passengers and cargo to the American aircraft on their long flights south. Now, however, many of these local lines have become economic propositions on their own account and PAA's interest in them is no longer a controlling one. Some of them even compete directly with United States airlines on international routes.

Opponents of the Cab's new policy argue that many Latin American countries would be without safe and modern domestic airlines if technical and financial assistance from United States air carriers had not been forthcoming. The Cab's comments, moreover, seem to contradict the express wish of the present Administration to encourage investment in Latin America. Finally, it is being pointed out that, if American capital is withdrawn, foreign airlines may fill the gap even as Germany did between the two world wars. The Cab did not elaborate on the reasons for its attitude. However, the board may feel that, through association with American airlines which are subsidised, foreign air carriers are, in effect, receiving a subsidy from the United States government, and that this situation should be clarified.

The World Overseas

The Last Act in Paris

BY OUR CORRESPONDENT LATELY IN PARIS

THE curtain has been rung down in the Council of the Republic on the debate over the Paris agreements. In the early hours of Sunday the French parliament finally gave its approval to Germany's rearmament within the western framework. Yet, while the outside world was anxiously watching the last stages of this long drawn out performance, Paris awaited the result with strange calm. There were no demonstrations and no large crowds outside the Luxembourg gardens and some passers-by concluded that the numerous policemen were there to watch over the children "because of the teachers' strike." In fact, the teachers' strike, M. Poujade and the rugger match with Wales seemed to excite more interest than the debate. Probably the excitement of last year's two dramatic acts in the National Assembly—the rejection of EDC and then the narrow acceptance of the Paris agreements—left little interest for the finale. Besides, there was little doubt as to the *dénouement*.

The opponents of ratification themselves had little hope of mustering more than a third of the 320 senators. Too many were aware that a second French veto at this stage would wreck the Atlantic alliance. This, as well as his illness, may explain why General de Gaulle made no last-minute impassioned appeal against ratification. Nevertheless the opponents of the agreements, though resigned, stuck to their guns. They asked for a clarification of the Saar agreements and for more guarantees. They demanded a prior agreement on an integrated arms pool. In their arguments they exploited the fact that some members of the present government had voted against the agreements in the Assembly—M. Palewski, for example—and some, like M. Pinay, had abstained. Their chief plea, however, was for a delay. France should not be bullied into accepting German rearmament, they argued, until a last attempt had been made to come to terms with the Russians.

The issue at stake was too important for the government to trust to optimistic forecasts ; a further delay could be dangerous, and a return to the Assembly fatal. The primary aim was therefore to avoid any amendments, and M. Faure, the Prime Minister, left nothing to chance. M. Pinay, the Foreign Secretary, was of value more because of his prestige among senators than because of his actual performance ; his speech was better to read than to listen to. It was M. Faure who on Thursday restored the balance after a senator opposing ratification had been greeted with great applause. It was also M. Faure who wound up the debate on Saturday evening with a masterly closing speech.

With great skill M. Faure abandoned one of the main planks of the ratification platform ; he said that he personally did not think that Germany would be rearmed without French approval. But he saw no consolation in peripheral strategy, or an "empty chair" for the time being. Above all, he did not think France could play the role of mediator between the eastern and western camps, because it was in fact a member of one of them ; it had linked its fate with that of the Atlantic alliance. It could and should press for negotiation, but it must be done from within the western camp—otherwise its voice would not be heard. Here he adroitly put on the mantle of his predecessor and quoted approvingly from M. Mendès-France's speeches recommending the ratification of the Paris agreements before four-power talks were undertaken.

To sway the senators still further, the government also issued a foreign policy declaration, a sort of contract with the Council of the Republic which morally binds the government to a certain line, but causes no delay in the ratification process. In this, it promises to conclude the Franco-Saar economic convention before the European statute is applied in the Saar. It also pledges itself to press for an arms pool and for a four-power conference "within the shortest possible period." There remained only the formality by which groups explain how they will vote and then the actual voting, which brought no surprises. Having rejected five amendments in succession, the Council then approved the ratification of the four measures which together form the Paris agreements. The modification of the Brussels Treaty so as to allow for the admission of a rearmed Germany into the Western European Union was accepted by 184 votes to 110 ; the end of occupation by 234 to 75 ; Germany's admission to Nato by 200 to 114 ; and the Franco-German agreement on the Saar by 217 to 92.

The historic debate in the usually unimportant Council of the Republic is over. It only remains for the President to sign and France, the "laggard," will be among the first to ratify all the provisions of the Paris agreements. The dilemma—to rearm or not to rearm Germany—is ended so far as the French parliament is concerned. This week the two chambers depart for a parliamentary recess and, with local elections in the offing, public opinion is likely to be more concerned with home affairs than foreign. But when the deputies come back the twin problems of German rearmament and negotiations with Russia will probably remain at the heart of French politics.

Australia Tightens its Belt

FROM OUR SYDNEY CORRESPONDENT

THE Australian Federal Cabinet thought very hard (sometimes aloud) and thought again before announcing late in March a scale of import cuts which was more severe than general expectations. This obviously painful decision to reduce the annual rate of imports by 20 per cent, as well as to reduce the time intervals for import licensing from six-monthly to three-monthly periods, indicates that official thinking has grown significantly more sober. A year ago, in the first flush of Australia's discovery of oil and uranium, it may have been possible to argue that any apparent tendency towards chronic trading deficits would prove to be only a brief prelude to a new era of wealth, expansion and capital inflow. Today, the discovery of really large mineral deposits looks distant and doubtful.

A year ago, too, the Arbitration Court had inaugurated a period of wage stability; there were hopes that time would work in Australia's favour, correcting its relative disadvantages in prices and costs. Now, when Britain has applied some effective brakes on its incipient inflation, Australia has entered a new round of increases in wage margins. An unforeseen result of the Arbitration Court's formula for margins is that in practice the formula is putting at least as much additional spending power in the pockets of white-collar workers as in those of skilled artisans; thus the Court's expectation that costs might yet be held at the previous level, thanks to the stimulus for manual work of better quality and zeal, will be defeated by the total expense of the operation.

A Lengthy Siege

In its disenchantment, the Federal Cabinet has not only moved back towards the conditions of a siege economy out of which it had been gradually emerging since April, 1953, but it clearly accepts the prospect that the siege will be long drawn-out. The new import licensing is aimed at reducing Australia's balance of payments deficit on current account from a probable minimum figure of £A150 million for the year ending on June 30th to rather less than half that amount in 1955-56. Indeed, over a full year these new cuts, together with the slighter tightening of imports announced last September, could reduce the imports bill by the full £A150 million, allowing for the reduced freights and insurance. But Sir Arthur Fadden expects a six months' lag between his announcement of the restrictions and their first effect on shipments, so that the economies to be achieved in 1955-56 may be about £A85 million, assuming unchanged receipts from exports.

The government has therefore taken a remarkable stand on the matter of Australia's overseas reserves. These are still substantial. The gross total of reserves, which is published only at rare intervals, may now stand at about £A470 million. Judging by the Central Bank's holdings of gold and liquid balances abroad—which represent the lion's share of the gross reserves and are freely published—the reserves have suffered a drop of £A100 million in the first nine months of this financial year, and a further loss of perhaps £A30 million is to be expected before the end of June. Nevertheless, the new import restrictions are evidently designed to keep the gross reserves distinctly above the £A350 million mark as far ahead as fifteen months from now—an unusually distant morrow for the Australian government to be taking thought for. When Australian farmers have already enjoyed a statistically improbable run of good seasons and when the capital flow appears to have taken a less favourable trend than earlier this year, a reserve "floor" of £A350 million, representing rather less than a six months' import bill, may not seem at all excessive; but the £A350 million level is still far off.

The decision on imports is therefore not only an official acknowledgment that no mineral, capital or other deities can be expected to spring from the machine; it also asserts the government's intention to fight the battle of the trade gap, even if it should prove a long one, with the weapons of quantitative controls and tariffs. That is, it proclaims, especially perhaps for overseas observers, that it has no intention of bringing the exchange rate into the battle. The arguments against devaluation appear overwhelming while the reserves are good and the markets for Australia's major exports are comparatively inelastic and most of the traditional export industries do not happen to be of a type where labour costs are all-important.

Australia has thus given itself another stretch of time to tackle its disparity in prices. Under a federal system of dispersed powers and responsibilities, it is not clear what use can be made of the time. The drift back to a siege atmosphere should be hardly noticed for some months, because the economy is generally well stocked. Moreover, some new import-replacement industries, notably the offshoots of the British car manufacturers, are expanding under the whip of tariff policy (motor vehicles, together with parts and petroleum, represent one-fifth of Australia's imports bill). But sooner or later the import restrictions are bound to aggravate the price disparity which is their cause. Employment is already very full, and the next federal budget will have to be framed in the political context that it is a pre-election one (for the Senate, and conceivably for both Houses). Though the disruption of the Labour Opposition may reduce the political need for budget softness, the pressure for increased pensions has been intensified by the wage margins decision, and some members of the government already regard it as morally irresistible. The will-o'-the-wisp of abstract fairness, which the wage-fixing authorities have been pursuing at tremendous economic cost since 1950, still eludes Australia's grasp.

Breathing Space in Nigeria

FROM A CORRESPONDENT

AT the moment Nigeria is enjoying a much-earned period of peace in its political affairs. It is difficult to forecast how long this will last; for the surprising speed with which the political climate of Nigeria can change is one of the clearest lessons of the last few years. The unexpected victory of the National Council of Nigeria and the Cameroons in the federal elections in southern Nigeria led to much local prophecy of a new political crisis that might kill the revised constitution at birth. In particular, it was feared that the Action Group, in power in the Western Region, would not submit to being excluded altogether from the Council of Ministers simply because it had won only a minority of seats in the federal elections. In addition, it was also thought that the Northern Peoples Congress might refuse to work with the National Council in the Council of Ministers. In fact, neither of these things happened.

Part of the reason is probably that the results of the federal elections in the North came out so long after those in the South had been over and done with. This gave the politicians in the East and the West time for a calmer look at the situation. As a result the Action Group accepted without protest the role of opposition in the new central Assembly. This was undoubtedly a wise political decision; by the time the next elections come round in 1956 the Action Group's legislation in the West will have begun to bear fruit and, in addition, it need not bear any responsibility for the federal government's actions.

It is more difficult to understand why the Northern Peoples Congress, which, with its allies, forms a numerical majority in the new central chamber, should have agreed to being outnumbered by six to three in the Council of Ministers. Not only has it not shown much partiality for the National Council in the past, but it is also believed to have had personal objections to some of the men whom the National Council has proposed as ministers. It would probably have been possible for the Northern Congress to command sufficient seats in the house to be able to claim all the nine ministries for itself. This would, of course, have meant serious trouble with the National Council, but one suspects that the Northern Congress chose instead to become its partner not because it shirked trouble, but because of a different interpretation of the constitution.

The Role of the Centre

The revised constitution provided for the possibility of full responsible party government at the centre, as in the regions, and provision was made for the post of prime minister if such a situation arose. The Northern Congress was never an ardent supporter of this view, and its chief member in the new Council of Ministers—Malam Abubakar Tafawa Balewa—was the spokesman of the extreme opposite view; he wished the central government to be reduced to the status of a managing agency to carry out certain functions for the regional governments. By thus ignoring the logic of the revised constitution, the Northern Congress has, in fact, recreated a Council of Ministers along the old lines—a consortium of politicians from the three regions held together by goodwill and the skill of the Governor-General. It will be recalled that the last constitution broke down as soon as this arrangement ceased to work. But the feat of holding the team together should be easier than before because it now comes from two parties instead of three.

The team of six National Council Ministers in the Council of Ministers—three from the West and three from the East—is led by Mr Kingsley Mbadiwe, who was a minister in the old council. He is one of Dr Azikiwe's chief lieutenants and a member of the "old guard" of the party. Mr Kola Balogun, another faithful supporter, who is the national secretary of the party, also comes from the West. He has always been an important asset to the National Council because he is a Yoruba in a party that draws its chief support from the Ibo peoples. Mr Adegoke Adelabu, who is also a Yoruba, is perhaps the most interesting of the new ministers. He is now rewarded for his achievement in bringing Ibadan into the party fold; for the past year he has been chairman of the Ibadan District Council, where, it is said, he has shown considerable competence.

Both the central and regional governments are now beginning to absorb the implications of the new federal system. The need to get things done, together with the knowledge that a further review of the constitution is due in 1956, may keep this year free from disturbing political events. Nigeria can well be grateful for its present calm, for the whole of its politicians' attention is needed to deal with the urgent problems of development.

Trade Across the Curtain

DR MYRDAL and his assistants deserve sympathy for the rough handling they received from the East European bloc at the recent meeting in Geneva of the Economic Commission for Europe (ECE). It is not their fault that the statistical information obtainable from behind the iron curtain is so scanty and unreliable. But the Russians and their allies seemed determined to embarrass the Secretariat. The Russian delegate, Mr Kumykin, particularly criticised the section in the Survey for 1954 dealing with East-West trade. He said flatly that certain figures were wrong. He asserted that the figure of the Soviet Union's exports of machinery and equipment to its partners in Europe and China, given as $200 million in the report, was no less than three times too small; and he brushed aside the Secretariat's answer that their figure was contained in an official statement by Mr Mikoyan.

WORLD TRADE BY MAJOR AREAS
(Billion US Dollars)

Exporting Area	Year	Importing Area: Eastern Bloc	Western World	Total World
*Eastern Bloc	1937	0·3	2·0	2·3
	1948	1·6	2·0	3·6
	1953	6·4	1·8	8·2
Western Countries	1937	1·8	23·0	24·8
	1948	2·2	52·4	54·6
	1953	1·7	68·4	70·1
Total World.....	1937	2·1	25·0	27·1
	1948	3·8	54·4	58·2
	1953	8·1	70·2	78·3

*Includes USSR, Poland, Hungary, Czechoslovakia, Bulgaria, Rumania, Albania, China, Mongolia, North Korea.

It is not, however, surprising that the section dealing with East-West trade in the current Survey should land the ECE in hot water. What was attempted was an ambitious but not altogether successful attempt to work out the figures of intra-bloc trade, which are, of course, not obtainable by any direct method. Basically, the technique adopted was to apply figures of the percentage of intra- and extra-bloc trade, which were quoted from Communist sources, to the known figures of western imports and exports to the Communist bloc. The resulting figures of intra-orbit trade were then checked, in so far as that was possible, with any known absolute figures of imports and exports inside the bloc—like the recorded Jugoslav figures of trade up and down on the Danube. But this apparently simple and straightforward method is full of traps.

In the first place, the method depends utterly on the reliability of the percentage data given by Communist spokesmen, which, as was shown by Mr Kumykin's refutation of Mr Mikoyan's statement, are not to be trusted. Secondly, there is an implicit assumption that prices in the Eastern bloc have moved parallel to those in the outside world, or at least that trade between the satellites, the Soviet Union and China is based on prices, which are related to those prevailing in international trade generally. This assumption too is not easy to digest.

The ECE's initiative in attempting to unravel the mystery of trade relations behind the iron curtain is to be commended ; but it is doubtful whether the figures (summarised in the accompanying table) of total world trade, including the Eastern market, can be accepted without considerable reservations. Indeed, the margin of possible error is so great that even the ECE's modest claim that they are "indicative of orders of magnitude" is probably too ambitious.

Party Manoeuvres in Israel

FROM A CORRESPONDENT IN TEL AVIV

THE return of Mr Ben-Gurion to Mr Sharrett's cabinet came as a surprise, not because the public believed that he would be content to finish his career tending sheep in his desert-retreat in the Negev, but because it was expected that he would wait to head the new cabinet after the elections to the third Knesset next July. Although he will be busy at the Ministry of Defence, he has simultaneously announced that as a citizen he will continue to deal with those matters which occupied him while he was out of the government ; these are fostering pioneering, the resettlement of the Negev and electoral reform.

This last point will play an important role in the election campaign for the third Knesset, which is just beginning. Mr Ben-Gurion has come out strongly in favour of the abolition of proportional representation and the introduction of the British system of constituencies, which would bring about the decline and eventual disappearance of the small parties, the emergence of a two-party system and—for him most important—the possibility of forming a cabinet without any coalition partners. He has been irked by the need to co-operate with other parties in the outlining and execution of policy, and for months has been busy expounding in the press and on the platform the benefit of constituency-elections, while blaming on proportional representation all the political ills of the country—splinter-parties, party fanaticism, the strong influence of party machinery. He has been backed by many who are weary of government crises and petty squabbling over party issues.

But Mr Ben-Gurion's attempt to persuade the leaders of several parties to accept his plan has met with severe obstacles. Mapam and the Communists, on the one hand, and the religious parties on the other, not to mention the Progressives and the Arab parties, have nothing to gain and almost everything to lose from the introduction of the constituency system, which is designed to favour big parties. There remain the General Zionists who fought the last election under the slogan of becoming the "alternative party to Mapai." They came forward recently with a complicated proposal of electoral reform of their own which Mr Ben-Gurion accepted as a basis for discussion in a joint committee of both parties on electoral reform. This plan envisages a Knesset of only seventy-one members—the present has one hundred and twenty—sixty of them to be elected in twenty constituencies and eleven on national party lists. If the General Zionists consented to abandon proportional representation, Mr Ben-Gurion would have a majority in the Knesset for his bill. The General Zionists, however, have paused to think twice and the committee has until now made almost no headway.

In any case, if a two-party system is to function properly, there need to be only two major trends in political life, and in Israel this condition is lacking. Even assuming that the small splinter-parties would coalesce into bigger blocs, there would still be at least three political parties. Mapai could attract the left of the Progressives and the labour wing of the religious bloc ; while the General Zionists could find a way to unite with Heruth and part of the Progressives. This, however, would leave intact Mapam and the Communists on the one hand and the religious bloc on the other, not to mention the Arab representatives. On the unlikely assumption that a reunited Labour front, with the exception of the Communists, would be formed, there would still be not two but three blocs.

In present conditions the religious bloc in Israel remains a political reality which cannot be ignored, especially as it has been strengthened by immigrants from oriental and North African countries. It clings both to political influence and to political representation. There is, therefore, a possibility that the abolition of proportional representation might lead Israel into a political deadlock not unlike that which threatened Britain when a third party rose to power while a second was still strong. Moreover, the only party that could gain greatly from the change is Mapai, which has in recent years considerably profited from its control of the governmental machine. Once in power it might grow so strong that it would be almost impossible to oust it again, and the swing from one party to the other which is the essence of democratic government would be severely hampered.

It is not yet possible to assess the prospects of Mr Ben-Gurion's fight for electoral reform. But he has always understood the importance of internal politics and always found time to foster plans he thought essential. He will no doubt push the issue during the election campaign for all it is worth. He might, however, meet the combined resistance of both right and left which find themselves threatened by the intended reform, as well as of the General Zionists once they realise that instead of making them into the "alternative party," the reform could banish them to the political wilderness for many years to come.

Colombia's Ups and Downs

BY A CORRESPONDENT

PARADOXICALLY, the increased political stability of Colombia since President Rojas Pinilla seized power in June, 1953, has recently been accompanied by economic fluctuations not encountered for some years. British and other suppliers of Colombia, who had become accustomed to receiving payment for their goods with a promptitude not altogether traditional in Latin American countries,

THE THINGS WE DO FOR YOU - 2

Are you aware that many concerns with whom you may never do business (perhaps we are one of them) may yet be working for you in various ways? Do you reflect, for instance, how you depend on things made of steel? and how steel-making depends on coke ovens to supply coke for the blast furnaces and gas for the steelworks? In producing many necessities and amenities of your daily life—the structural steel of your office or factory, the car or train you travel by, the tins you buy tobacco in, the steel-shafted putter you miss short putts with—we may have done our bit in the background, for Simon-Carves have built many of Britain's coking plants and many of the washeries that clean the coal that makes the coke.

coal washeries . coke ovens . power stations . heavy chemical and gasworks plants . metallurgical plants . materials handling plants . industrial gears . flour and provender mills and many other specialities.

SIMON ENGINEERING GROUP

SIMON-CARVES LTD
SIMON HANDLING ENGINEERS LTD
HENRY SIMON LTD
TURBINE GEARS LTD
HUNTINGTON, HEBERLEIN & CO LTD
CHEMICAL ENGINEERING WILTONS LTD
THOS. ADSHEAD & SON LTD
SANDHOLME IRON CO LTD
SIMON ENGINEERING (MIDLANDS) LTD
DUDLEY FOUNDRY CO LTD
METAL LAUNDRIES LTD
TYRESOLES (OVERSEAS) LTD

HS 172

THE NEW BUILDING TECHNIQUE . . . .

PRESTRESSED CONCRETE

reduces costs and saves time



BISON floors, beams and precast frame structures are made by the largest constructional prestressed concrete manufacturers in the world

CONCRETE LIMITED combine speed with low cost through five strategically situated works . . .

LONDON Green Lane, Hounslow, Middlesex. Hounslow 2323.
LEEDS Stourton, Leeds, 10. Leeds 75421.
LICHFIELD Dovehouse Fields, Lichfield, Staffs. Lichfield 2404.
FALKIRK Etna Road, Falkirk. Falkirk 1585.
EDINBURGH Sighthill Industrial Estate, Edinburgh, Craiglockhart 1729

LONDON OFFICE: 16 Northumberland Avenue, London, WC2 Whitehall 5564
MANCHESTER OFFICE: 40 King Street West, Manchester 3 Blackfriars 5676

What you should know about Brandy

V·S·O·P



The best brandy comes from Cognac. The finest Cognac comes from the Grande and Petite Champagne districts in the centre of Cognac. *All* Remy Martin Cognac is made from grapes grown *exclusively* in these two areas. That is why people ask for Remy Martin and are never disappointed.

V·S·O·P

REMY MARTIN
Pride of Cognac

have recently been forced to wait for their money. Visions have appeared of a smaller scale Brazil.

Comparisons with Brazil are not, however, altogether fair. Whereas Brazil's difficulties have been to a very large extent self-imposed, Colombia's have been thrust upon it. The one valid point of comparison is the common dependence upon one commodity, coffee, and the effect that the erratic course of coffee prices during the last twelve months has had upon each. Colombia's problems, understandably enough, have received far less publicity than those of its more important neighbour, but it is true that the effect of violent fluctuations in the price of coffee has been more severe upon Colombia, a virtually one-commodity economy dependent upon coffee for over four-fifths of its foreign exchange earnings, than upon Brazil, whose dependence upon coffee amounts to only two-thirds of its trade and which has a range of other products to offer—cotton, cocoa, timber, iron ore and nuts, for example. By reason of its smaller size, too, Colombia has found itself in the unenviable position of a highly interested but almost impotent spectator. It has been forced to adopt what internal measures it could to cushion its economy against price movements which it could do nothing to influence.

This is illustrated by the course of events in 1954. During the first part of the year coffee prices were rising continuously, and with them Colombia's foreign exchange earnings. The Colombian authorities, still mindful of the appalling collapse of the world coffee market in the early 'thirties, and aware of the potential dangers of inflation, were determined, as far as possible, to reap some lasting benefit from the present windfall profits and to keep the economy on an even keel. To this end they imposed a tax on coffee exports and devoted the proceeds, estimated at U.S $12 million, not only to development of coffee plantations, but also to the improvement of livestock, the building of roads, and the expansion of electrical installations. To guard against inflation, they introduced a number of measures, including the restriction of bank credit and the abolition of the prohibited list of imports. The success of these measures is indicated by the fact that the cost of living rose by less than 5 per cent between January and August.

The break came early in August when Brazil decided to revive its declining coffee exports by abolishing the minimum price for exports and by permitting a part of the foreign exchange derived from such exports to be sold, at a much better rate, through the free market, thereby making possible the acceptance of lower prices. Between August 4th and 31st coffee prices fell by over one-quarter and this was immediately reflected in Colombia's balance of payments. A right about turn in Colombian economic policy became necessary. Coffee prices continued to fall, though somewhat more slowly, and in October Colombia had to restrict imports by doubling the tax on less essential goods and suspending for a time the settlement of its commercial payments. Its plight was made worse by the fact that bad weather delayed the harvesting and transport of the new coffee crop, which would normally have been coming on to the market at that time.

The measures taken, however, which were assisted by an advance from the International Monetary Fund, did much towards remedying Colombia's position. Remittances of foreign exchange to cover imports were resumed early in January, and by the end of the month most of the backlog of commercial debts had been paid. But coffee prices fell even further, and stronger measures had to be taken in mid-February to relieve the balance of payments by reducing imports. Over the future of Colombia, however, there lies a large question mark—what will be the trend of coffee prices? Despite wild variations, the year 1954 was on the whole a prosperous one for Colombia. It is still in the insecure position of over-dependence upon one commodity, but a start has been made in remedying this lack of balance. Development plans are under way throughout the country and the achievements during 1954 include the establishment of a large steel mill at Paz de Rio and of an oil refinery at Barrancabermeja. The fulfilment of these plans and, indeed, the maintenance of a moderate degree of prosperity in 1955, are at the mercy of developments in the world coffee market.

Satellite Spies in Sweden

FROM OUR SCANDINAVIAN CORRESPONDENT

AN interesting feature of the latest **espionage affair in** Sweden, which has involved the **expulsion of four** iron curtain diplomats and the arrest **of eleven Swedish and** foreign suspects, is the fact **that only the legations** of satellite countries were **implicated.** The storming of the Rumanian Legation in Berne; the defection of a Rumanian official in Copenhagen; and the uncovering of the Rumanian-Czech spy-ring in Stockholm have all focused attention on the satellites. Russia, whose espionage activities were so embarrassingly laid bare in Canada and Australia, remains in the background.

Neutral capitals like Stockholm and Berne are traditionally popular **espionage centres. This is the third** major case that the Swedish security authorities have uncovered since 1945. One earlier case involved the betrayal of Swedish naval secrets by a disaffected petty officer; the other, spying on the Boden-Lulea fortifications. The Rumanian-Czech ring had the double task of obtaining military and industrial intelligence, and of recruiting as spies—by blandishments, bribery or blackmail—Baltic refugees living in Sweden. Agents had apparently spied on two new Swedish destroyers, *Smalond* and *Halland*, at Gothenburg, which carry robot weapons. Other targets were the Trollhättan factory, where British-designed jet-engines are produced under licence; the naval base under construction in the Stockholm archipelago; and the Bofors armament works at Karlskoga, where contracts for foreign customers, including Britain, are in hand. Sweden's security police are clearly on their toes—one suspect was trailed for 123 days before his arrest. According to some reports, a card-index of agents was seized; if such unlikely amateurishness is confirmed, further arrests in Scandinavia may follow. Observers note that while Norway, Sweden and Finland have uncovered spy-rings in recent years, only Denmark has immunity—or inadequate security services.

One Swedish paper has commented that the espionage affair showed the unreality of pretending that Sweden could stand on the sidelines, unconcerned with events in Europe. Another called the affair a curious expression of the vaunted will-to-peace of the peoples' democracies. There is outspoken criticism of the forthcoming visits of Swedish parliamentarians and trade unionists to Russia. Sweden has refused to accept any more Czechoslovak military attachés and there would be wide support for a further reduction of the iron curtain diplomats, accredited in Stockholm, who now number 200, or at least the restriction of their movements, and the closing of the Rumanian Legation.

Notes from Canada

(With the exception of the first, these Notes were contributed by our correspondent in Ottawa.)

Canada's Role Defined

MR LESTER PEARSON, the Minister for External Affairs, made an unusually important speech in the Canadian House of Commons on March 24th. Speaking very shortly after the visit to Ottawa of Mr Dulles, he laid down a number of trail-blazing principles which redefine Canada's relations with the United States. Taking off from the immediate problem of Formosa, he emphasised the two opposite sides of Canadian policy. On the one hand, he said, "it is possible for friends and allies honestly to hold different opinions." "Canada cannot subscribe to all aspects of American policy in this Asian area"; "we have accepted no commitment to share in the defence of either Formosa or the coastal islands." On the other hand, "Canadians . . . understand and accept the inescapable interdependence of Canada and the United States . . . we cannot therefore isolate ourselves from the implications of that interdependence if either country were attacked by an aggressor." Hence it would be "impossible for either the United States or Canada to be neutral if people of the other country were engaged in a major war."

Mr Pearson in fact had a valiant shot at overcoming the dichotomy of Canada's position. In a sense there is no difference in kind between Canada retaining a foreign policy independent of Washington and any of America's other allies doing so; all will sink or swim together. But Canada's proximity to the United States does make a material difference of degree. With its famous three thousand miles of common frontier, Canada is not in the same situation, for instance, as Australia and New Zealand, which have put themselves under the wing of American power in the western Pacific.

Mr Pearson was able to quote Mr Dulles in support of the view that Canada's place alongside the United States implied no "abdication of responsibility for our foreign policy." The extent to which Canada and America can count on one another depends in part on the moral support and approval that the conduct of each wins across the border. As things stand, Canadians trust Americans not to fight an aggressive war, and they know that, in defence against aggression by "Communist imperialism," their interests are bound together indissolubly.

* * *

Budget Headaches

MR WALTER HARRIS'S first budget, which is to be presented next Tuesday, is bound to be a painful contrast to the long series of surpluses which his predecessor, Mr (now Justice) D. C. Abbott, presented throughout the postwar years. The 1954-55 fiscal year is ending with a deficit which may be around $100 million. In a budget of $4,500 million this is not in itself a major amount. It results logically from Mr Abbott's last budget, which allowed for a close balance on the assumption that there would be a pick-up in the economy. In the event revenues have proved sluggish, specially in the field of company income taxes.

But the budget deficit is not the end of Mr Harris's embarrassments. Mr Abbott also left him an "Old Age Security Fund" in chronic deficit. When universal old-age pensions were instituted in 1951 the government resolved to finance them separately from the regular budget on the theory that people should realise that they were paying for them. So an Old Age Security Fund was established to be financed by 2 per cent of the sales tax, 2 per cent of the company income tax, and 2 per cent of the personal income tax up to a limit of $60 a year. This has never been enough to match statutory payments out of the Fund, which has been kept going by loans from the Minister of Finance, treated not as budgetary expenditure, but as "asset-building loans." This was acceptable as long as it could be pretended that the Fund's revenues would soon catch up with its disbursements. But that pretence is no longer possible, and Mr Harris faces the challenge of putting the Fund on a self-sustaining basis.

It seems fairly clear that the federal Treasury will have little reserve for any significant tax reductions in the coming year unless the new Minister is prepared either to be highly optimistic about his revenues or to budget for a deliberate deficit. His first attack on his problems was the orthodox one of paring expenditure estimates. Although the reduction was small, it was the first reduction for seven years and it meant a pretty firm hand on most departments of government.

* * *

Expansion and Seasonal Unemployment

ACCORDING to the national accounts figures prepared by the Dominion Bureau of Statistics, Canada had recovered from its nine-month recession by the last quarter of 1954. In spite of a sharp decline in farm incomes because of the poor western wheat crop, the gross national

ISSUED THIS WEEK

Our three-monthly reports on business conditions in

BRITISH CARIBBEAN
CENTRAL AMERICA
CONTINENTAL SOUTH EAST ASIA
INDIA
UNITED KINGDOM

Fifty similar reports, covering seventy countries, are issued every three months. The annual subscription to one country or territory is £10 and there are discounts when more than five reports are taken. Subscribers receive ANNUAL SUPPLEMENTS giving useful background data. (Single reports cost £3.)

For full information about this and other services apply to:

The Economist Intelligence Unit
22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.

product for the fourth quarter of the year was at an annual rate of $24,400 million, slightly above the average for 1953. Without this drop in farm income, the non-farm gross national product reached a new peak in the last quarter, slightly higher than the previous peak in the third quarter of 1953.

This cheerful sign of recovery from what was never more than a mild decline provides a remarkable contrast with the postwar peak of unemployment which was reached in February and which has been occupying days of parliamentary oratory by opposition speakers. The number of unplaced applicants at the National Employment Service offices topped 600,000 for the first time since the war. Increasingly serious studies are in fact being made by the government, with trade union and business co-operation, into techniques for mitigating the effects of winter on employment. They give some indication that even the frigid Canadian cold need not inhibit activity quite as much as it does if public habits could be directed into a new pattern which would deliberately create winter work. But in so far as the failure to expand employment stems from more than seasonal factors, it underlines the dilemma of an expanding economy—which is that it must keep on expanding. The population is estimated to have increased by just under 3 per cent in 1954. Employment did not decline, but it remained static. The result was that the gross national product *per capita* fell back from the 1953 level to just below the level of 1952.

* * *

Curbing the Backbenchers

THE Canadian House of Commons is likely at long last to do something about its rules, which still maintain the leisurely traditions of the 19th century. In a House of only 262 members, with three rival opposition parties all far enough from office to make their internal discipline difficult, Canada has never yet devised any effective limitations on debate. Opposition members are still holding out for the unrestricted right of individuals to make 40-minute speeches at every stage of every parliamentary measure. An all-party committee on the rules, which has met for several sessions, shows no sign of reaching agreement on how to speed up procedure. If improvements are to be made it looks as though the opposition parties will insist that the government should push them through; and at last the government appears ready to accept the responsibility together with whatever odium or kudos may be attached.

Mr Walter Harris, who has continued as the government's House Leader in spite of his promotion last summer to be Finance Minister, hopes to produce proposals for improving parliamentary procedure before Easter. From the present anachronistic procedures he will not be able to proceed in one leap to any arrangement which Westminster would consider even remotely up to date. It is still not quite certain, even, that the government will decide to enforce a limited number of days for the consideration of Estimates, though a move towards this has been made by the establishment this session of a Committee on Estimates. This lacks the power to send for persons and papers, but it could allow a much more detailed cross-examination of ministers than the Committee of the Whole House can provide.

If something is not soon done to prevent the dreary daily recital of backbenchers' speeches, Canada may turn to the desperate expedient of allowing undelivered speeches and quotations and "extensions of remarks" to be printed in the record. At least, some observers have been arguing, that is one stage better than emptying the House while members drone through their remarks "for the record."

* * *

Gas Pipeline Postponed

THE much-discussed plan for a 2,200-mile pipeline to bring natural gas from Alberta to Ontario and Quebec has been shelved for a year. It had been hoped that construction might start this spring, bringing the line as far as Winnipeg this summer, and across northern Ontario to Toronto during 1956. This schedule has broken down because of financial difficulties.

The estimated cost of the whole project, from the Alberta border to Toronto, with a spur from Winnipeg to Emerson on the Minnesota border, is $350 million. The original plan called for financing on the pattern which is usual in the United States; $275 million would have come from loans, $35 million from a preferred issue and $40 million from ordinary shares. The small proportion of equities is considered desirable since at first earnings may not amount to much. The TransCanada Pipeline Company, an amalgamation of American interests with a group of western Canadian financiers, had difficulty in raising the necessary loans in time for a spring start. It also took them longer than they had hoped to arrange contracts for the supply of gas in Alberta and for its sale in the East.



Knowing that the government, or at least Mr C. D. Howe, the Minister of Trade and Commerce, was committed to the all-Canadian pipeline and was anxious to get it started this year, the company asked for a government guarantee of its bonds. But strenuous opposition developed to the idea of guaranteed bonds and an alternative solution was proposed which involved making a substantial issue of convertible debentures. The government, through its Industrial Development Bank, would have been willing to take a good slice of these convertible debentures and to underwrite the rest. The government might conceivably have gained a majority voice in the control of the company. But even this remote possibility was enough to repel some of the private interests concerned, particularly one of the big oil companies which controls a major source of gas. The idea of government help to ensure a start this year has therefore been dropped. But neither the government nor the company admits any weakening of their determination to build an all-Canadian gas pipeline.



Castries, the capital of St. Lucia in the British West Indies, was largely destroyed by fire in 1948. These flats are part of the extensive reconstruction scheme undertaken by Cubitts comprising some 300 housing units, together with commercial buildings, government offices, law courts, police and fire stations, roads and a complete water-supply and sewerage system. Long experience of building and structural engineering on a large scale at home enables Cubitts to plan and execute successfully this and other important overseas projects—'invisible' exports which contribute to Britain's prosperity.

Now, as in the past CUBITTS *build for the future*

HOLLAND & HANNEN AND CUBITTS LIMITED

ONE QUEEN ANNE'S GATE · WESTMINSTER · S.W.1 · ENGLAND · SCOTLAND · OVERSEAS



DÆDALUS son of Metion, was the supreme mortal craftsman of antiquity. Even his name means "the cunning artificer". Quite apart from his aeronautical experiments, in which he came off better than his son Icarus and for which he is famous, he was remarkable for his skill in architecture, mechanics, sculpture and double dealing. As a result of the last, he was usually in flight from King Minos of Crete and others, but found time to invent the axe, the awl and the bevel. It is hard even to imagine what his achievements might have been had aluminium and its alloys been available to him. With materials of such strength, endurance, resistance to weather and lightness as these, there is no knowing what Dædalus would have got up to.

THE **British Aluminium** CO LTD

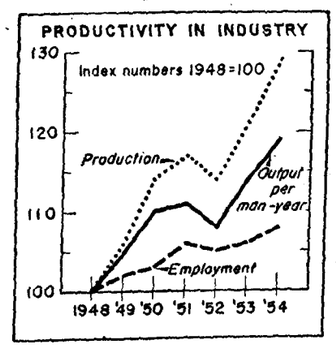
NORFOLK HOUSE ST JAMES'S SQUARE LONDON SW1

THE BUSINESS WORLD

Guide to the Economy

The Economic Survey tells fortissimo *the story of Britain's domestic prosperity last year, which carried output, consumption and investment to record levels; but there is a marked* diminuendo *in its account of the disequilibrium that overtook the economy towards the end of the year. Yet the one major new fact about that deterioration stands out with startling clarity. The surplus that Britain enjoyed on its balance of payments in the first half of the year not only disappeared in the second half but gave place to actual deficit. That is a considerably worse performance than the best unofficial guesses had suggested; yet the general tone of the survey is not correspondingly more austere. On the contrary, its mood is one of confidence, even of buoyancy.*

THE external surplus for the first half-year, before crediting £24 million of defence aid, is now estimated at £148 million, whilst for the second half-year there was a deficit of £38 million before £26 million of aid. This contrasts with a surplus originally estimated at £107 million, before aid, for the second half of 1953. Hence for the full year the surplus before aid was £5 million less than in 1953, at £110 million, and after aid £57 million less, at £160 million. The deterioration in Britain's balance on non-sterling payments was even more pronounced. Thanks to a substantial recovery in exports to the overseas sterling area, Britain's surplus on sterling payments rose from £173 million to £269 million (of which £155 million accrued in the second half-year), but its balance with the rest of the world swung from a surplus of £44 million into a deficit of £109 million, after crediting aid; the non-sterling deficit in the second half-year was £167 million.



An even larger deterioration occurred in the balance of payments of the overseas sterling area. On its external payments as a whole there was a deficit of £153 million, whereas 1953 had shown a surplus of £108 million. Rather more than a third of this deterioration was simply the counterpart of Britain's bigger sterling surplus; the overseas sterling area's non-sterling balance dropped from a surplus of £281 million to one of £116 million, a deterioration only slightly larger than that shown by Britain alone if Britain's loss of £52 million of aid is included. The upshot was that the surplus of the sterling area as a whole in its dealings with the rest of the world slumped from £325 million to a mere £7 million.

Moreover, the trend was worsening in the latter part of the year; in the second half-year the whole area had a deficit of £164 million, part of which was attributable to seasonal influences. The changes in Britain's balance between 1953 and 1954, the Survey emphasises, were mainly a reflection of changes in volume of trade rather than in prices. But the worsening of the terms of trade that began last spring had by February reached the point at which a continuance at that level would add £150 million a year to the cost of Britain's imports. In addition, the volume of these had begun to rise steeply towards the end of the year. This trend was, indeed, to be expected, for over the year as a whole a 6½ per cent rise in industrial production had been accompanied by an increase of only 2 per cent in import volume.

"A Prosperous Year"

Production reached a new high level, and fixed investment, stock-building and exports all expanded. But half of the increase in the available resources went in consumption.

The bleakness of these tendencies finds little reflection, however, in the account of the domestic economy. "At home," the Survey records, "1954 was a prosperous year." The gross domestic product rose by 4 per cent, or by roughly the same percentage as it rose in 1953. Valued at the prices of that year, the increment was equivalent to £625 million, while an additional £140 million of resources came from the increase in imports of goods and services, making a total addition of £765 million to available supplies. Of this total, consumption absorbed slightly more than half; rather less than one-third was represented by increased exports and rather less than a quarter by the increase in fixed investment (£125 million), and in stock building (£50 million larger than in 1953 at £175 million). Valued at current prices, the gross domestic product is estimated to have risen from £14,506 million to £15,384 million, an increase of £878 million, compared with one of £850 million in the previous year.

Consumers' expenditure, at market prices, is put at £11,702 million, compared with £11,056 million, but this increase is reckoned to be equivalent in real terms to 4 per cent, the same increase as in 1953. Personal incomes rose by £828 million to £14,408 million, and of this increase, wages and salaries, which rose by 7½ per cent, accounted for £645 million. After provision for taxes, insurance contributions, etc., total disposable personal income likewise rose by £645 million to £12,611 million, or by almost exactly the same amount as the rise in consumers' expenditure. The margin between income and expenditure, described as "balance, *including* personal saving," was therefore virtually the same as last year at £909 million. Despite the fact that spending kept pace with income, the Survey hopefully concludes that "these estimates . . . point to the continuance of the revival of personal saving which began in 1952."

Three-quarters of the real increase in national output —£450 million—came from industry as against services. A third of the extra demand that generated this expansion came from higher spending by the consumer—the boom in motor-cars and household goods, with its indirect demands on many industries, from chemicals to upholstery. A fifth of the extra output went overseas as exports. Government expenditure did not increase in real terms: deliveries of finished munitions, indeed, fell slightly. This implies that fully half of the additional output of industry in 1954 was to meet investment demand—about a quarter for higher fixed investment, and a quarter for the higher level of stocks and work in progress associated with the 6½ per cent rise in production.

Fixed investment in the economy thus rose to £2,484 million—in real terms, a rise of 5 per cent. New building accounted for the bulk of this increase; the balance shifted, as against 1953, with more of the extra building being done for commerce and industry and less for housing. Investment in plant, machinery and vehicles made up the remainder of the increase. Once again the growth in industrial investment was dominated by the nationalised industries—primarily coal, electricity and transport, all of which invested substantially more. Investment in manufacturing rose less and unevenly: investment for defence purposes declined, and the refinery expansion programme was nearing its completion, but investment in iron and steel and other manufacturing industries' expenditure on new factory buildings and deliveries of manufacturing plant were higher than in 1953.

Production Outpaced Imports

Higher employment, plus higher productivity, sustained the industrial boom. To keep this up would probably mean a bigger rise in the import bill in 1955 than in 1954.

Inside industry, more people worked more effectively to meet these larger demands. Civil employment rose by 351,000, more than in any year since 1947; partly because unemployment fell yet further and the armed forces were reduced in numbers, but mainly because unoccupied people took jobs and older people stayed at work, increasing the total working population to a quite unexpected extent. But this rise was less than 2 per cent of the numbers employed in industry; the rise of 6½ per cent in industrial production implied that productivity, measured in output per man-year, rose by about 4 per cent. In the economy as a whole, money incomes rose faster than real output, and final prices of goods and services rose by about 1½ per cent. In manufacturing industry, however, the authors of the Survey conclude that the increase in earnings between 1953 and 1954 was roughly matched by the increase in productivity, so that labour costs remained about constant. With prices of raw materials slightly down over the year and fuel costs up, there may have been little change in unit costs.

In achieving this increase in output, industry built up its stocks more than it had done in 1953; but recorded stocks of imported commodities declined considerably, and the increase in stockbuilding appears to have been mainly in manufactured goods and work in progress within industry. This reduction in stocks of imported commodities—essentially in food and feedingstuffs—was largely responsible for the way in which so big an increase in industrial output was achieved with a rise of only 2 per cent in the volume of imports. Steel imports fell because home production went up; imports of machine tools and of aircraft from Canada (a gift) declined as rearmament settled down. "Apart from these . . ." the Survey records, "the rise in the volume

ECONOMIC POINTERS

TOTAL EXPENDITURE AND INCOME

£ million

Expenditure	1952	1953	1954	Payments for Production	1952	1953	1954
Consumers' expenditure	10,460	11,056	11,702	Income from employment	9,006	9,527	10,200
Public authorities' current expenditure	2,894	3,075	3,099	Income of self-employed persons	1,525	1,590	1,670
Gross fixed investment	2,073	2,324	2,484	Gross trading profits of companies*	2,208	2,364	2,576
Value of physical increase in stocks and work in progress	70	125	175	Gross trading surpluses of public corporations*	273	310	300
Exports of goods and services	3,525	3,325	3,527	Other property income (gross)	558	627	723
				Residual error	36	13	−10
Total expenditure at market prices	19,022	19,905	20,987				
less Taxes on expenditure	−2,286	−2,370	−2,477	*Total income*, including depreciation and stock appreciation	13,606	14,431	15,459
plus Subsidies	419	367	426	Stock appreciation†	+50	+75	−75
				Gross domestic product	13,656	14,506	15,384
				Imports of goods and services	3,499	3,396	3,552
Total expenditure at factor cost	17,155	17,902	18,936	Value of supplies at factor cost	17,155	17,902	18,936

* With the de-nationalisation of steel a substantial sector of industry has been transferred from the category of public corporations to that of companies. † *Plus* sign indicates depreciation.

CHANGES IN REAL DEMAND AND SUPPLIES, BETWEEN 1953 AND 1954

£ million at 1953 factor cost

Change in:	
Consumers' expenditure	+390
Public authorities' *current* expenditure, including defence	− 40
Gross fixed investment	+125
Investment in stocks and work in progress	+ 50
Exports of goods and services	+240
Total change in demand	+765
Change in:	
Gross domestic product	+625
Imports of goods and services	+140
Total change in supplies	+765

BALANCE OF PAYMENTS OF THE STERLING AREA

£ million

	1953	1954		
		1st half	2nd half (provisional)	Year (provisional)
United Kingdom current balance with:				
Non-sterling countries*	+ 44	+ 58	− 167	− 109
Rest of sterling area	+ 173	+ 114	+ 155	+ 269
	+ 217	+ 172	− 12	+ 160
(Includes defence aid of:)	(102)	(24)	(96)	(50)
Rest of sterling area balance with:				
Non-sterling countries*	+ 281	+ 113	+ 3	+ 116
United Kingdom	− 173	− 114	− 155	− 269
	+ 108	− 1	− 152	− 153
Total sterling area balance with non-sterling countries	+ 325	+ 171	− 164	+ 7

* A United Kingdom estimate, which includes capital transactions with non-sterling countries.

GROSS FIXED INVESTMENT BY INDUSTRIES

£ million at current market prices

	1949	1950	1951	1952	1953	1954
Expenditure on equipment and buildings:						
Agriculture, forestry and fishing	87	84	89	83	86	92
Mining	36	34	36	49	64	83
Manufacturing	383	446	510	537	542	554
Electricity, gas and water	173	196	219	239	263	292
Transport and communication*	214	224	223	232	277	302
Other industry and trade*	168	195	221	241	267	302
New housing	332	331	372	489	619	641
Social and public services	102	121	143	158	167	174
Total	1,495	1,631	1,813	2,028	2,285	2,440
Legal fees, stamp duties, etc.	49	51	54	45	39	44
Total gross fixed investment	1,544	1,682	1,867	2,073	2,324	2,484
of which:						
Vehicles, ships and aircraft	264	265	270	273	323	359
Plant and machinery	554	633	736	789	833	865
New housing	332	331	372	489	619	641
Other new buildings and works†	394	453	489	522	549	619

* The road goods transport industry and Ministry of Supply research and development are included in "Other Industry and Trade."
† Excluding building for the Service Departments; including legal fees and stamp duties.

COMPANY FINANCE AND INVESTMENT

£ million

	1951	1952	1953	1954
Current Account:				
Gross trading profits	2,528	2,252	2,417	2,633
Other income	391	341	403	403
less U.K. tax payments	−637	−895	−841	−759
less Interest payments	−249	−256	−271	−283
Disposable income for distribution or investment	2,033	1,442	1,708	1,994
less Dividend payments	−526	−522	−583	−662
Undistributed profits after tax	1,507	920	1,125	1,332
Capital Account:				
Undistributed profits after tax (as above)	1,507	920	1,125	1,332
Borrowing by new issues	158	125	102	183
Other borrowing and capital transfers	209	− 32	36	57
less Fixed investment at home	−622	−628	−661	−718
less Increase in value of stocks	−915	75	− 20	−360
Funds available for other purposes of which:	337	460	582	494
Additions to tax and dividend reserves	405	58	77	162
Other, including net overseas investment	− 68	402	505	332

PERSONAL INCOME AND EXPENDITURE

£ million

	1952	1953	1954
Wages and salaries	8,160	8,620	9,265
Other income of employees* and Forces' pay	846	907	935
Income of self-employed persons	1,525	1,590	1,670
Rent, dividends and interest received by persons	1,349	1,462	1,521
National insurance benefits and other current grants from public authorities	908	1,001	1,017
Total personal income	12,788	13,580	14,408
less Provision for taxes on incomes	−1,147	−1,085	−1,256
less National insurance contributions	−476	−525	−532
less Remittances abroad (net)	−15	−4	−9
Total disposable income	11,150	11,966	12,611
Consumers' expenditure	10,460	11,056	11,702
Balance, including personal saving	690	910	909

* Employers' contributions to national insurance, superannuation and pension funds, etc

of imports in 1954 was broadly in line with the rise in industrial activity." The performance of 1953, that is to say, looked better than it was because of special elements affecting imports.

Without tracing any too exact a relation between output and imports, the Survey declares roundly that such good luck cannot be counted upon in future :

> Normally . . . higher industrial activity and incomes at home must be expected to lead to a more or less corresponding increase in demand for imports.

The need for " a considerable increase " in export earnings is therefore inescapable ; on the whole, the authors of the Survey feel, the prospects for such an increase seem moderately favourable.

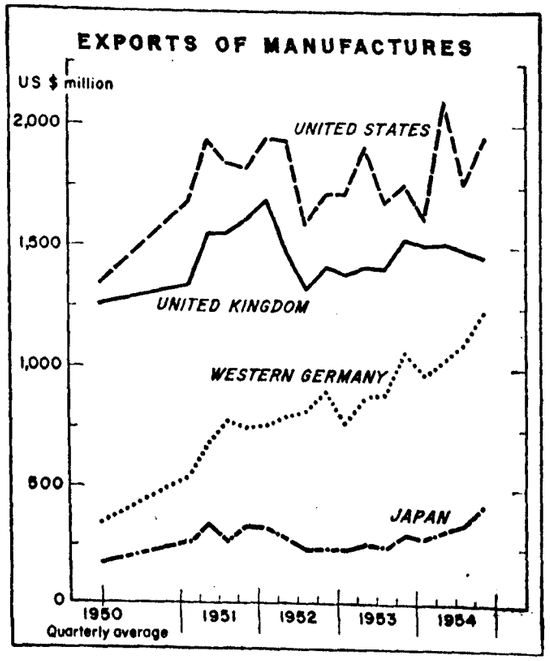
Prospects for Output

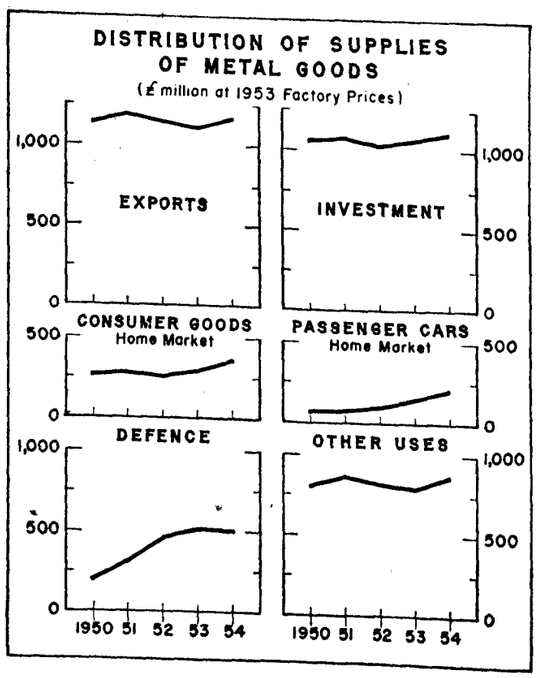
Demand will continue to swell. Industry is already fully employed, but already producing more than last year. Can it achieve " a further appreciable increase " ?

Assuming that " we require additional exports, and that world market conditions provide opportunities for selling them," what of the prospects for home demand ?

Fixed investment, according to the Survey, is likely to be substantially higher : in the nationalised industries the upward trend will continue, some rises can be expected in manufacturing industry, and demand for non-industrial building seems likely to increase, since " the number of new houses completed this year is likely to be at least as great as last," and restrictions on other work have been removed. Government expenditure is expected to go up a little, particularly the spending by local authorities. By the end of 1954, the Survey estimates, consumers' expenditure was already above the average for the year as a whole : " some further increase is probable this year." Earnings seem likely to be higher, and personal income should rise enough to permit more spending as well as " the maintenance of at least the present rate of personal savings." All these elements in demand, therefore, may stake their claims for extra output : stocks and work in progress, too, are expected to show " some further increase," though the Survey does not necessarily imply that this increase will be as great as the rise of £175 million in 1954.

Home and export demand together, then, are counted as likely to show " some further expansion " this year. Can industry meet this ? The Survey, somewhat confidently, notes that production, seasonally corrected, is already 2-3 per cent above the 1954 average, and estimates that industry " should have the capacity to increase output appreciably above this." There may be some slight further increase in employment, though there are no large reserves of labour left, and the full benefits, it suggests, have still to be felt of last year's transfers into engineering. The fuel and materials are to be had—though coal and steel are swelling the import bill. Although the building and engineering industries are fairly fully extended, the authors of the Survey are counting upon " the ability of the building industry to expand its output in step with increasing demand " ; order books in engineering, at the end of 1954, were no longer than a year before, and most industries making capital equipment, the Survey asserts, " are in a position to expand their output and . . . meet a rise in demand for industrial investment, while at the same time providing more exports."





Business Notes

Markets without News

WITHOUT normal supplies of newspapers investment markets have inevitably been curbed, but under the curb they have behaved well. Prices have on the week risen appreciably. The main effects of the absence of news has been threefold:

(1) The whole volume of business has shrunk: just because the average investor has not seen how his holdings were behaving he has operated much less. Consistently through the week the number of Stock Exchange markings has been running at about 2,000 a day less than the previous week ; it has remained at around 7,000 a day except on Monday, always an active day, when it was about 9,000.

(2) Speculative business has been curbed even more than investment business. The close of the old Stock Exchange account and the start on Wednesday of a new three week account that will end on Budget day (April 19) brought much less of a flurry of dealing for " new time " than might normally be expected.

(3) New issue business of the type that involves newspaper advertising is almost stopped. One substantial placing involving an application to deal in 1,700,000 1s. ordinary shares of Abwood Machine Tools is able to come forward with special dispensation from the Stock Exchange Council to use provincial papers only, but the pre-budget weeks are naturally a time when few refinancing operations are expected.

Within those limitations the market has behaved well, both gilt edged and industrials rising slowly but sturdily from Tuesday onwards through Wednesday and Thursday. The rose tinted Economic Survey published on Tuesday afternoon produced some immediate bear closing in the gilt edged market. The movement spread on Wednesday and some buying developed in the industrial share market. It was helped by the news of the settlement of the Liverpool dock strike and doubtless by the firmer tone of Wall Street, though significantly Wall Street's renewed fall on Wednesday night did not produce any weakness in London on Thursday.

NEWSPAPER EQUITIES

	Mar. 25 1955	Mar. 28, 1955	Mar. 30, 1955
Amalgamated Press 10/-	36/3	36/3	36/3
Associated Newspapers £1	26/6	26/6	26/6
Beaverbrook Newspapers 5/-	16/9	16/9	16/9xd
Daily Mirror Newspapers 5/-	20/-	19/9	20/3
Financial News 5/-	19/6	19/6	19/3xd
Kemsley Newspapers £1	30/-	29/9	29/9
Odhams Press 10/-	30/-	29/3	29/3
W. H. Smith "A" £1	54/6	54/6	54/-

Over the week from Wednesday to Wednesday *The Financial Times* Industrial index has risen from 177.6 to 179.9, and the fixed interest index from 109.25 to 109.86. But the movement denotes no big return of buyers to the market. A little bear closing has supplemented a steady trickle of investment buying by institutions, many of whose portfolios nevertheless remain liquid. Had investors had more news they might have been tempted to deal more freely. For instance, Borax Deferred have risen 6s. 3d. on the week to 107s. 6d. without attracting any substantial buying or profit taking. One enterprising firm of brokers has attempted to fill the news gap by a private circulation letter recording principal daily movements and dividend declarations. But no clearer demonstration of the fact that investors as a whole were not to be drawn in can be provided than the pronounced steadiness of newspaper shares throughout this period.

Bank Liquidity Again Tightens

THE liquidity ratios of the clearing banks were tightened still further, and more sharply than had been generally expected, in the four weeks to March 16th. During this period the Exchequer swung from strong seasonal surplus into small deficit, so that its repayments of floating debt from ordinary domestic sources must have slackened or stopped ; yet the banks' liquid assets declined by a further £124 million, in contrast with a fall of only £13 million

LONDON CLEARING BANKS

	March 16, 1955		Change on Month	Change on Year
	£ million		£ million	£ million
Deposits	6,401·6		−123·3	+158·4
"Net" deposits*	6,138·9		−118·1	+129·1
	£ million	%†		
Liquid assets	*1,917·4*	*29·9*	*−124·3*	*−140·5*
Cash	514·0	8·0	− 10·9	+ 2·1
Call money	437·8	6·8	− 6·8	− 29·9
Treasury bills	849·2	13·3	−101·5	−145·9
Other bills	116·4	1·8	− 5·1	+ 33·2
Investments plus advances	*4,304·9*	*67·2*	*+ 6·8*	*+275·3*
Investments	2,280·7	35·6	− 17·7	+ 11·3
Advances	2,024·2	31·6	+ 24·5	+264·0

* After deducting items in course of collection.
† Ratio of assets to published deposits.

in the same period last year. This decline must, in part, reflect further governmental repayments from the proceeds of sales of dollars in support of sterling during the fortnight or so before the tide changed in the market; but there seems no doubt that an important special factor significantly affecting the banks in recent weeks has been the tendency for large holders of liquid funds to switch them from deposit accounts to direct investment in Treasury bills, for the sake of the higher return obtainable that way.

Despite the contraction of liquid assets, there was a further rise in bank advances—by £24½ million compared with £20 million in the corresponding period last year. This expansion was mainly attributable to three banks, the National Provincial, the Midland, and Barclays, but two other banks which in the previous month had abstained from selling investments have now done so, in order to strengthen their liquidity ratios. The aggregate investment portfolio dropped by nearly £18 million, but, even so, the liquidity ratio for the banks as a whole dropped from 31.3 per cent to 29.9 per cent; five of the eleven banks show ratios below 30 per cent. The upshot of these conflicting influences was a decline in net deposits by £118 million, to £6,139 million. In the corresponding period last year, deposits were little changed whereas in 1953 they rose by nearly £23 million.

Marking Time in Cotton

On Tuesday the Prime Minister temporarily dashed the cotton industry's hopes for a statement of government policy on imports of cheap Indian cloth. But in refusing to be drawn so soon after his meeting with representatives of the industry last week, Sir Winston said that he hoped to make a statement before the House rose for the Easter recess. Meanwhile, a team of merchant-convertors has flown out to India in response to an invitation to study the market for British cotton piece goods there. The team will visit the main centres and then discuss its findings with the government in New Delhi. No doubt the team will emphasise that the prospect of any improvement in British exports depends mainly on a reduction in the Indian import duty from the present penal rate of between 60 and 80 per cent *ad valorem*.

The industry seems confident that recent events have strengthened its case for protection against imports of Indian cloth—at least for home consumption—and for relief from purchase tax. A number of mills suffering from a lack of orders are preparing to give their workers extended holidays at Easter, and the Australian import restrictions have added another touch of gloom. Fears that the American government may introduce an export subsidy on the new cotton crop next August continue to depress raw cotton prices in Liverpool and discourage buying from the merchant-convertors back along the chain of manufacture to the raw cotton merchant. It is difficult to see what purpose a subsidy would serve. Its effect could hardly be other than to bring down prices of foreign growths to a comparable level, thus leaving American prices no more competitive than before, and to unsettle still further cotton growers and cotton users throughout the world.

The Capitalists' Share

Personal incomes as a whole rose by 6 per cent in 1954, the same rate of increase as in 1953. But the increase in wages and salaries quickened from 5½ per cent in 1953 to 7½ per cent in 1954—whilst the share of the personal capitalist fell. Unexpectedly the national income white paper shows that rent, dividends and interest rose by only 4 per cent, to £1,521 million, against an increase of 8½ per cent in 1953; as a fraction of total personal income they fell slightly to 10.6 per cent. The national income statistics certainly do not point to the rentier group as the chief beneficiaries of Mr Butler's boom. Had capital values been under discussion the picture might have been different.

The marked slowing down in the growth of incomes from property, shares and interest is nevertheless surprising at first glance. In fact, the rise in dividends and interest paid by companies and public corporations did not slacken perceptibly last year (rising by just under 10 per cent, compared with 11½ per cent in 1953); but a smaller share appears to have reached the personal investor. Total "property income" paid abroad (which comprises rent, interest and dividends) increased from £347 million in 1953 to £380 million last year, whereas corresponding income received from abroad fell a little from £544 million to £539 million. Total domestic incomes from rent continued to expand moderately (from £561 million to £610 million), but total interest payments appear to have been deflated by the fall in money rates between 1953 and 1954—which reduced in particular the return on Government floating debt and on deposit accounts.

Personal Saving Maintained?

The other surprise in the national income accounts is their suggestion that personal saving—including the saving of farmers and unincorporated businesses, and calculated as a residual between total personal expenditure and income—did not rise in 1954. The revised figures are now put at £273 million for 1951, £690 million for 1952, £910 million for 1953 and £909 million last year—representing an increase in personal saving as a proportion of total personal income after tax from 2½ per cent in 1951 to 7.6 per cent in 1953, and a slight relapse to 7.2 per cent last year.

Yet the expansion of personal saving through all the visible channels—such as national savings, the building societies and the life offices—gathered pace last year, and sufficiently to more than offset the increase in dis-saving through the accumulation of hire purchase debt (the outstanding debt is estimated unofficially to have risen by some £100 million in the past year). The discrepancy between the trend of the aggregates and visible constituents of personal saving (a discrepancy in the national income figures that is by no means new) is in part explained by the fall in the incomes of farmers last year—from £406 million to £378 million.

The savings of companies and public corporations, however, advanced last year, from £1,309 million to £1,437 million, so that total private saving (before providing for depreciation and stock appreciation and excluding net additions to tax and dividend reserves) continued to grow, though the rate of growth was slower. In 1954 a portion of private saving was again mortgaged by the need to set aside funds for replacement of stocks at higher prices, whereas in both 1952 and 1953 savings available for investment had actually been increased by the relief secured from the fall in stock prices. Total private saving after providing for stock appreciation accordingly rose by a mere £14 million, to £2,276 million. But as saving through the budget surplus rose by over £140 million on the calendar year—reversing the downward trend of the three previous years—the nation's total domestic saving available for investment still showed a respectable increase of some 5¾ per cent to £2,819 million. At that level total saving and investment amounted to 18 per cent of gross national product—a figure that has remained remarkably stable since 1948.

Argentina to Begin Paying

A new Anglo-Argentine trade and payments agreement was signed in Buenos Aires this week. It runs retrospectively from July, 1954, for two years until the end of June, 1956, replacing the bilateral 5 year treaty of 1949. The short period during which the new agreement is intended to operate marks it out as an interim measure to be replaced in mid-1956 by an agreement more in character with a regime of convertibility which may by then have been established. But even this interim agreement has had to take cognisance of the substantial freeing of the British economy and advances towards convertibility that have been made over the past three years.

The most important of these developments from the point of view of Anglo-Argentine trade has been the freeing of the meat trade in Britain. As a result, the negotiations leading to the new trade agreement have not this time been accompanied by protracted haggling over the price of meat. The British importing firms will buy directly from the government organisations in Argentina, and the price and the quantity will be their affair. It has been agreed that under the new agreement about 40 per cent of Argentine exports to Britain will be meat. In the reverse direction the British Government has agreed that 40 per cent of sterling exports to Argentina will comprise such essentials as oil and coal. No specific commitments have been given regarding the details of trade in either direction; all the figures merely represent "expressions of intent" in the endeavours. If hopes are fulfilled trade in each direction will amount to £85 million a year.

The agreement reaffirms the credit of £20 million to Argentina which has been available under earlier agreements but which so far has remained unused. It will probably be needed by Argentina in the near future to cover the gap caused by the comparative failure of this year's maize crop. Payments for Anglo-Argentine trade will continue to be made in transferable sterling—but, as in the past, Argentina will have the right of conversion into dollars of any surplus accumulated in excess of £20 million. Argentina has, at long last, undertaken to make a start in clearing the arrears of financial remittances to the United Kingdom. These amount to between £7 and £8 million and are mainly in respect of dividends on British capital. The Argentine government has agreed to a meagre transfer of about £1½ million before June 30th from these arrears. In addition, Argentina is to pay the coupons of the 4½ per cent Province of Buenos Aires Loan of 1910. And the long-standing problem of the Primitiva Gas Company is at last to be sympathetically considered.

New Policies in Coal

The National Coal Board has decided to accept the broad findings of the Fleck Committee about how the industry should be run; this is hardly surprising, since the Board was specifically reconstituted for the purpose. The Committee made no less than sixty-one recommendations, action upon fifty-seven of which rests with the Board; it has accepted fifty of them without significant reservation, broadly agrees with six others, though it has not yet fully decided how to carry them out, and is still considering one last recommendation (the suggestion that it should set up a small separate department to handle its brickworks). The main changes that the Committee recommended and that the Board is putting into operation include the creation of three new departments in the Board to deal with staff, industrial relations and purchasing, and the strengthening of the largely unchanged structure of organisation throughout the industry.

As the Committee emphasised, this strengthening depends primarily upon getting good men by paying for them. It also depends, however, upon re-establishing, for the first time in several years, the principle that the functional heads at each level of the Board's organisation should be better men with a higher status than their counterparts at the next level down in the organisation. This is a significant departure from certain recent policies of the Board, which had tended to put so much emphasis upon decentralisation—which was certainly urged upon them by many of their critics—that the responsibility of officials at headquarters for the policy and the leadership of the industry had been decaying. This process had been accelerated by the directive issued by the Board in October, 1953, to define the responsibilities of the various levels of management within the organisation, and the Fleck Committee recommended that that directive should be withdrawn. The National Coal Board's last note upon the Committee's recommendations accepts this and marks the end of a policy: "A general directive will be issued."

AEI Looks Forward

Associated Electrical Industries is a vast enterprise with an annual output exceeding £96 million ranging from the power plant to the cathode ray tube. It is now actively expanding. A new turbine factory is going up in

Northern Ireland, where labour is plentiful and the government helps new enterprises. A big transformer factory is being built at Wythenshaw and a new cathode ray tube factory is going up at Sunderland. In addition important extensions are being made overseas. In particular the group has acquired from the International General Electric Company of the United States the other half of the Australian General Electric Company. Later the Australian public will be offered a minority interest in that expanding enterprise.

Lord Chandos (formerly Mr Oliver Lyttleton) recently resumed the chairmanship of AEI and his speech shows that he has brought from statesmanship a statesman's view of industry. He is bent on spreading the ownership of capital over a wider field. Already the group has 36,000 shareholders ; Lord Chandos wants more. The decision to pay quarterly dividends and to make half yearly progress reports should help. For those who like debating points, Lord Chandos happens to be President of the Institute of Directors where some of his colleagues seem less progressive. The first quarterly dividend is to be 2½ per cent and the market will doubtless deduce that there are to be three payments of 2½ per cent each, and a larger final dividend fluctuating with the profit. Quarterly dividends now present no problem in America ; they should not do so here. Shareholders, particularly the small fixed income people should be delighted. The new issue that will raise £10 million towards the expansion programme should also help to spread the ownership. The bulk of it is a rights issue at 40s. per share to shareholders but 215,000 shares are offered at the same price to employees not as rights but subject naturally to the power of the board to scale down excessive applications. The intention is to encourage as many employees as possible to become small shareholders and to grant them loans so that they can apply. The issue price contains an element of bonus (the market price of the existing shares is around 66s.) but it could be argued that the employees are to receive something that is the property of shareholders. It could equally be answered that since the employees' shares, unlike those of his shareholders, are to be non-transferable for three years no one knows what the right price for their part of the issue should be.

The other main problem that Lord Chandos sees is education. He expresses grave anxiety about the flow of physicists, chemists, metallurgists and engineers into industry. AEI employs 4,000 graduate, student, and craft apprentices. It needs an even larger flow and Lord Chandos recognises that since that is an industrial problem, industry must do something about it. His proposal to draw one of the new part-time directors from the field of education shows his estimate of the weight of the problem. He makes three other specific suggestions: industry should release some of its suitable staff with their pension rights into the teaching profession. It should encourage young men on the staffs of universities and technical colleges with money grants to pursue academic research. Lastly, the rising generation in the schools should receive more information about careers in industry.

Claymores at Renfrew

THE 24-hour strike of maintenance engineers at Renfrew airport on Wednesday was called, nominally, as a protest against the Government's delay in deciding on the future of the Renfrew base. But all the parties in the dispute are aware that the union's real complaint is not with the Government's indecision but with the nature of a realistic settlement. Six months ago British European Airways, in face of a storm of Scottish as well as union protests left the matter to the decision of the Minister of Transport. After the remainder of its 35 Vikings were withdrawn from service last October, the only aircraft serviced at Renfrew have been the corporations' 47 rapidly ageing Dakotas and BEA would save about £150,000 a year if it could close operations at Renfrew and move these down to its new maintenance base at London airport.

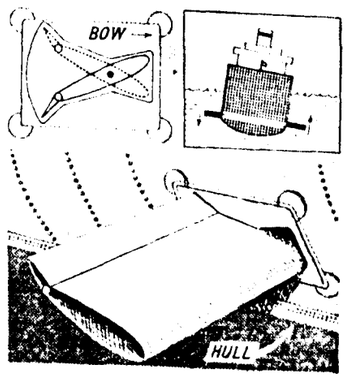
Local opposition to the transfer was understandable so long as it meant that the 600 men now working on the Dakotas would have to find new jobs. But this is no longer the case. The Canadian Government plans to have the Royal Canadian Air Force machines based in Europe serviced under contract by British operators, and the Renfrew base is ideal for this purpose. But the Canadians cannot award the contract until it is known whether Renfrew will be available.

One of the leading companies in the negotiations with the Canadian Government is Airwork Ltd., and the local Renfrew unions have already announced their opposition to Airwork as a future employer. Their reasons seem to lie in the knowledge that while Airwork is prepared to take on most of the five hundred men left behind if BEA moves south (taking a hundred workpeople with them) it will not give a blanket guarantee to employ every man now working at the base. Meanwhile, local opposition to the retirement of BEA remains as strong as ever, despite the fact that alternative employment at the base could be provided. In such a situation a strong lead ought to come from the Ministry of Transport ; BEA's operations at Renfrew are bound to close when the Dakotas are ultimately withdrawn from service, and the longer the decision is put off, the more bitter is local feeling likely to become. And the Canadian Government cannot be expected to hold up its plans indefinitely while British ministers search for a painless way of grasping the Renfrew thistle.

Keeping Ships Steady

THE *Queen Elizabeth* is the latest ship to install the ship stabilising fins that have recently been installed into many existing passenger ships, and have become a commonplace for new ships. Designed to reduce the rolling of ships at sea, the first set was installed just before the war in the cross-Channel steamship *Isle of Sark*. During the war they were extensively used in naval sloops and escort vessels, and after the war they became standard equipment in new Southern Railway passenger ships. The first large passenger liner to be equipped was the P. & O. liner *Chusan*, and the success and popularity of this installation led other liner companies to equip some of their prewar vessels with stabilisers. This week's voyage of the *Queen Elizabeth* is the first with stabilisers ; owing to its size two complete sets have been fitted, and the work involved considerable rearrangement of the machinery compartments.

The normal installation consists of two retractable fins, one on each side of the ship, projecting from the hull at about the turn of the bilge as near amidships as possible. The action of the fins is similar to that of submarine hydroplanes



or aircraft ailerons, except that the two fins move in opposite directions. Movement of the fins is controlled by two small gyroscopes, one measuring the angular velocity of the roll and the other the angular displacement ; the algebraic sum of the movements is combined in any desired ratio to effect the best control for any particular ship. The latest design of fin incorporates a flap. The fins are tilted by hydraulic machinery, and the force for righting the vessel comes from the motion of the ship through the water, and thus ultimately from the main engines.

When a vessel is rolling, its resistance to forward movement through the water is greater than when upright. The gain in efficiency through the reduced roll, therefore, can be offset against any increased drag due to the operation of the fins. A stabilised ship for the same horsepower, will maintain the same speed when stabilised as when rolling freely. Against the cost of the installation can be offset the fact that a stabilised vessel can be steamed faster through rough water with the same degree of stress (thus enabling time schedules to be maintained) ; that the bill for breakages and injuries is greatly reduced ; and that the absence of roll is an added inducement to intending passengers.

Liquidation Prescribed

MANY an industrialist has complained of the wicked financier—the bloodsucker who deals in his company's shares just to make what he can get out of them. For an industrialist—a successful one—to raise the cry, "Shareholders arise ; get your money out ; insist on liquidation while the till is still well filled," is novel and distinctly controversial. Yet that was broadly the theme developed by Mr W. A. Grierson, chairman and managing director of the cotton spinning firm of Hayeshaw Ltd., in a speech to Bury Textile Society last week.

His thesis rests on two assumptions that command acceptance: he believes that the cotton textile industry in Lancashire must shrink further, and therefore that the disruption should be minimised ; he claims—and he has personal experience to back him—that double day shifts are the obvious way of getting full use out of new machinery and justifying its high cost. Therefore—the argument runs—shareholders in firms that have neither re-equipped nor introduced modern methods of machine utilisation should insist on liquidation. If they acted quickly they would find after fourteen years of a seller's market that capital returns generally would well exceed the nominal value of the shares. Labour would be disturbed, but there would be little hardship because most of the workers would be needed to man double shifts in the surviving mills.

Mr Grierson's argument deserves thought. There is so much in it that is true that it seems surprising that no Mr Clore of the cotton industry has appeared. And yet, as a prescription for Lancashire, liquidation by shareholders is not a sure remedy. It is not necessarily inefficiency that would determine whether shareholders of a particular mill could successfully insist on its liquidation. That would depend most of all on how the shares were held ; the absence of a dominating family holding might be decisive. It would not always be the weakest that would go to the wall, and Lancashire's industry, built up of innumerable special cases, might lose some mills worth preserving. Nevertheless some liquidation may well have to come.

Support for the Gnat

THE Ministry of Supply's announcement of a development order for the Folland Gnat for 20 aircraft, ends a long series of negotiations between the Ministry and the manufacturers. The Gnat has been developed entirely from the company's own funds; a normal development contract would have been of no value at this late stage, and the manufacturers have held out, successfully, for a batch order for a specific number of aircraft. There is, however, almost no prospect of the Gnat in its present form being considered for the RAF. It could not now be in service in any quantity before 1958, when the RAF would have little use for cannon-armed fighters. Provision has been made for carrying both guided missiles and the necessary airborne radar on the Gnat ; but a certain amount of redesigning, particularly of the wing, now needs to be done to give the aircraft the performance, when carrying these substantial extra loads, that the RAF demands. This work will be done on the series of Gnats ordered by the Ministry of Supply. It is surprising that when so much thought is being given by designers in the United States and in France and by Nato commanders in the field to methods of reducing the size and cost of modern military aircraft that the one British experiment in this field should have been refused government support for more than two years while public money was being lavished abortively on other projects.

The Paper Bulletin

This is a new bulletin service for paper users and makers. It deals with the supply, demand and price trends for paper, paper products and raw materials. The first quarterly issue will be available at the end of April. Full details from :

THE ECONOMIST INTELLIGENCE UNIT,
22 Ryder Street, London, S.W.1. Whitehall 1511, Extension 144.

Lower Supply Estimates

THE Ministry of Supply estimates for 1955-56 have fallen for the second year in succession; the net total is down by £16.5 million to £181.5 million. Expenditure on research and development work, the biggest item in the Ministry's budget, is still increasing; it has gone up by £7.4 million to £147.6 million, £102.7 million of it representing work done by industry. The savings have been found from the sums allocated for new buildings and plant. There is, however, a looking-glass quality about these figures. A high proportion of the savings of the past two years arises from the removal of civil atomic research from the Ministry. But the sum for research and development includes the actual production of atomic weapons and since this is getting under way, and the hydrogen bomb project will also begin to make heavy demands on the Ministry's purse, research in other fields, particularly on aircraft, is running on an increasingly tight rein.

Meanwhile, the drop in expenditure on plant and buildings is not likely to be a permanent one. It arises largely because some big projects are nearly completed; other alterations and extensions, estimated to cost a total of £26 million, will barely start during the year under review. The Ministry estimates do not have to meet the cost of equipment bought for the services which will amount to £468 million during the coming year. But it is plain from the Ministry's own figures that industry will soon have to take a far bigger share than at present in the cost of research and of production tooling or put up with a considerable contraction of research from public funds. And in the case of aircraft, this would mean the contraction of the aircraft industry itself.

Disgorge or Pay

MR ERIC LOUW, the South African Finance Minister, has affronted conventional tax ideas in his latest Budget by imposing a tax on undistributed profits, penalising those companies that do not distribute enough to shareholders. The object of this tax is, like that of the "surtax directions" issued to private companies in this country, to prevent the avoidance of surtax. It had the immediate result of sending up the price of most of the quoted South African industrial equities. British investors, who have to bear the weight of a distributed profits tax as well as the undistributed levy, must think this line of policy rather eccentric.

For the South African manufacturing companies 40 per cent and for the other companies 30 per cent of their ploughed back profits will be exempt from the tax. But on the remaining undistributed earnings the tax will be levied at 5s. in the £. The tax will not apply to mines or to foreign companies or to companies whose reserves are small. Even in the other cases the burden of tax upon earnings is likely to be slight, though with a few companies it may lead to higher dividends and free scrip issues.

What are the merits of such a tax, accompanied by no more than normal income tax and surtax on distributed earnings? By encouraging bigger dividends it may make the South African capital market more attractive, attracting new money in the direction it is needed. The growing economy of South Africa needs a wider capital market. But South Africa also needs a high level of industrial investment, and that end may be more easily attained by the ploughing back of profits. If a tax prompts the individual company to distribute its earnings to the hilt, there is no certainty that the dividends it pays out, reduced by income tax and surtax payments, will be saved and reinvested. But equally the reverse policy of taxing distributions heavily does not guarantee that undistributed profits are best invested by the companies that keep them. The old text book maxim of the self-generation of capital may have been thrown out of the window by Mr Louw, but it does not stand too close an examination.

American Copper at 36 Cents

AMERICAN copper producers, who still cling to the concept of price stability, have again been forced to bring their prices more into line with world levels. This week their quotations were raised from 33 to 36 cents a lb for electrolytic, which is still well below other American and foreign prices. American customs smelters are getting 40 cents a lb or more on the domestic market, dealers are charging 43 to 44 cents and exporters 45 to 46 cents (£360 to £368 a ton), which compares closely with the London spot price of about £360 a ton for standard copper. West German consumers, who were caught on the wrong foot by the American restrictions on exports of copper and scrap, have been paying premiums of £15 to £20 a ton for electrolytic over the London standard price.

Little Change in Commodities

PRICES of raw cotton and cocoa have fallen further in the past week, and copper is dearer; other commodities have shown little change. THE ECONOMIST commodity price indicator has dropped slightly to 95.8 (1952 = 100).

	March 24	March 31
Copper, prompt, per ton	£355	£364
Tin, " "	£714 10s.	£717
Lead, " "	£104 10s.	£104
Zinc, " "	£88 5s.	£88 5s.
Rubber, spot, per lb.	26 3/8d.	27d.
Wool futures, May, per lb.	121½d.	121d.
Cotton futures, May/June, per lb.	31·29d.	30·66d.
Jute (mill firsts), cif per ton	£104 5s.	£106 8s.
Wheat (1 Manitoba), May, cif per ton	£29 17s.	£30 6s.
Barley (Canadian 2 feed), May, cif per ton	£23 12s.	£23 17s.
Cocoa (Accra), April/June, cif per cwt.	302s. 6d.	295s.
Coffee (Santos extra prime) cif per cwt.	475s.	475s.
Tea, plain broken pekoe, per lb	5s. 0½d.	4s. 11½d.

ANNOUNCING

NEW INTERNATIONAL BTD-6 DIESEL CRAWLER 505 B.H.P.

NEW RIGHT THROUGH THE LINE OF POWER



International
Industrial Dealers in Great Britain

JAMES BOWEN & SONS LTD., EDINBURGH
R. CRIPPS & CO. LTD., NOTTINGHAM
SAVILLE TRACTORS LTD., STRATFORD-ON-AVON

NEW in virtually everything but name! *New* main frame... *new* power train... the NEW BTD-6 has been completely redesigned around International Harvester's magnificent NEW 505 horsepower engine!
Its working advantages for you are tremendous. The NEW BTD-6 will roll bigger bullgrader loads, heap bigger scraper loads, lift heavier bucket loads, pull hundreds of pounds more on a winch rope.
And besides all this, it will save you more in time and money on maintenance. Lubrication is simplified. Protection against dirt and water is even more thorough. All wearing and stress-bearing parts are engineered to take whatever is coming for extra thousands of working hours.
Get all the power and performance facts about the NEW BTD-6 from your International Industrial Dealer now. This Doncaster-built crawler is going to be in big demand.

NEW ENGINE
25% more power. New closed-type pressurized cooling system.

NEW CLUTCH
33% more torque capacity. 13" overcentre type with automatic clutch brake.

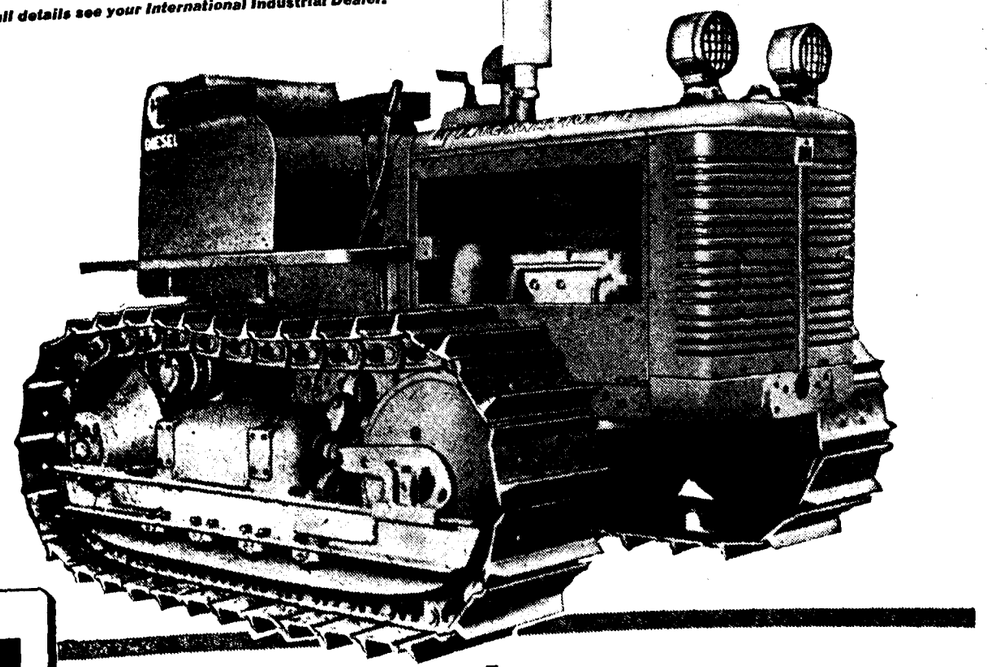
NEW TRANSMISSION
Larger main shaft. 5 new gear wheels. New big-capacity bearings.

NEW MAIN DRIVE
SPIRAL *bevel pinion and gear. Tapered roller bearings.*

NEW FINAL DRIVE
Wider teeth on bull gears. 25% more load capacity.

NEW TRACK FEATURES
Front idlers with combined weight and shield - (available as special equipment). New track rollers. Track shoes increased in section by 25%.

For full details see your International Industrial Dealer.

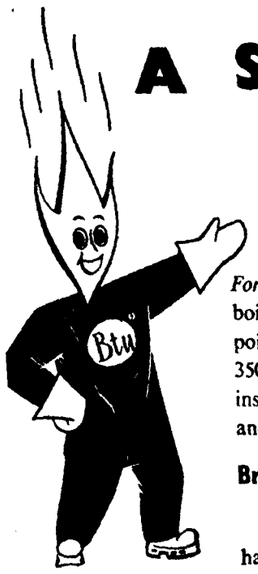


INTERNATIONAL HARVESTER

International INDUSTRIAL POWER

INTERNATIONAL HARVESTER COMPANY OF GREAT BRITAIN LIMITED, HARVESTER HOUSE, 259 CITY ROAD, LONDON, E.C.1

A SURE MONEY SAVER



" If your intelligence system is right you can save billions of us," says Private Btu (the British Thermal Unit). *" You must have instruments to detect losses."*

FUEL EFFICIENCY PAYS

For example . . . An establishment in Lancashire installed instruments for their two Lancashire boilers at a total cost, including erection and starting up, of £600. These instruments pointed the way to more efficient combustion and the saving of coal in the first year was 350 tons which, at the current price of 70/- a ton, is a saving of £1,225. The instrument installation therefore paid for itself in a little under 6 months. Fuel savings have continued and have amounted to £1,750 over the last 18 months.

British Industrial Measuring and Control Apparatus Manufacturers' Association

21 Tothill Street London SW1

have other examples of the value of instrumentation throughout the whole factory and will answer enquiries and supply the names of manufacturers in the field of instrumentation.

Issued by **N * I * F * E * S** *National Industrial Fuel Efficiency Service*

71 Grosvenor Street London W1 Telephone: Hyde Park 9706

GRIP-SEAL CONSTRUCTION makes the Goodyear Tubeless Tyre . . .



. . . THE MOST EFFICIENT AIR CONTAINER EVER MADE



COSTS NO MORE THAN A CONVENTIONAL TYRE AND TUBE.

Precision built to give longer, safer, more trouble-free mileage than ever before possible

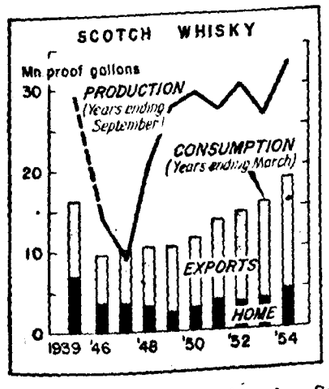
As a result of Grip-Seal Construction—the Goodyear Tubeless Tyre is the most efficient air container ever made. In this process, the Rayotwist carcass cords are completely integrated with special rubber compounds. Every element, inside and out, is welded into a single airtight unit—a tube is no longer needed! You get puncture and burst protection of a kind previously unknown. Roadside delays are far fewer! Available with Rib or All-Weather Tread. Fits all rims except wire wheels. Can be mounted singly, in pairs, or sets.

GOODYEAR TUBELESS TYRES

Spring Tide in Whisky

EASTER time is marked in the Scotch whisky calendar for two reasons. It arrives when the distilling season is nearing its end and preliminary estimates of production begin to emerge. In a couple of months, malt distilleries will pack up for cleaning and maintenance after what appears to have been their busiest year for a long time, certainly since the war. Last year a bumper 32.8 million proof gallons of whisky were distilled; 19.4 million gallons of this capacity output were grain whiskies (13.9 million in 1952-53) and 13.7 million gallons were malt (against 12.3 million). In 1938-39 a total of 30 million gallons was produced. Cereal supplies, both home-grown and imported, are far more plentiful now. The last barley harvest was still a little too moist, but much less so than in 1952-53, when only 26 million gallons were distilled.

Secondly, this is the time of the year when the whisky trade makes its annual pilgrimage to the Chancellor. Whisky, particularly the brands advertised on a national scale, is still short in Britain, but the trade feels that its case for a reduction in duty is growing stronger. Last year an extra 1.8 million proof gallons were released to the home market, making a total of 4.8 million gallons, and the trade suspects that saturation point, at the current rates of duty, may be reached in the next year or two at 5-6 million gallons, compared with 7 million gallons or so before the war, when the tax was a third of its present level. The whiskies that were laid down from 1948 onwards, when the industry began to operate much nearer to its prewar capacity, are now approaching the time for marketing, and the trade should soon be able to meet the total demand for whisky here, though the Distillers Company and some others are expecting to be able still to increase their sales of particular brands. Stocks are still large and out of balance—the total last September was 158 million gallons as opposed to 144 million gallons in 1939—but pressure on storage space will be eased by the new warehouses that are going up.



Overseas there is still a vast unsatisfied demand for Scotch, and the United States is still by far the largest single market; it takes over half the shipment. The trade would like to spread its risk over other markets, but none at present takes more than a ninth of the volume that the United States consumes, and a number of these smaller countries have recently been imposing higher duties. Nineteen such increases took place in 1954. This is worrying an industry that now relies upon overseas customers for three-quarters of its business, compared with about half in the 'thirties. It feels that its representations would carry more weight if there was at least a token reduction in duty in Britain. This argument will probably not prevail with Chancellors watching the revenue returns, but, as in the tobacco industry, the distillers may soon be able to argue a case for a reduction that would bring a higher total revenue. With more whisky flowing to the home market, the trade has already been able to recapture part of the market it had lost to table wines and to other spirits.

Trade with Persia under Way

BRITISH trade with Persia, which came almost to a standstill after shipments of Persian oil ceased in 1951, is getting under way. A modest recovery in exports in the second half of last year brought the total value of British shipments to £8.2 million in 1954—still small compared with the 1950 total of £30 million, but nearly double the exports of 1953. In the first two months of this year exports rose to £2.7 million, and that expansion should continue. The Persian parliament recently approved the British five-year credit of £10 million, to be advanced by the Export Credits Guarantee Department for expenditure on British goods, and Persia is now earning sterling from the resumption of oil shipments. Approval of the loan presumably explains why the department has now introduced normal cover facilities for exporters to Persia. In future, short-term cover will extend to the period before the goods are shipped and in certain circumstances the department may not insist that the terms of payment are cash against documents. The terms of payment under medium-term policies will also be less strict. For both types of policy the waiting period before loss can be ascertained is reduced from nine to six months, and the department's gross liability will no longer be limited.

This year Persia will receive about £31 million from the oil companies represented in the consortium, as its share of profits from the export of about 15 million tons of oil, mostly as crude. In 1956 and 1957 oil payments should rise to about £52 million and £67 million respectively. Local expenditure by the companies on wages and materials will bring in rather more than £1 million a month, raising Persia's total receipts to about £44 million this year and to about £190 million over the three years. Under the terms of the payments agreement with Britain of last October, Persia became a full member of the transferable account area; it also has the right to convert sterling into dollars for the purchase of essential goods and services which cannot be obtained from non-dollar sources on equivalent terms. Plainly Britain now has the opportunity to rebuild its export trade with Persia, though competition there—as in the other oil countries of the Middle East—is fierce; the United States, Germany and France have also extended credits to Persia.

Atoms Aiding Industry

THE demand for radio-active materials has trebled during the past five years to an annual rate of 20,000 consignments and a new collective catalogue* of instru-

* Radio Isotope Instrumentation and Accessories. Scientific Instrument Manufacturers' Association of Great Britain.

ments and equipment for use with them was published this week. It lists 44 manufacturers, many of whom are established producers of electronic equipment or scientific instruments. It is much to the credit, first of the Ministry of Supply, and now of the Atomic Energy Authority, that when the country's atomic plants were first constructed, consistent support was given to some companies, then very small, with the special skills needed for the novel types of equipment that the new plants demanded. These companies are now responsible for much of the more complex equipment listed in the catalogue.

Most of the radio-active materials used in industry have so far been incorporated in measuring and control devices, but Sir John Cockroft said this week that Harwell will soon be able to supply for the first time really high-intensity sources of radiation. This suggests the possibility of using radio-activity in chemical production. Radiation has been shown to alter the properties of silicones and plastics ; it is also known that it can bring about such radical chemical changes as polymerisation. Plans are being made to start the production of irradiated plastics late next year. These are developments that the oil refining and chemical industries are likely to watch very closely, for such production methods could radically alter the industrial sky-line.

British Steelworks for India

THE committee that is due to leave London this weekend to advise the Indian Government on a new steelworks represents Britain's second attempt to participate in the considerable expansion of the Indian iron and steel industry that is now planned. Negotiations between the Metallurgical Equipment Export Company of London, an export consortium representing six British plant manufacturers, and a group of Indian businessmen foundered upon the Nehru Government's insistence that new steel works must be largely nationalised. The new British offer that was "accepted in principle" by India at the time of the Commonwealth Conference is for a similar plant, but state-owned, for which the Export Credit department would guarantee credit; the committee is to advise on location, output, and costs of such a plant.

The one Britain hopes to build would probably be located near Calcutta. It would be the third additional plant planned to increase Indian capacity:

	Ingot Tons
Existing capacity	1,600,000
Planned extensions to existing plant (approx.)	1,400,000
Plant to be built at Rourkela (planned by Krupp-Demag though construction will be formally open to competitive tender), revised capacity	1,000,000
Plant to be built at Bhilai; planned and plant supplied by the Russians	1,000,000
Projected British plant	920,000
Projected capacity (approx.)	6,000,000

A fourth plant, to be based upon newly discovered lignite deposits in Madras, has recently been mentioned as a possibility ; in projecting total capacity, the Indian authorities have talked of as much as 10 million ingot tons a year. The programme already projected, raising ingot capacity from about 1½ million tons a year to about 6 million tons, is itself of formidable proportions, compared either absolutely or proportionately with the plans of any steel industry in the world.

Hudson's Bay Pays More

THERE is still a touch of adventure about the equity of the Company of Adventurers of England Trading into Hudson's Bay. It is no longer provided by fur trapping but by the company's interests in the development of Canada's oilfields. It is the possibilities of these investments which have sent the price of the £1 ordinary shares up to 152s. The price began to rise two years ago on American efforts to transfer the company's domicile to Canada but it was the oil prospects that kept the advance going.

Apart from oil, the company is primarily concerned with wholesale and retail trading in Canada, though that business is only as sedate as a bustling economy will let it be. It is largely from these activities that Hudson's Bay earned a gross profit of £3,362,963 in the year to January 31st. That profit is £302,121 higher than that earned in 1953-54. In spite of this increase the tax charge has fallen from £1,740,000 to £1,639,000, thanks to the demise of EPL. Net profits have risen from £1,320,842 to £1,722,963, bringing the dividend on the trading account up from 12½ to 15 per cent. The directors have also again declared a tax free dividend of 2½ per cent on the land account. In calculating the yield on the £1 ordinary shares these two dividends are lumped together, giving a gross dividend of 19.55 per cent, compared with 17.04 in 1953-54. On that dividend, the shares offer a yield of only £2 11s. per cent at the current price of 152s. The only justification for that yield is the company's interest in oil.

SHORTER NOTES

The index of industrial production for January is provisionally estimated at 133, and the February figure is expected to be 137-138. These figures compare with a revised index of 129 for December, and are 4-5 per cent above the figures for January and February, 1954.

★

Iraq has repaid from its buoyant oil revenues the outstanding balance of $6.3 million of the fifteen year loan made by the World Bank in 1950. The loan was for a total of $12.8 million, but Iraq announced in January that the unused portion of $6½ million would not be taken up.

★

The Chancellor of the Exchequer has decided that there is no "present prospect" of modifying the scope of the control exercised by the Capital Issues Committee, but some improvements in procedure are being considered.



"I wondered about our accounting, but he reassured me . . ."

"My business has been expanding quite a lot recently, you know. And I wasn't sure that our accounting department could handle all the extra work. So I called in this Burroughs man. I told him all I could. Then he and our Chief Accountant went into the whole matter together very thoroughly. Later he told me frankly that we'd no need to change yet. Glad I called him in, though."

The Burroughs man is always at your disposal, without cost, as an experienced adviser on all accounting questions—and is well qualified to work in consultation with your accountant or auditors.

If you wish, he will simply examine your existing system. And if he considers it satisfactory he will certainly say so.

But often he is called in because there is a problem to which he can apply his wide experience of business systems and mechanization. But he won't try to alter your routines just to suit certain machines. Rather, after analyzing your problem, he will suggest the most efficient and practical solution—with real savings in time and money.

If he does recommend any change, he prepares a detailed plan for its execution, and helps you get it running smoothly. He will make sure you always get full benefit from any Burroughs machine you install.

Whatever your business, large or small —if you have an accounting problem, the Burroughs man can help you solve it. Burroughs make the world's widest range of Adding, Calculating, Accounting, Billing and Statistical Machines and Microfilm Equipment. Call in the Burroughs man as soon as you like—you're committed to nothing, and his advice is free. You'll find the number of your nearest Burroughs office in your local telephone book. Burroughs Adding Machine Limited, Avon House, 356-366 Oxford Street, London, W.1.



Here is how one Burroughs man solved a particular problem: For several years the demand for the expanding range of products made by Storeys of Lancaster had been steadily increasing.

This called for a reorganization of their stock records to give more detailed and readily available information, so that production could be planned to meet the growing demand from both home and abroad. But how, without extra staff?

Mr. W. D. Dwyer, the Burroughs man who co-operated with Storeys in meeting their requirements without extra staff, is seen here with one of the Burroughs Sensimatics that made this possible.

FOR SPECIALIST ADVICE ON MECHANIZED ACCOUNTING METHODS
CALL IN THE Burroughs MAN

Correction : In the table on page 1117 of *The Economist* of last week, synthetic yarn and cloth should have been placed in the Administrative category, not in category B.

★

The directors of Albright and Wilson, the chemical manufacturers, have declared an ordinary dividend of 22½ per cent for 1954, compared with 17½ per cent in 1953. The bigger dividend follows on an improvement in net profits, from £710,305 to £863,070.

★

After two weeks or so of stability, transferable sterling resumed its rise in the middle of this week. The New York quotation jumped on Wednesday from $2.76⅛ to $2.76⅛. As the official sterling rate remained virtually unchanged—at $2.79½-$2.79⅝ spot—the discount on transferable sterling narrowed further, falling to slightly under 1 per cent.

★

The world rail speed record was broken twice this week by two French 4,000 hp electric locomotives, each hauling three carriages, which reached speeds slightly over 200 mph on the famous straight level stretch of track south of Bordeaux. These were test runs to study the behaviour of equipment at very high speeds but one of these locomotives has already proved itself on heavy long distance work, covering the 318 miles between Lyon and Paris at just under 80 mph. French Railways pioneered the use of long distance electric trains. The previous record of 151 mph was set up a year ago by another locomotive of the same type.

★

Typhoo Tea announces a sharp fall in profits for the 13 months ended December 31st. Trading profits after depreciation were £565,558, compared with £849,142. The dividend of 15 per cent is equivalent to an annual rate of 16.154 per cent, and compared with 32½ per cent in the previous year before the 100 per cent scrip issue. The 5s. ordinary shares fell 2s. to 19s. after the announcement.

★

The total assets of the Refuge Assurance Company, whose shares are soon to be available to the public, went up by £5.6 million to £138.7 million in 1954. Premium income rose by £404,000 to £17.3 million and net interest receipts by £373,000 to £4.9 million. The valuation of both the ordinary and industrial branches has again been strengthened.

Company Notes

FORD MOTOR. More than one million vehicles rolled off the assembly lines of the British motor industry last year. Ford Motor sold 291,468 of them, exporting 53 per cent of that number ; in 1953 the company sold 234,379 vehicles. The increase in production brought the value of sales up from £105.9 million to £127.3 million and profits before tax from £15.8 million to £19.3 million. Inevitably it was accompanied by an increase in stocks and work in progress—up from £15.8 million to £18.7 million—and in debtors—up from £5.2 million to £8.8 million. Massive appropriations to reserves and an increase in creditors (from £17.4 million to £21.8 million) balanced the increase in working capital and the group's liquid resources went up from £39 million to £45 million. The group will need liquid reserves of this order to finance its £60 million capital development programme, but those needs have not been given priority at the expense of equity shareholders, for their dividend has been raised from 12 to 15 per cent.

Mass production and a close guard on costs and prices account for the success of Ford and explain why there are waiting lists for some of its models and why it has increased its share of the export trade. The chairman, Sir Rowland Smith, gives the explanation in two sentences: "Lower costs, arising from improved manufacturing efficiency and methods, and higher volume, have substantially offset the effect of increased wage rates and materials costs during the year. Further reductions in export prices were made in 1954, and it should be noted that none of our vehicle prices has been increased during the past three years."

What, then, of the future, particularly in overseas markets ? Sir Rowland answers thus: "Provided that inflationary tendencies here are kept under control, and also that our taxation load is brought to a level closer to that of foreign competitors, I am confident that in quality and value we can meet all competition. The going will not be easy ; it is clear that in Europe we are in a period of intense competition when only the most acceptable products, coupled with the most efficient low-cost manufacture, will survive." The air of confidence in that statement will not fail to be noticed by the investors who put Ford's £1 ordinary shares high on the list of motor equities.

★

VAUXHALL MOTORS. The Vauxhall and Ford companies have much in common. They have inherited from their American connections the same attitude towards low-cost, mass production. But there are two essential differences. First, Vauxhall is about half the size of Ford. The second is that while Ford's ordinary shares are quoted, Vauxhall's are owned entirely by General Motors. The dividend of £11,240,000 paid on them has been largely utilised by General Motors in subscribing £9,200,000 for additional shares in Vauxhall, which is a formal way of ploughing back profits.

In selling 130,951 cars and trucks last year, compared with 110,141 vehicles in 1953, Vauxhall strained its production facilities "to the limit" and, like Ford, the company had difficulty in meeting the full requirements of its British customers. In value the company's sales went up from £58.6 million to £66.6 million and profits before tax rose from £9.9 million to £12.4 million. The similarity between Ford and Vauxhall does not end there, for Vauxhall exported 54 per cent of its vehicles, compared with the 53 per cent for Ford. Vauxhall, too, has a massive development programme—designed to double production in the next five years at a cost of £36 million—and so, here too, priority is given to the conservation of financial resources. But unlike Ford, Vauxhall will not be able to finance the programme entirely from its own resources. At the end of last year the company had £16 million in cash and investments, but about half the cost of the programme will have to be financed by borrowings ; the placing of £7½ million of an unsecured loan stock last year and the loan of $4 million from General Motors were the first instalments. The confident assessment of the future of the British motor industry revealed by these capital programmes finds more than one echo in the directors' report. They say, for instance, that there is still a full order book for cars and commercial vehicles in the home market and they characterise the current demand in overseas markets as "very strong."

BRITISH ALUMINIUM. Last May in explaining the abnormally low profits of British Aluminium in 1953, the chairman, Lord Portal, spoke of "planning difficulties in the rolling mills and a serious increase in production costs." In 1954, when the consumption of aluminium increased and when the metal commanded a higher price, the company seems to have overcome these earlier difficulties, restoring its profits to a more normal level. Before tax they amounted to £2,854,407, nearly twice as big as the profit of £1,557,769 returned in 1953.

	Years to Dec. 31, 1953	1954
Consolidated earnings:—	£	£
Trading profit	1,557,769	2,854,407
Depreciation	575,652	631,534
Replacement reserves	100,000	223,240
Taxation	409,127	1,185,153
Net profit	*404,124*	*720,151*
Ordinary dividends	275,000	330,000

There has been a corresponding increase in tax, but net profits have risen from £404,124 to £720,151. That increase provides the justification for an ordinary dividend of 12 per cent, absorbing £330,000. In 1953 the dividend had been cut from this rate to 10 per cent. The bigger dividend took investors by surprise and after its announcement the £1 ordinary stock units immediately gained 3s. 10½d. to 42s. 6d. At that price they offer a yield of £5 13s.

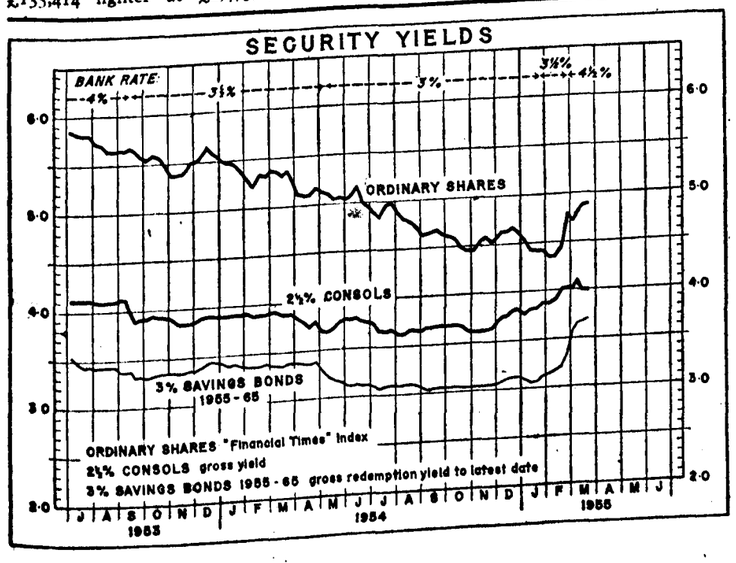
★

BRITISH OXYGEN. British Oxygen, that indispensable handmaiden of the British engineering industry, has again left its ordinary dividend unchanged at 15 per cent. That conservative decision was made in the face of a growth in trade and in profits. The group's trading activities at home and abroad continued to expand ; in particular, the larger overseas subsidiaries are making "an increasing contribution to profits." Those profits before tax advanced in 1954 from £6,322,230 to £6,926,474. Taxes were £135,414 lighter at £2,473,278, thanks presumably to the demise of EPL, and net profits expanded quite vigorously, from £1,479,125 to £1,928,079. The net ordinary dividend absorbs £669,710 from these earnings. On the evidence of these figures any shareholder could be forgiven for feeling restive about the extreme conservatism of the board. The disappointment that follows a blighted hope has been reflected in the fall in the price of the £1 ordinary stock units from 63s. 6d. to 62s., putting the yield at £4 17s. per cent.

	Years to Dec. 31, 1953	1954
Consolidated earnings:—	£	£
Trading profit	6,332,287	6,926,474
Depreciation	2,007,312	2,189,618
Taxation	2,608,692	2,473,278
Net profit	*1,479,124*	*1,928,079*
Ordinary dividends	669,710	669,710
Retained by subsidiaries	485,384	632,154
Retained by parent co..	256,655	558,840

★

THE BRUSH GROUP. The directors of the Brush Group have restored the ordinary dividend to the former rate of 10 per cent, from which it was cut, in 1952, to 4 per cent ; in 1953 it was 6 per cent. The restoration of the 10 per cent came as no surprise, for in the earlier years the company had covered its past and prospective losses in its Indian tube well contracts. With those losses out of the way, the Brush appropriation account has a much healthier appearance, and colour is added to it by more favourable trading in the group's primary business in electrical engineering and diesel engines. In value the group's sales in 1954 went up from £20.8 million to £21 million and the trading surplus rose from £2,069,460 to £2,360,450. Interest payments did not take such a big slice of profits as they did in 1953. Hence net profits rose quite sharply, from £322,230 to £530,032, providing an adequate cover for the equity dividend. After the preliminary announcement the 5s. ordinary units put on 3d. to 8s. 7½d.



LONDON STOCK EXCHANGE

Next Account begins : April 20th
Next Contango Day : April 20th
Next Settlement Day : April 5th

STOCK markets have been thin this week. The absence of almost all the newspapers, the coming of the Budget, the approaching elections and the end of the account all made for restraint. Industrial ordinary shares were moving up before the week-end but immediately after the week-end prices weakened so that on the close on Monday *The Financial Times* ordinary share index was down to 178.4. A rally was staged on the first day of the new account, bringing the index up to 179.9, and prices were still moving up on Thursday. The longer dated gilt edged stocks closed just a fraction down on Monday. Those losses were recovered on Tuesday and later in the week the advance in prices was maintained. Little business was done in foreign bonds at the end of the account but the beginning of the new account brought a little speculative demand for German and Japanese issues. Insurance and banking shares began the week quite well, but made some fractional losses later.

The most pronounced movements, both up and down, in the industrial market took place in the electrical engineering, motor and textile groups. Two of the few stocks that did not take part in the rally were the Unilever issues, on rumours that the Wall Street quotation for the NV units would not be applied for this year. One of the outstanding increases was one of 3s. to 33s. 3d. in Scammell Lorries on "take-over" reports. The beginning of the new account brought the store shares back into favour and Montague Burton went up 2s. 6d. to 37s. 6d.

Oil shares showed losses on Monday but later on a few buyers in a thin market had a disproportionate effect in forcing prices up. Rubber shares were steady, as were tea shares until the new account opened when a few losses were reported. Kaffirs moved uncertainly ; the most erratic movements took place in Free State Geduld. Camp Bird were marked up on the directors' warning to shareholders not to part with their shares.

FINANCIAL TIMES INDICES

1955	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
Mar. 23...	177·6	109·25	4·00	4·93
„ 24...	179·2	109·37	3·98	4·89
„ 25...	179·5	109·52	3·95	4·88
„ 28...	178·4	109·58	3·94	4·91
„ 29...	178·9	109·67	3·94	4·90
„ 30...	179·9	109·86	3·92	4·87
			Total bargains	
1955, High.	197·5	115·97	1955	
	(Feb. 3)	(Jan. 7)	Mar. 23	7,897
„ Low..	175·7	115·97	„ 24	7,581
	(Mar. 15)	(Feb. 24)	„ 25	7,718
1954, High.	184·0	118·10	„ 28	9,395
	(Dec. 31)	(Nov. 18)	„ 29	7,583
„ Low..	131·1	111·78	„ 30	7,219
	(Jan. 1)	(Jan. 5)		

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Mar. 3 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Mar. 23, 1955	Price, Mar. 30, 1955	Net Yield, Mar. 30, 1955 £ s. d.	Gross Yield, Mar. 30, 1955 £ s. d.
97⅞	94 ⅜	Exchequer 2% 1960	95⅛	95⅛	2 2 8	3 1 9
99 ⅛	92⅞	Exchequer 2½% '63-64	93⅛	93⅛	2 4 7	3 9 2/
104¼	98⅛	Exchequer 3% 1960	99⅛	99⅛	1 16 3	3 5 10
102⅛	97	Exchequer 3% '62-63	98⅛	98⅛	1 17 11	3 6 4/
100⅛	96⅞	Serial Funding 2½% 1957	97⅞	97⅛	2 0 6	3 4 1
100 ⅜	99 ⅞	Serial Funding 3% 1955	99 ⅛	99⅛	1 8 7	3 12 2
100⅛	98⅛	War Bonds 2½% '54-56	98⅛	98⅞	2 4 1	3 8 11/
100 ⅛	98	Funding 2½% '52-57	98 ⅜	98⅜	2 0 3	3 8 7/
100 ⅛	97⅛	War Loan 3% '55-59	98 ⅜	98⅛	2 0 2	3 7 2/
100 ⅜	93⅛	Savings Bonds 3% '55-65	94⅛	95⅛	2 3 9	3 11 11/
100⅛	94⅛	Funding 2½% '56-61	95⅛*	95⅛*	2 2 5	3 5 5/
97	89⅛	Funding 3% '59-69	91⅛*	91⅛*	2 6 9	3 15 0/
98⅛	90⅜	Funding 3% '66-68	92⅛	92⅛	2 6 9	3 15 0/
95 ⅜	88	Funding 3½% 1999-2004	93⅛	93⅛	2 6 9	3 15 0/
103⅞	98⅛	Funding 4% '60-90	90⅛	91⅛	2 4 6	3 18 6/
96⅛	87	Savings Bonds 3% '60-70	101⅛	100⅞*	2 1 8	3 16 11/
95 ⅛	87⅛	Savings Bonds 2½% '64-67	90	89⅛*	2 7 1	3 10 10/
105⅛	98	Victory 4% '20-76	100⅞	101⅛	2 2 2	3 18 2/
94 ⅛	85⅛	Savings Bonds 3% '65-75	88	88⅛	2 7 5	3 16 7/
97⅜	90⅛	Consols 4% aft. Feb. '57	94	95⅛	2 6 5	4 4 8/
89 ⅜	79⅛	Conv. 3½% aft. April '61	85⅛*	84⅞*	2 5 4	4 2 6/
103	94⅛	Conv 3½% 1969	97	97⅛	2 2 11	3 15 2
99 ⅜	95	Conv 2½% 1958-59	96⅛	96⅛	2 2 5	3 1 10/
66⅛	59⅛	Treas 2½% aft. April '75	61⅛*	62⅜*	2 3 10	3 19 8/
78⅛	70⅛	Treas 5% aft. April '66	73*	74*	2 4 7	4 1 1/
98⅛	91	Treas 3½% '77-80	92⅛	93⅛	2 5 9	3 19 4/
99 ⅛	91	Treas 3½% '79-81	92⅛	93⅛	2 5 10	3 19 1/
88⅛	78	Redemption 3% '86-96	82*	83*	2 5 9	3 16 5/
88 ⅜	79⅛	War Ln. 3½% aft. Dec. '52	84⅛	85⅛	2 5 5	4 2 9/
66⅛	60	Consols 2½%	62⅞*	63⅛*	2 3 2	3 18 5/
94 ⅛	86	Br. Elec. 3% '68-73	88⅛*	89⅛*	2 7 9	3 16 8/
93 ⅜	85⅛	Br. Elec. 3% '74-77	87⅛	88⅛	2 6 10	3 16 1/
109 ⅛	100⅞	Br. Elec. 4½% '74-79	102⅛*	103⅛	2 2 6	4 0 1c
98 ⅜	91	Br. Elec. 3½% '76-79	92⅞	93⅛	2 5 10	3 19 7/
88 ⅜	79⅛	Br. Trans. 3% '78-88	82⅛	84⅛	2 7 2	3 17 11/
94 ⅜	86⅜	Br. Trans 3% '68-73	88⅛*	89⅛*	2 7 9	3 16 8/
105 ⅛	98⅛	Br. Trans. 4% '72-77	99⅛	101	2 5 6	4 0 2c
88 ⅛	79⅛	Br. Gas 3% '90-95	83⅛	83½*	2 5 10	3 16 3/
102⅛	94⅛	Br. Gas 3½% '69-71	95⅛	96⅜	2 3 3	3 16 1/
105⅜	99	Br. Gas 4% '69-72	101⅛	102	2 1 3	3 17 5c

(c) To earliest date. (f) Flat yield. (l) To latest date. (§) Net yields are calculated after allowing for tax at 9s. 0d in £. * Ex dividend † Assumed average life 11½ years approximately.

Prices 1954 High	Low	Prices, 1955 Jan. 1 to Mar. 30 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Mar. 23, 1955	Price, Mar. 30, 1955	Yield, Mar. 30, 1955 £ s. d.
97⅛	90⅛	94⅛	87⅛	Aust. 3½% '65-69	90¼	90¼	4 3 0/
101⅛	97⅛	101⅛	95⅛	Ceylon 4% '73-75	96¼	96½	4 5 3/
106⅛	98⅛	103⅞	98	N. Zealand 4% '76-78	98¼	98⅝	4 2 3/
79⅛	71⅞	75⅝	66⅛	L.C.C. 3% aft. 1920	70⅛	70⅛	4 5 1
99⅞	95	99	91	Liverpool 3% '54-64	92⅛	92⅛	4 0 0/
87⅛	80⅛	84	75	M.Wtr. 'B' 3% 34-2003	76⅛	76⅛	4 2 6/
104⅛	100	102	100	Agric. Mort. 5% '59-89	101⅛	101⅛	4 11 6c
109⅛	71⅛	102⅛*	91	German 7%	97⅛	98⅛	...
168⅛	102	164	149	German 5½%	152⅛	153½	...
170⅛	152⅛	169⅛	160	Japan 5% 1907	168⅛	170	...
198⅛	167	194⅛	190	Japan 5½% Conv. 1930	193⅛	194½	...

Prices, 1955 Jan. 1 to Mar. 30 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Mar. 23, 1955	Price, Mar. 30, 1955	Yield, Mar. 30, 1955 £ s. d.
		%	%	BANKS & DISCOUNT			
58/6	48/9	5	a	7 b Barclays £1	53/6	52 6	4 11 5
76/7½	64/-	7	a	8 b Lloyds 'A' £5, £1 pd.	65/-	65/-	4 12 4
89/3	79/9	8	a	10 b Midland £1, fully pd.	81 6	81/-	4 8 11
87/-	78/9	8½	a	9½ b N. Prov. 'B' £5 £1 pd.	79 6	79 6	4 10 7
96/10½	87/-	8	a	8 b Westminstr'B'£4,£1½pd.	90 6	89 6	4 9 5
69/-	52/-	7½	a	8½ b Alexanders £1	52 6	52 6	4 15 3c
58/6	49/6	5	a	7 b Nat. Disc. 'B' £1	52/-	52/-	4 12 4
60/-	51/3	5	a	7½ b Union Disc. £1	53/-	52/-	4 16 2
48/10½	39/6	4	a	4 b Barc. (D.C.O.) £1	41 6	40 6	3 19 0
51/9	43/3	7½	a	7½ b Chart. Bk. of India £1	45/ *	44/	6 16 4
				INSURANCE			
17 ⅛	14½	50	a	110 b Leg. & Gen. £1, 5/ pd.	15⅝	15⅝	2 10 4
23⅛	20½	20†	a	45 b Pearl £1, fully pd.	22⅛	22½	5 3 11
46⅛	41⅛	112½†	c	117½† c Prudential 'A' £1	43⅛	43⅛	4 14 7
				BREWERIES, ETC.			
141/-	128/6	10	a	33 b Bass £1	131 3	130/-	6 12 4
29/0½	22/-	25	c	10 a Distillers 4/-	24 6	24 9	4 0 10
49/6	40/3	8	a	15 b Guinness 10/-	45 9	44/-	5 4 7
93/9	81/-	15⅞	b	7 a Whitbread 'A' Ord. £1	83 9	83 9	5 8 3

Prices, 1955 Jan. 1 to Mar. 30 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Mar. 23, 1955	Price, Mar. 30, 1955	Yield, Mar. 30, 1955 £ s. d.
		%	%	STEEL & ENGINEERING			
15	9	17½	b	B.S.A £1	37/3	37/3	4 14 0/
⅝15	9	5½	a	Cammell Laird 5/-	12/3	12/-	6 2 4
...	...	...		Colvilles £1	27/-	27/-	...
...	...	8		Dorman Long £1	25/9	26/9	5 19 8
10	5	5	a	Guest Keen N fold £1	64/9	65/3	4 12 0
...	...	12½	c	Stewart & Lloyds £1	47/6	46/10½	5 6 1
4	2	6½	b	Summers (John) £1	30/6	30 6	6 8 11
4	2	6	b	United Steel £1	31/9	31/9	6 6 0
15	6	2½	c	Vickers £1	37/3	39/3	5 16 6d
				TEXTILES			
4	2	6	b	Bradford Dyers £1	24/-	23/-	8 13 11
12	6	5	a	Brit. Celanese £1	27/3	28/3	6 7 5d
10	5	2½	a	Coats (J. & P.) £1	24/-	24/-	6 5 0d
4	2	4	a	Courtaulds £1	37/3	37/9	4 4 9d
10	4	7½	b	Lancs. Cotton £1	26/9	28 6	8 15 6d
15	6	2½	a	Patons & Baldwins £1	28/9	28/6	7 0 4m
				MOTOR & AIRCRAFT			
6½	6	5½	a	Bristol Aeroplane 10/-	19 4½	19/7½	5 1 11
4	2	8½	b	British Motor 5/-	10 7½	10 7½	5 17 8
10	5	7½	c	De Havilland £1	24/4½	25 3	5 18 10
10	5	10	b	Ford Motor £1	76/3	76/3*	3 18 8
5	3	7½	b	Hawker Siddeley £1	48/9	50/3	4 3 7
25	12	30	c	Leyland Motors £1	40/-	38/9	5 3 3m
12½	6	5	a	Rolls Royce £1	73/9	75/-	3 2 3/
12	6	12	c	Standard Motor 5/-	7/6	7/3	8 5 6
				SHOPS & STORES			
22½	12	10	a	Boots Pure Drug 5/-	27/-	26/9	4 4 1
7½	3	20	b	Debenhams 10/-	40/3	40/3	6 16 9
4	2	15	a	G.U.S. 'A' 5/-	49/6	50/-	3 15 0r
17½	6	5	a	Lyons (J.) 'A' £1	102/6	102/6	4 7 10
45	20	15	b	Marks & Spen. 'A' 5/-	63/-	63/6	2 19 1r
20	10	36½	b	Woolworth 5/-	58/3	58 6	4 5 6d
				OIL			
57½	30	5	a	British Petroleum £1	71 3	73 9	2 6 1s
12	6	7½	a	Burmah £1	106 3	108 9	3 4 4
7½	4	24	a	B.I.C.C. £1	47/-	47 6	4 4 3
6	4	4	a	Brit. Aluminium £1	38 6	42/6	4 14 1
15½	6	5½	a	Brit. Amer. Tob. 10/-	52 -	54/-	5 1 0
		3	a	Canadian Pacific $25	$52½	$53½	5 4 0
14	4½	42½	b	Decca Record 4/-	32 6	32 6	4 12 4r
14	6	4	a	Dunlop Rubber 10/-	28 3	28 6	4 18 3
4	2	8½	b	English Elect. £1	63 9	63 9	3 18 5
12½	6	4½	a	General Elect. £1	52 6	53 9	4 13 0
9	6	4	a	Imp. Chemical £1	40 7½	41 6	4 1 11d
8¼	4	12½	b	Imp. Tobacco £1	62 6	61 6	6 17 10
$2·35	$2·90	5	a	Inter. Nickel n.p.v.	$112½	$115½	4 6 3
7½	3	10	b	London Brick £1	61 3	62 6	5 12 0
6½	3	15½	b	Monsanto Chemicals 5/-	28 6	28 6	3 18 10
5½	3	14½	b	Tate & Lyle £1	63 3	63 3	4 11 3d
7½	3	10	b	Tube Investments £1	77 6	77 6	4 10 4
5	3	17½	b	Turner & Newall £1	100	101 3	4 8 11
9½	6	6	a	Unilever £1	77/6	79/-	3 3 10d
†7½	†4	3	a	United Molasses 10/-	36/-	36/-	6 2 3d
10½	4	2½	a	Cons. Tea & Lands £1	42/-	40 6	8 19 6
1/10½		10	c	London Asiatic Rbr. 2/-	2 0½	2/-	10 0 0
15	6	7½	a	United Sua Betong £1	43 9	45 1½	8 2 4m
				MINES			
20	7⅛	5%	b	Anglo Amer. 10/-	7⅛	7⅛	4 8 2
80	40	120	b	De Beers 5/- Bearer	115/-	116/3*	8 12 0
...	...	...		Free State Geduld 5/-	95 7½	90 7½	Nil
5	3	10	b	Randfontein £1	66 3	65 7½	4 11 5
22	6 8½	24	c	London Tin 4/-	7 6	7 6	12 16 0
200	50	50	a	Rhokana £1	35½*	37½	6 13 3

New York Closing Prices

	Mar. 23 $	Mar. 30 $		Mar. 23 $	Mar. 30 $		Mar. 23 $	Mar. M... $
Batt. & Ohio	43½	42¾	Am. Smelting	46¼	45½	Inter. Paper	89¼	87½
Can. Pac.	29⅜	29	Am. Viscose	46¼	45¼	Nat. Distill.	21⅛	21
N.Y. Cent.	35¼	37⅛	Col. of Am.	23	22	Sears Roebuck	81	81
Pennsyl.	27⅞	26⅛	Chrysler	70	72½	Shell	62½	60½
Amer. Tel.	179¼	179½	Gen. Elec.	50¾	49¼	Std. Oil of N.J.	113½	112
Stand. Gas	11⅜	10⅞	Gen. Motors	94½	93½	U.S. Steel	80	78⅝
United Corp.	6⅜	6⅜	Goodyear	59	58½	Westinghouse	77	76⅜
W. Union Tel.	91	95⅛	Inter. Nickel	63¼	63½	Woolworth	49¼	49⅜

* Ex dividend. † Free of tax. Gross yield. (a) Interim dividend (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 14·4%. (h) Also 4% tax free loans and 50% tax free from capital profits; on 14·8%. (i) On 15½%. (j) On 11½%. (k) On 8%. (l) To latest date. (m) On 10%. (n) On 9½%. (o) On 9%. (p) On 8¼%. (q) On 22% gross. (r) On 37½%. (s) On 22·7% gross. (t) On 12·6%. (u) Interim for 15 months. On 12%. (v) On 7½% (w) On 17½%. (x) On 12½% (y) On 11%. (z) On 8½%. (§) On 20%.

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	This week	Western Europe:	
Production and Consumption	Mar. 12th	Production and Trade	This week
Manpower	Mar. 19th	British Commonwealth	Mar. 12th
External Trade	Mar. 26th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Mar. 19th
Industrial Profits	Jan. 15th	United States	Mar. 26th
		World Trade	Jan. 15th

Prices and Wages

	Unit	1952	1953	1954	1954 Mar. 16	1954 Mar. 23	1954 Mar. 30	1955 Mar. 8	1955 Mar. 15	1955 Mar. 22	1955 Mar. 29
		mid-June									
WORLD PRICES											
Commodity Price Indicator: (1)	1952=100	99	89	99	96	96	97	96	96	96	96
All items	"	99·5	93·2	119·6	117·6	117·4	120·2	101·3	100·1	100·9	100·0
Food	"	98·5	87·0	88·7	85·1	85·8	86·8	88·1	87·2	85·3	85·5
Fibres	"	100 0	80·0	81·5	78·1	79·5	80·8	94·8	94·9	97·5	97·3
Metals	"	96·3	95·9	93·5	89·2	86·7	87·1	97·8	98·7	98·8	99·2
Other items	"										
		Monthly averages			1953	1954		1955			
BRITISH WHOLESALE PRICES		1952	1953	1954	Dec.	Jan.	Feb.	Nov.	Dec.	Jan.	Feb.
Old series:											
All articles	1938=100	323·3	323·5	325·3	321·4	321·2	321·6	326·2	330·8	332·8	333·7
Food and tobacco	"	292·0	314·6	314·6	309·1	309·2	312·5	312·5	322·2	322·5	318·8
Materials used in:	June 30, 1949=100	162·1	146·8	143·5	141·7	140·8	140·3	144·1	146·4	149·2	152·1
Non-food manufacturing	"	149·9	145·7	150·4	147·6	147·1	146·3	154·4	155·8	159·0	163·8
Mechanical engineering	"	165·4	155·2	160·5	157·3	156·3	155·1	166·9	168·3	173·4	183·1
Electrical machinery	"	133·6	130·4	131·4	130·0	130·0	129·7	133·1	133·5	134·2	135·1
Building and civil engineering	"	130·6	128·7	130·7	128·4	128·6	128·5	132·5	133·1	133·7	134·2
House building	"										
Commodities:											
Cotton, raw (2)	"	171·9	140·6	155·0	143·3	144·7	149·7	157·5	157·4	158·1	157·9
Wool, raw	"	147·9	171·1	160·8	167·0	163·6	159·3	140·6	146·6	146·9	151·1
Rubber, No. 1 RSS, one month future	"	282·8	199·1	197·9	173·1	167·5	163·6	244·3	250·8	289·0	290·2
Softwood, imported	"	158·0	144·1	145·0	138·9	140·5	142·0	150·9	152·0	153·6	153·9
Copper, ex-warehouse (3)	"	220·7	217·6	213·4	199·6	195·1	197·3	236·8	240·8	260·0	294·0
UK RETAIL PRICES											
Interim index:	June 17, 1947=100	136	140	143	140	140	140	145	145	146	146
All items	Jan. 15, 1952=100	102·6	105·8	107·7	105·6	105·8	105·8	109·2	109·8	110·2	110·2
Food	"	105·4	111·3	114·2	109·6	110·2	109·5	116·9	118·2	119·2	118·8
All items	1938=100*	221	228	232	227	228	227	235	236	237	237
Food	"	221	233	239	230	231	229	245	248	250	249
Rent and rates	"	122	129	134	131	132	132	135	136	136	136
Clothing	"	259	253	255	255	255	255	254	253	253	255
Fuel and light	"	197	207	216	214	215	216	221	222	223	223
Household durable goods	"	294	286	284	286	285	285	283	283	284	284
Drink	"	255	256	257	257	257	257	257	260	260	260
Tobacco	"	386	387	387	387	387	387	387	387	387	387
Purchasing power of £ (based on all consumer spending)	1938=100	45	44	43	44	44	44	42	42	42	42
UK TERMS OF TRADE (4)											
Import prices:	1954=100	113	100	100	99	98	98	101	103	104	105
All items	"	100	96	100	95	96	97	102	105	105	105
Food, drink and tobacco	"	123	102	100	100	99	99	101	101	102	103
Basic materials	"										
Export prices:		105	103	100	100	100	100	100	100	100	101
All items	"	105	103	100	100	100	100	100	100	100	101
All manufactures	"	105	102	100	101	101	99	99	98	100	100
Metals	"	98	100	100	100	100	100	101	100	101	101
Engineering products	"	110	98	100	100	100	99	97	98	100	104
Textiles (excluding clothing)	"										
Terms of trade:		108	98	100	99	98	98	101	103	104	104
Ratio of import to export prices	"										
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	100·0	77·5	86·1	71·5	71·9	77·6	110·4	115·5	115·1	119·8
UK WAGES											
Weekly wage rates:	June 30, 1947=100	130	136	142	138	139	139	144	144	146	146
All workers	"	129	134	140	136	137	137	142	142	144	144
Men	"	133	140	146	143	143	143	148	148	151	151
Women	"										
Weekly earnings: (5)											
All workers	s. d.	151 11	160 1	171 9	...	...	...	...	...	...	...
Men	"	178 6	189 2	204 5	...	...	...	...	...	...	...
Women	"	96 4	102 5	108 2	...	...	...	...	...	...	...
	Oct., 1938=100	285	301	323	...	...	...	...	...	...	...
All workers	"	259	274	296	...	...	...	...	...	...	...
Men	"	296	315	333	...	...	...	...	...	...	...
Women	"										

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

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION (1) (1948 = 100)												
1938	118	82	78	90	193	132	76	101	89	81	67	64
1953	184	114	121	127	251	193	143	161	144	140	111	149
1954	...	...	129	139	280	236	...	...	157	149	115	...
1954, August	213	122	130	110	271	256	149[3]	148	150	146	114	...
" September	237	126	139	141	296	245		186	164	160	121	...
" October	226	151	136	144	306	253	...	189	167	159	122	...
" November	...	130	140	150	321	251	...	178	170	161	126	...
" December	...	...	151	149	309	259	...	...	173	149	124	...
VALUE OF EXTERNAL TRADE (2)												
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	'000 mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. £T.
IMPORTS (c. i. f.)												
1938	50	1,922	135	3·84	505	1·2	3·45	0·94	118	99	174	12·5
1953	1,106	10,094	573	121·52	1,334	592·6	15·28	124·75	738	543	680	124·3
1954	1,416	10,500	669	126·84	1,611	...	14·94	125·05	...	606	766	111·6
1954, August	1,358	10,251	631	116·51	1,519	885·2	11·84	109·36	872	545	718	78·9
" September	1,384	11,256	677	117·57	1,714	873·3	15·46	112·98	890	607	771	107·2
" October	1,630	10,823	750	114·46	1,848	802·6	14·66	126·96	947	698	816	99·9
" November	1,758	10,602	698	125·03	1,947	1,019·8	15·87	129·58	954	698	843	108·7
" December	2,108	11,200	719	131·89	2,036	...	15·50	134·12	...	689	910	119·1
EXPORTS (f. o. b.)												
1938	30	1,806	128	2·55	468	0·9	2·02	0·88	87	65	154	12·1
1953	1,099	9,414	508	117·24	1,544	282·1	9·50	77·50	672	303	638	92·4
1954	1,320	9,500	546	126·03	1,837	...	9·53	85·23	...	347	685	78·2
1954, August	1,342	8,723	536	116·50	1,839	141·9	10·04	79·07	702	319	626	37·6
" September	1,364	9,055	557	114·26	1,842	364·8	12·25	84·09	763	336	716	62·4
" October	1,396	10,489	562	129·71	1,982	588·1	10·62	86·11	870	374	772	86·2
" November	1,363	10,869	620	138·49	2,025	814·2	10·55	113·28	886	337	748	108·8
" December	1,528	10,700	598	146·66	2,303	...	12·10	91·04	...	405	812	124·8
BALANCE												
1938	− 20	− 116	− 7	− 1·29	− 37	− 0·3	− 1·43	− 0·06	− 31	− 34	− 20	− 0·4
1953	− 7	− 680	− 65	− 4·28	+ 210	− 310·5	− 5·78	− 47·25	− 66	− 240	− 42	− 31·9
1954	− 96	− 1,000	− 123	− 0·81	+ 226	...	− 5·41	− 39·82	...	− 259	− 81	− 33·4
1954, August	− 16	− 1,528	− 95	− 0·01	+ 320	− 743·2	− 1·80	− 30·29	− 170	− 226	− 92	− 41·3
" September	− 20	− 2,201	− 120	− 3·31	+ 128	− 508·5	− 3·21	− 28·89	− 127	− 271	− 55	− 44·8
" October	− 234	− 334	− 188	+ 15·25	+ 134	− 213·5	− 4·04	− 40·85	− 77	− 324	− 44	− 13·7
" November	− 395	+ 267	− 78	+ 13·46	+ 78	− 205·6	− 5·32	− 16·30	− 68	− 361	− 95	+ 0·1
" December	− 580	− 500	− 121	+ 14·77	+ 267	...	− 3·40	− 43·08	...	− 284	− 98	+ 5·7
VOLUME OF EXTERNAL TRADE (4) (1948 = 100)												
IMPORTS												
1938	266	93	118	...	249	...	79	88	118	100	94	91
1953	207	126	169	119	271	...	111	172	156	141	118	217
1954	285	...	...	129	341	...	...	...	...	...	134	221
1954, August	276	134	206[5]	119[5]	318	...	103	155	192	148	130[5]	146
" September	293	148			357	...	108	159	199	166		165
" October	359	142	...	129	394	...	104	181	208	184		177
" November	385	134	...	133	408	...	111	...	213	184	151	214
" December	437	...	...	140	430	...	...	...	...	...		210
EXPORTS												
1938	147	110	139	...	530	...	136	119	156	123	111	107
1953	270	151	205	209	783	...	183	149	292	144	145	182
1954	330	...	...	242	970	...	...	...	...	...	158	172
1954, August	328	162	221[5]	225[5]	974	...	193	152	324	149	160[5]	78
" September	337	158			983	...	240	164	356	167		137
" October	350	182	...	259	1,057	...	208	163	399	172		178
" November	346	185	...	279	1,079	...	206	...	394	160	180	214
" December	383	...	...	293	1,222	...	...	...	...	...		250

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark and Greece exclude mining; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland which covers general trade with exports seasonally adjusted. Belgium includes Luxemburg. (3) Average of third quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended March 26th there was an "above-line" deficit (after allowing for Sinking Funds) of £1,546,000 compared with a deficit of £39,245,000 in the previous week and a surplus of £4,884,000 in the corresponding period of last year. This brought the cumulative account to a surplus of £454,512,000 (compared with a surplus of £150,292,000 in 1953-54). Net expenditure "below-line" last week reached £32,944,000, bringing the total cumulative deficit to £49,562,000 (compared with a deficit of £283,229,000 in 1953-54).

£'000	Estimate, 1954-55	April 1, 1953 to Mar. 27, 1954	April 1, 1954 to Mar. 26, 1955	Week ended Mar. 27, 1954	Week ended Mar. 26, 1955
Ord. Revenue					
Income Tax	1800,000	1721,873	1851,656	50,977	62,821
Sur tax	132,000	130,900	132,100	4,500	4,200
Death Duties	164,375	162,700	185,800	4,200	3,600
Stamps	55,000	55,800	73,270	1,200	1,500
Profits Tax & E.P.T.	172,000	186,400	170,400	5,200	3,500
Excess Profits Levy	60,000	65,550	75,350	2,400	700
Special Contribution and other Inland Revenue	1,000	1,390	1,280	70	100
Total Inland Rev.	2384,375	2324,613	2489,856	68,547	76,221
Customs	1062,500	1037,945	1085,217	18,317	19,302
Excise	719,000	719,765	767,017	8,725	8,830
Total Customs and Excise	1781,500	1757,710	1852,234	27,042	28,132
Motor Duties	77,000	73,115	78,588	310	...
PO (Net Receipt)	...	4,320	7,820	661	1,000
Broadcast Licences	21,000	15,050	20,100	...	...
Sundry Loans	24,000	38,014	23,024	79	...
Miscellaneous	245,000	135,903	193,315	25,076	6,302
Total	4532,875	4348,725	4664,936	121718	111655
Ord. Expenditure					
Debt Interest	570,000	582,169	570,030	3,145	3,146
Payments to N. Ireland Exchequer	51,000	50,064	50,191	2,568	2,839
Other Cons. Fund	10,000	9,137	8,603	125	113
Supply Services	3859,739	3521,508	3545,793	110784	106813
Total	4490,739	4182,878	4174,617	116621	112911
Sinking Funds	36,000	35,555	35,807	210	290
"Above-line" Surplus or Deficit		150,292	454,512	4,884	1,546
"Below-line" Net Expenditure*		433,521	504,074	9,902	32,944
Total Surplus or Deficit*		283,229	49,562	5,018	34,490
Net Receipts from:					
Tax Reserve Certificates		45,951	3,592	2,421	5,165
Savings Certificates		19,050	45,850	50	900
Defence Bonds		38,088	21,290	708	873

* Since end September the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at March 26th this item stood at £43,800,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
Dec. 31	4,491·4		327·9	...	4,819·4
1955					
Jan. 18	3,440·0	1,727·1	262·2	...	5,429·3
" 31	3,420·0	1,823·5	263·4	...	5,505·9
Feb. 8	3,400·0	1,771·4	264·7	...	5,436·0
" 15	3,350·0	1,719·2	260·4	...	5,330·0
" 22	3,310·0	1,662·7	262·3	...	5,235·0
" 29	3,270·0	1,642·2	243·2	...	5,155·4
Mar. 8	3,240·0	1,575·9	236·8	...	5,052·7
" 12	3,190·0	1,557·1	251·8	...	4,998·9
" 19	3,160·0	1,674·1	286·4	...	5,120·4
" 26	3,150·0	1,691·5	268·0	...	5,109·5
Apr. 5	3,160·0	1,709·4	286·2	...	5,123·9
" 12	3,170·0	1,710·8	274·6	...	5,155·4
" 19	3,180·0	1,731·3	297·4	...	5,208·7
" 26	3,180·0	1,741·5	329·1	...	5,250·6

THE MONEY MARKET

Despite increasing applications at the tenders for Treasury bills the rate continues to hold firm. Last Friday applications rose by £25 million to £410.2 million, the highest this year; the offer was up by only £10 million, to £280 million, so that the proportion of the market's requirements to be allotted fell from 56 per cent to 51 per cent. The discount houses maintained their bid unchanged at £99 1s. per cent for the fifth successive tender; credit conditions had indeed turned slightly easier on the preceding days, but the authorities continued to keep a firm hand on the credit reins.

Market supplies of credit became more plentiful over the week-end. On Monday again acute stringency returned, and despite considerable special purchases one or two houses were "in the Bank" for small amounts. On Tuesday market supplies of credit were adequate, but moderate official aid was needed again on Wednesday. May and June maturities have changed hands between 3⅛ per cent and 3 3/32 per cent.

In the London foreign exchange market sterling has remained almost unchanged during the week, at $2.79½-$2.79⅜ spot, and gold has fluctuated only narrowly, rising on Tuesday by ½d. to 251s. 0½d. per fine ounce. But transferable sterling rose sharply on Wednesday; the New York rate jumped from $2.76⅜ to $2.76⅛.

The Bank return shows an outflow of £13 million.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	3⅝
Banks	2½	3 months	3⅝
Discount houses	2½*	4 months	3⅝–3½
Money Day-to-day	2½–3½	6 months	3½–4
Short periods	2½–3	**Fine trade bills:**	
Treas. bills 2 months	3⅜	3 months	4⅛–4¼
3 months	3⅜	4 months	4⅛–4¾
		6 months	4⅛–5⅛

*Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	Mar. 31	Mar. 23	Mar. 30
Issue Department:*			
Notes in circulation	1,576·9	1,683·3	1,696·3
Notes in banking dept.	48·5	42·1	29·1
Govt. debt and securities*	1,621·7	1,721·3	1,721·2
Other securities	0·8	0·7	0·8
Gold coin and bullion	2·9	3·4	3·4
Banking Department:			
Deposits:			
Public accounts	30·6	19·1	11·7
Treasury special account	1·0	3·0	4·1
Bankers	262·7	272·3	276·7
Others	72·9	65·4	66·4
Total	367·2	358·8	357·9
Securities:			
Government	303·4	308·8	312·7
Discounts and advances	15·2	8·6	16·1
Other	15·9	15·6	16·2
Total	334·5	333·0	345·0
Banking department reserve	51·3	44·5	31·5
	%	%	%
"Proportion"	13·9	12·3	8·8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced from £1,775 million to £1,725 million on January 20, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate* %
1954						
Mar. 26	270·0	405·2	270·0	42	3·62	52
Dec. 24	270·0	382·4	270·0	36	11·56	62
" 31	260·0	373·5	260·0	37	3·82	66
1955						
Jan. 7	230·0	375·5	230·0	38	4·29	43
" 14	230·0	344·1	230·0	38	11·97	61
" 21	220·0	351·2	220·0	40	3·46	51
" 28	210·0	376·8	210·0	46	7·33	32
Feb. 4	220·0	387·4	220·0	46	3·17	39
" 11	230·0	363·0	230·0	46	3·57	60
" 18	250·0	366·9	250·0	46	3·97	60
" 25	260·0	381·9	260·0	75	5·32	50
Mar. 4	260·0	390·7	260·0	75	8·93	50
" 11	270·0	393·9	270·0	76	0·65	61
" 18	270·0	385·2	270·0	75	11·64	56
" 25	280·0	410·2	280·0	75	11·21	51

* On Mar. 25th tenders for 91 day bills at £99 1s. 0d. secured about 51 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £270 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates March 30	Market Rates: Spot March 24	March 25	March 26	March 28	March 29	March 30
United States $	2·78-2·82	2·79½-2·79¾	2·79⅝-2·79¾	2·79⅝-2·79⅞	2·79½-2·79⅞	2·79½-2·79⅞	2·79½-2·79⅞
Canadian $	...	2·74½-2·74⅝	2·74⅜-2·74⅝	2·74⅝-2·74⅞	2·74⅝-2·74¾	2·74⅝-2·74¾	2·74⅝-2·74¾
French Fr.	972-65-987-35	977½-977¾	977½-977¾	977½-977¾	977¾-977⅞	977½-978	977½-978
Swiss Fr.	12·15⅝-12·33⅝	12·27½-12·28¼	12·27½-12·28¼	12·27½-12·28¼	12·28-12·28¼	12·28¼-12·28¾	12·28¼-12·28¾
Belgian Fr.	138·95-141·05	139·67½-139·72½	139·85-139·90	139·90-139·95	139·80-139·85	139·95-140·00	139·95-140·00
Dutch Gld.	10·56-10·72	10·63½-10·63¾	10·63¾-10·64	10·63¾-10·64	10·64-10·64½	10·64½-10·65⅛	10·64⅜-10·65⅛
W. Ger. D-Mk.	11·67⅛-11·84⅛	11·79½-11·80	11·79½-11·80	11·79½-11·80	11·79½-11·80	11·79½-11·80⅛	11·80-11·80⅛
Portuguese Esc.	79·90-81·10	80·00-80·25	80·00-80·35	80·00-80·35	80·10-80·50	80·10-80·20	80·10-80·20
Swedish Kr.	14·37½-14·55⅝	14·54⅝-14·55⅛	14·55-14·55⅛	14·55-14·55⅛	14·54⅝-14·55⅛	14·54⅝-14·55⅛	14·54⅝-14·55⅛
Danish Kr.	19·29½-19·43½	19·39½-19·39⅝	19·39½-19·39⅝	19·39½-19·39⅝	19·39½-19·39⅝	19·39½-19·39⅝	19·39½-19·39⅝
Norwegian Kr.	19·85-20·15	20·01¼-20·01⅜	20·01¼-20·01⅜	20·01¼-20·01⅜	20·01¼-20·01⅜	20·01¼-20·01⅜	20·01¼-20·01⅜
One Month Forward Rates							
United States $		⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm
Canadian $		⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm
French Fr.		Par-1 dis	Par-1 dis	Par-2 dis	Par-1 dis	Par-1 dis	Par-1 dis
Swiss Fr.		2⅛-2¼c. pm	2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm
Belgian Fr.		⅜-½ pm	⅜-½ pm	⅜-½ pm	⅜-½ pm	⅜-½ pm	⅜-½ pm
Dutch Gld.		2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm
W. Ger. D-Mk.		1⅛-1pf. pm	1⅛-1pf. pm	1⅛-1pf. pm	1⅛-1pf. pm	1⅛-1pf. pm	1⅛-1pf. pm
Swedish Kr.		10 pm-par	10 pm-par	10 pm-par	10 pm-par	10 pm-par	10 pm-par
Danish Kr.		Par-20 dis	Par-20 dis	Par-20 dis	Par-20 dis	Par-20 dis	Par-20 dis
Norwegian Kr.		10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis	10 pm-10 dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/1	251/1	...	251/–	251/0½	251/0½

THE

STANDARD BANK

OF SOUTH AFRICA LIMITED

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

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

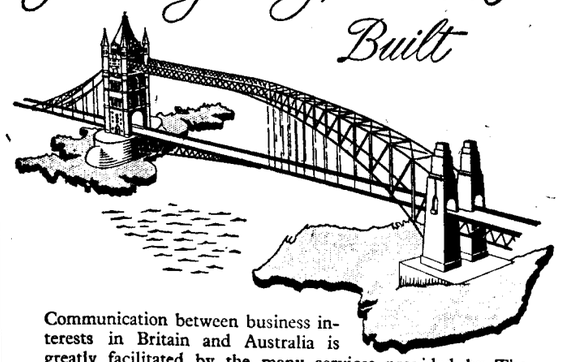
10 CLEMENTS LANE, LOMBARD STREET and 77 KING WILLIAM STREET, LONDON, E.C.4.

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

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

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

The Bridge the "National" Built



Communication between business interests in Britain and Australia is greatly facilitated by the many services provided by The National Bank of Australasia Ltd.
In addition to providing a full range of financial facilities the Bank undertakes industrial surveys, supplies economic information and helps with business introductions. If you deal, or are thinking of dealing with Australia, the Information Department of its London Office can smooth your way.

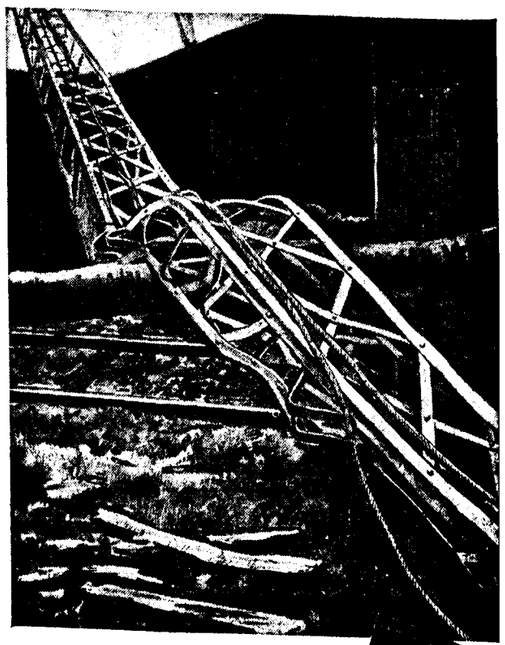
THE NATIONAL BANK OF AUSTRALASIA LIMITED
(Incorporated in Victoria)

Your best introduction to Australia

Head Office: 271-279 Collins Street, Melbourne
London Office: 7 Lothbury, EC2

Over 750 Branches throughout Australia — *Assets £271 Million*

SOMEBODY JIBBED AT THE OVERHAUL



WHEN the derricking clutch of this electric derrick crane broke, the jib, no longer under control, crashed with considerable damage to the owner's property.

What **Vulcan** *say about it . . .*

This was as much a human as a mechanical failure, for a complete dismantled thorough examination of the crane by a certain date had been most earnestly advised, and this was overdue.

What Vulcan insure, Vulcan inspect. With their highly specialised knowledge, Vulcan's engineer-surveyors spot accidents before they happen, and give the necessary warning. Boilers and steam engines, electrical apparatus, pressure and vacuum vessels, cranes, lifts and hoists — these all need Vulcan's specialised insurance — and the specialised inspection that it implies.

THE Vulcan *BOILER & GENERAL INSURANCE CO. LTD*
67 King Street, Manchester 2

FREE
For news of industrial accidents and ways to avoid them, ask us for "Vulcan"—a Quarterly Journal for Power users. Please write to Dept. 17.



ALLIANCE

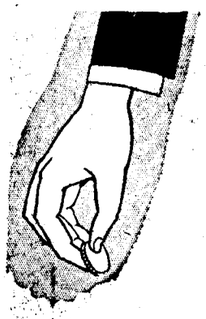
ASSURANCE COMPANY LIMITED

Head Office:
BARTHOLOMEW LANE, LONDON, E.C.2
Established 1824

The Finest Service
for
All Classes of Insurance

REPRESENTATION THROUGHOUT THE UNITED KINGDOM THE BRITISH COMMONWEALTH AND ELSEWHERE ABROAD

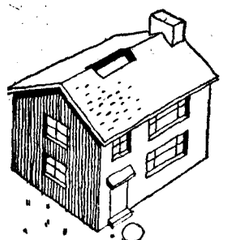
The Company undertakes the duties of Executor and Trustee



A Good Return for your money . .

2½% DEPOSIT — 2¾% SHARE

Society paying income tax – calculated half-yearly. No expenses on investment or withdrawal.



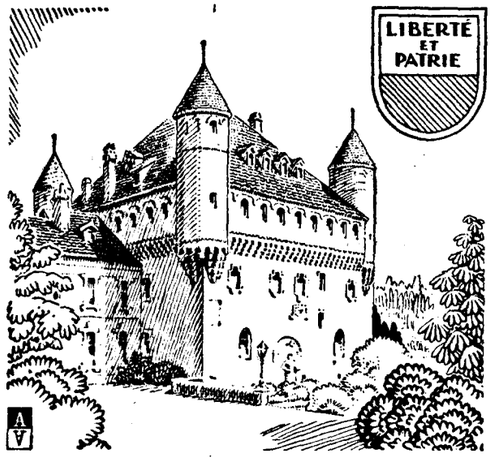
Write for particulars
GRAYS BUILDING SOCIETY
Established 1880
22 NEW ROAD, GRAYS. ESSEX

Branch Offices:
31 Linton Rd., Barking, Essex, and 4 Wheeler Gate, Nottingham (Mr. C. O. Day)

Assets : £2,000,000
Reserves : £76,000

Perhaps you didn't know that

LAUSANNE



seat of the Federal Court of Justice, boasts of a 22 storied skyscraper plus roof-restaurant, which is in strange contrast to the lovely Burgundian Gothic Cathedral, and the mediaeval Piedmontese style Castle of St. Maire ?

But everybody knows

that Lausanne, famous for its University and educational establishments, patronised by Kings and commoners from the corners of the earth, is also an important holiday resort and centre of commerce.
The Lausanne Branch of the Union Bank of Switzerland is always prepared to give prompt and efficient service.

UNION BANK OF SWITZERLAND

HEAD OFFICE : ZURICH, Bahnhofstrasse 45

UNION DE BANQUES SUISSES
SCHWEIZERISCHE BANKGESELLSCHAFT
OVER 30 BRANCHES THROUGHOUT SWITZERLAND

Capital, fully paid	**Swiss Francs**	**90,000,000**
Reserves	**Swiss Francs**	**72,000,000**
Total Assets	**Swiss Francs**	**2,166,708,823**

Cable Address for all Offices and Branches :
BANKUNION

A pamphlet to answer your questions about

Carrying on Business in

Canada

Now available, this pamphlet provides pertinent information on

INCORPORATION OF COMPANIES
CORPORATION INCOME TAXES
PROVINCIAL INCOME AND CAPITAL TAXES
PERSONAL INCOME TAXES
LICENSING AND REGISTRATION OF BRANCHES
DISTRIBUTION OF CORPORATION INCOME
UNEMPLOYMENT INSURANCE
WORKMEN'S COMPENSATION
SUCCESSION DUTIES, ETC.

Copies are free. Apply to either of our London offices. Ask for '*Memorandum Relating to Carrying on Business in Canada*'.

6 Lothbury, EC2 · 2 Cockspur St, SW1

THE ROYAL BANK OF CANADA

CANADA'S LARGEST BANK

Incorporated with limited liability in Canada in 1869

INTERNATIONAL COMBUSTION (HOLDINGS) LIMITED

Annual Report and Accounts of the Group for 1953-54

INTERNATIONAL COMBUSTION LTD
Complete Steam Raising Plants for Electric Power Stations and for other purposes in Great Britain.

INTERNATIONAL COMBUSTION PRODUCTS LTD.
Mechanical Stokers, Pulverising Mills, Feeders and Burners for all Steam Raising Equipment. Material Handling Equipment, Vibrating, Screening and Filtering Equipment, etc., for sale in Great Britain.

INTERNATIONAL COMBUSTION (EXPORT) LTD.
All products of the Group for sale abroad.

RILEY STOKER CO. LTD.
Mechanical Stokers for small installations, Syntron Vibratory Equipment.

1952-3	PRINCIPAL FEATURES	1953-4
£		£
496,109	Net Profit for Year after Taxation and Minority Interests	629,004
4,837	Preference Dividend	—
211,033 (20%)	Ordinary Dividend	4,950 (25%) 263,792
280,239	Net Profit retained in the Group for Development, Expansion and Contingencies	360,262
496,109		629,004
2,526,338	Net Current Assets before providing for future taxation	2,872,608
1,167,834	Fixed Assets (*less* depreciation)	1,042,685
284,837	Investments at Cost, *less* provision	434,815
3,979,009	Total Capital Employed	4,350,108

EXTRACTS FROM THE CHAIRMAN'S REVIEW

The profit after taxation is considerably higher than in the previous year due to cessation of Excess Profits Levy at 31st December, 1953.

The order book maintains a steady level, but may fluctuate in future owing to probable increases in size of Steam Raising Plants.

The output of the Group for the period was well maintained.

The Associated Companies in South Africa, Australia and India continue to make good progress, but competition from other countries is tending to become intense.

Attention is being given to the question of the generation of steam by the use of Nuclear Energy.

Tribute is paid to the work of the Management, Staff and Workpeople.

A secure future encourages *Efficiency*



No worker can put his best into his job if he is worried about the future. The mental burden of provision for himself and his dependants is often a deterrent to efficiency, and although the Welfare State has removed the fear of actual want, it cannot hope to dispel all the financial worries which so often harass those who have retired.

Today it is noticeable that firms with the highest proportion of contented workers are those which have made provision for their employees by operating Pension and Life Assurance schemes, such as those underwritten by the "Legal and General". Cost is met year by year and the employer's contribution is treated as a business trading expense by the Inland Revenue. The resulting dividends of increased efficiency and greater harmony compensate time and again for the relatively small expense incurred.

Write today for full information and advice on Pension and Life Assurance Schemes.

LEGAL & GENERAL

ASSURANCE SOCIETY LTD

CHIEF ADMINISTRATION: *188 FLEET STREET, LONDON, E.C.4*

NOTICES

AUSTRALIA—UNIVERSITY OF SYDNEY

Applications are invited for the position of NUMERICAL ANALYST to supervise the use of SILLIAC, a high-speed electronic digital computer at present under construction in the School of Physics. The appointee will be expected to carry out original work in numerical analysis and in methods of use of high-speed computers, to supervise the work of research students and others who may be writing programmes for SILLIAC, to accept responsibility for enlarging and improving an existing programme library, and to give courses of lectures on numerical analysis and programming techniques.

The salary range will be either £A1,100-£A1,450 per annum, or £A1,500-£A1,750 per annum, according to qualifications, with annual increments of £A50. The salary will be subject to superannuation deductions.

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in Australia and London, is April 23, 1955.

AUSTRALIA—UNIVERSITY OF SYDNEY

Applications are invited for the position of LECTURER IN ECONOMIC STATISTICS.

Salary for the Lecturer will be within the range of £A1,100-£A1,450 per annum, with annual increments of £A50. The salary is subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful candidate.

Finance available for home purchase under Staff Members' Housing Scheme

Further particulars and information as to the method of application may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in Australia and London, is April 16, 1955.

WESTERN REGIONAL PRODUCTION DEVELOPMENT BOARD OF NIGERIA

INDUSTRIAL MANAGER

The Board is a public corporation responsible for promoting the economic development in the Western Region. Its total assets exceed £10 million.

The Board invites applications for the post of Industrial Manager who will be responsible for advising on industrial policy, investigating industrial projects and supervising the operation of industrial schemes in which the Board is interested.

Candidates should possess a University degree or comparable professional qualification and have had considerable management and industrial experience. Normal age limit 30 to 40 years. Salary to be paid will depend upon the qualifications and experience of the successful candidate and will be in the range of £2,500 to £3,000 per annum.

Applications, giving full details of qualifications and experience, should be addressed to Messrs Binder, Hamlyn & Co., 121 Queen Victoria Street, London, E.C.4 (giving names of three references), to reach them not later than April 30, 1955.

MARKET RESEARCH

Woman Statistician, with some experience of consumer market research, to initiate this activity in a company selling special equipment directly to private users through a team of full-time representatives covering the British Isles. A continuous check is required on the effectiveness of advertising and "follow up," with sample surveys and the general presentation of statistical information to the management. This position offers scope for a person with imagination and enough knowledge in this field to be self-propelled. —Box 886.

MALAYA, BRITISH BORNEO

Director, marketing and publicity expert, leaving May 27th on two-month tour Malaya, Singapore, Sarawak, Brunei, North Borneo, willing to undertake market investigation, visit agents, etc.—Box 883.

AN INTERESTING PROFESSIONAL APPOINTMENT will shortly be made for the first time as Deputy to the Director of courses in advanced Executive training and Development in the London area. Applicants, who should be Graduates with wide executive experience in Industry and of about 40 years of age, must have good knowledge of more than one of the following fields: Industrial Engineering; Industrial Psychology; Operational Research and Statistical work; Work Study and Management Training. The successful applicant will be required to assist in the preparation of Courses in some of these subjects, as appropriate to his special experience, and to lecture on them; therefore lecturing skill will be of importance. The salary will be of the order of £1,900, but for exceptional qualifications this is not an upper limit. Full details will be supplied to candidates whose preliminary application seems to be suitable.—Apply to Box 882.

MARKETING RESEARCH. A well-known industrial Company invites applications to fill an appointment involving responsibility for that part of the marketing research function concerned with consumer and retailer research. A good honours degree in Economics with statistics is an essential qualification. Candidates must have extensive knowledge and experience of the techniques of sampling and the organisation and control of consumer surveys. This is a senior post giving ample scope for experimentation in new methods and the imaginative development of existing techniques. An attractive starting salary will be paid and in certain circumstances housing assistance may be available.—Box 885.

A FIRM of stockbrokers with a mainly institutional business has an opening for a qualified accountant (preferably a graduate), age below 35, with good experience in industry. Commencing total remuneration of about £1,500 per annum. Initially the work would be of a "research" character, but the right man would have considerable freedom to work out his own contribution to the firm, with corresponding rewards.—Replies to Box 887.

A QUALIFIED ACCOUNTANT required by national trade association to train for a business consultancy service. Salary according to qualifications and aptitude for the post. Write, with full particulars of age, qualifications and practical experience.—Box 888.

BUSINESS EFFICIENCY CONSULTANT required by national agricultural trade association. Salary range £1,000-£1,500. State age and details of qualifications and experience.—Box 889.

GOVERNMENT OF THE UNION OF SOUTH AFRICA

DEPARTMENT OF THE INTERIOR

1. Applications are invited from suitably qualified persons for appointment under contract for three years, renewable for a further period, to the Public Service of the Union of South Africa for the posts of:—

2. Assistant Professional Officer. Salary scale: £450 x £30—£540 x £48—£780 (temporary minimum £480 per annum). In addition to the above, married persons will be paid a Cost of Living Allowance of £234 per annum.

3. *Minimum qualification required:* Applicants must be under 30 and must have a University degree or diploma equivalent to a South African University degree with advanced courses in mathematics, economy and accounting. Candidates with Masters' Degree will start on £510 per annum notch and candidates with Masters' Degree plus doctorate will start at the £540 per annum notch. Previous experience will be considered in fixing commencing salary.

4. Successful applicants will be employed on general duties relating to Statistics, finance, accounting, industrial economy, political economy, traffic, etc.

5. *Conditions of Employment* will in the first place be governed by the terms of the Contract and the Public Service Regulations. Successful applicants will be required to acquire within a reasonable time a knowledge of the Afrikaans language.

6. *Transport Expenses* from place of residence to place of employment (3rd class rail in United Kingdom, tourist, cabin or cheapest first class boat to South Africa, whichever is available, and 1st class rail in South Africa) including excess baggage to a maximum of 150 lb per adult and 75 lb per child, and similar return passage on satisfactory completion of Contract, will be paid by the Union Government.

7. *Applications in writing*, giving full details of qualifications and previous experience, should be addressed to Room 102, South Africa House, Trafalgar Square, London, W.C.2, not later than April 23, 1955.

MARKETING

BEECHAM FOODS LIMITED invite applications for the post of MARKETING ADVISORY MANAGER. This is a high level position, reporting to the Marketing Director, and the person selected will be responsible for giving expert marketing advice and service on all the brands produced by the Food Company. Candidates should have wide experience of marketing consumer goods through the grocery and allied trades. In particular they should have experience in fields of media selection, promotion, merchandising and market research. They should also have outstanding personal qualities of initiative, imagination, energy and leadership.

This appointment offers maximum scope for promotion and remuneration. Only men who are already earning at least £2,000 per year should apply. The actual salary paid could be considerably above that figure. Group pension and profit participation schemes are in operation. Applications will be treated in strict confidence. They should include full details of past experience and personal history, and should be sent to the Personnel Director, Beecham Foods Limited, Great West Road, Brentford, Middlesex.

SENIOR SCIENTIFIC OFFICERS; SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for pensionable appointments. Applications may be accepted up to December 31, 1955, but early application is advised as an earlier closing date may be announced. Interview Boards will sit at frequent intervals. The Scientific posts cover a wide range of scientific research and development in most of the major fields of fundamental and applied science. In biological subjects the number of vacancies is small: individual vacancies exist for candidates who have specialised in palaeobotany, foraminifera, malacology and lichenology.

Candidates must have obtained a university degree with first or second class honours in an appropriate scientific subject (including engineering) or in Mathematics, or an equivalent qualification; or possess high professional attainments. Candidates for Senior Scientific Officer posts must in addition have had at least three years' post-graduate or other approved experience.

Candidates taking their degrees in 1955 may apply before the result of their degree examination is known.

Age Limits: Senior Scientific Officers, between 26 and 31, but specially suitable candidates under 26 may be admitted. For Scientific Officers between 21 and 28 during 1955 (up to 31 for permanent members of the Experimental Officer class). Salary (London) Senior Scientific Officers: men, £1,010-£1,185; women, £875-£1,060. Scientific Officers: men, £492-£885; women, £492-£780. Somewhat lower rates in the provinces.

Further particulars from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S53/55 for Senior Scientific Officers and S52/55 for Scientific Officers.

ROYAL MINT has a vacancy to be filled as Scientific Officer or Senior Scientific Officer according to qualifications and experience. Candidates must have first or second class honours degree in Metallurgy, or in Physics and Chemistry if with metallurgical experience. The general qualifications and conditions are as set out in the main advertisement above. Candidates for this post should quote S4424/53/55 and the closing date for applications is April 30, 1955.

BRITISH NYLON SPINNERS, LTD., Pontypool, has a vacancy in the LIBRARY AND INFORMATION SECTION, the chief duties of which consist of the collecting and indexing of published information, largely of a commercial nature, and the provision of an information service in this field. Qualifications in Economics, Commerce and Statistics are essential, and it will be an asset if candidates can offer previous experience of a similar nature gained in the Library of a financial or commercial organisation. This is a responsible position, with scope for future development.—Apply, in writing, to Personnel Manager.

ORGANISATION and Methods Officer required by well known North Midlands Electrical Engineering Company. This is a senior position and the man appointed will be immediately responsible to the Chief Executive of the factory for all Organisation and Methods activities. He should have had several years experience of this class of work in the engineering industry. A University Degree and/or Cost and Works Accountancy training is desirable. There are attractive conditions of service including a four figure salary, staff bonus and non-contributory superannuation.—Please apply to Box 3E, R 1975, A.K. Advg., 212a, Shaftesbury Avenue, London, W.C.2.

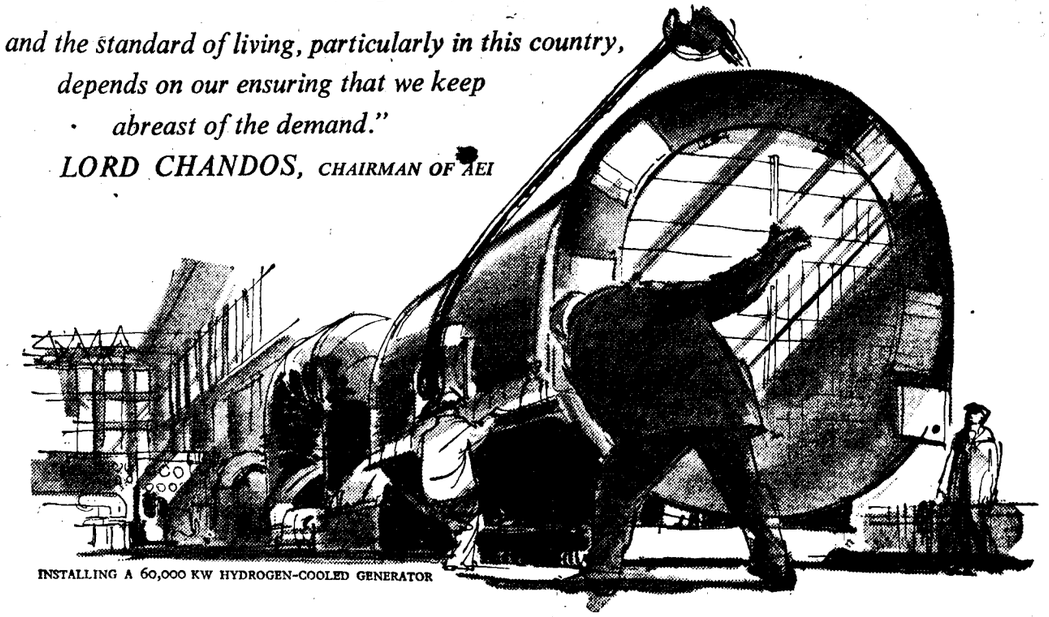
PUBLICITY, REPRESENTATION, etc., in Middle East ex-Foreign Service Officer now at headquarters of a National Industrial Council: seeks outlet for real knowledge Arabic and Middle East, plus experience of industry. Arabic work includes Baghdad Fair Catalogue, brochures, consulting engineers' report to Kuwait Government, Articles of Association, etc.—Box 884.

OTHER NOTICES APPEAR ON PAGE 91

"Electric power is now one of the essentials of any developing community

and the standard of living, particularly in this country, depends on our ensuring that we keep abreast of the demand."

LORD CHANDOS, CHAIRMAN OF AEI



INSTALLING A 60,000 KW HYDROGEN-COOLED GENERATOR

At the Annual General Meeting of Associated Electrical Industries on March 30th, the Chairman, Lord Chandos, described the important contributions made by the Group to the progress of electric power, and its strong position in the new field of atomic energy. He stressed the future need for a bold policy of capital expenditure, expansion and research, and for greater attention to recruitment and education within the Industry.

Lord Chandos opened his speech by expressing the honour and satisfaction he felt in taking up again some of the responsibilities he had discharged in the past. After describing details of organisational changes within the Company, the Chairman came to the matter of accounts, referring to the statement issued last December concerning quarterly dividends. "The object of such a measure is two-fold. Firstly it is hoped that a regular quarterly dividend will help the small investor over his family budget; and secondly, it should help our stockholders to follow the course of the business. Accordingly we intend to publish as full a progress report as is practicable covering six months of the Company's operations, and we may add to this some smaller progress report quarterly."

Turning to the results of the year, Lord Chandos said: "The year 1954 surpassed the previous record, reached in 1953, of production of electrical apparatus of all kinds, whether judged by volume or value. The total output exceeded in value £96 million compared with £86 million for 1953. The profit margins were, on the whole, well maintained but are slightly lower than they were last year. I regard this as a healthy tendency, and for increased profits we look chiefly to the expansion of turnover, improvement in methods of manufacture and to increasingly efficient modern tools as they become available, rather than to the hope that present margins will continue to be maintained."

How every £ of the AEI income was spent

	£	s	d
Raw materials	7		2½
Wages and salaries	6		4½
Operating expenses	3		3½
Depreciation			3½
Taxation (including tax on dividends)	1		6½
Profits retained in business	1		0
Dividends			3½
Total	£1	0	0

"... the Chancellor of the Exchequer remains by far the principal stockholder ..."

Of financial results, the Chairman said: "The capital employed in the business at the end of 1954 amounted to £51,568,000. The Equity Capital after subtracting £3 million preference capital was £48,568,000. The nominal Ordinary Capital was still only some £17,741,000 after the recent split of one for one.

"The layman, I am afraid, does not always understand the difference between return on the nominal capital and that which the shareholder obtains upon the actual money which he has invested in the business. The latter figure is the only one of significance. The critics of our industrial companies cannot at one and the same time emphasise the need to plough back profits into the business and then complain of a high nominal rate of dividend on the nominal capital. The latter is the result of the former. The dividend return on the actual capital employed in AEI is £5.2.3 per cent."

This year £1,404,000 had been set aside as an extra reserve for depreciation in respect of the increasing cost of plant and machinery and this reserve now stood at £5,906,000. After deduction of this transfer to replacement reserve and all other charges, the year's trading profit, before taxation, amounted to £11,736,000. £7,224,000 was set aside for U.K. taxation, leaving a net profit available for distribution of £4,512,000. From this an ordinary dividend of 14% was proposed taking £1,366,000. £500,000 had been transferred to General Reserve and the carry forward would be increased by £435,000. The profits retained in Subsidiary Companies amounted to £2,368,000. This showed the Chancellor of the Exchequer as still the principal stockholder, taking £7,224,000 compared with £1,450,000 received by the stockholders who had paid for their shares.

Speaking of Sales and Production, the Chairman said that orders taken showed a striking increase. The Group had again made a substantial contribution to the Country's power stations. In the industrial field also business had increased especially in the heavy industries.

More than £28 million worth of equipment had been shipped overseas, and this was once more a record figure. New export orders had risen by one-third over 1953.

One notable new order was for four 138MW water-turbine-driven alternators for the Bersimis-Lac Casse project in Canada, which would be the most powerful in the world.



"In shipping overseas rather more than £28 million worth of equipment we have once again exceeded the previous year's record figure... "New export orders received during the year showed a heartening increase of about one-third over the previous year's total... "M-V continued their successes of 1953 in the Canadian market... BTH too continued their advance in this market..."

Programme of Expansion

Lord Chandos then spoke of the Company's overseas manufacturing plants. Up till the end of 1954 the Australian General Electric had been owned in joint account with the International General Electric Company of the United States, but now their shareholding had been acquired by AEI and a proportion of the shares would be placed with the Australian public. The Company also had substantial manufacturing concerns in India and South Africa. BTH were building up a small manufacturing connection in Canada and M-V had a plant in Brazil, primarily for railway work.

Speaking of plant extensions in the U.K., Lord Chandos referred to the new BTH factories in Larne, N. Ireland where turbo-alternators of over 30MW would be built, and the transformer factory which M-V are building at Wythenshawe, both to increase capacity for these and release space for heavy plant at the main Trafford Park Works. The decision had also been made to build a new factory to produce Ediswan cathode ray tubes of all sizes, on which work was under way at Sunderland and which would release space at Brimsdown for advanced development, including coloured television tubes. Other plant expansions were a new BTH electronics factory to back the Company's lead in this field; doubling and possibly later quadrupling the BTH fractional horsepower motor factory at Newcastle-under-Lyme and a small factory in the Highlands, which it was hoped would arrest some of the drift of labour from these parts. The British Railways' modernisation programme would throw a new load on the already fully employed Traction Departments and these would require expansion. The Government's programme for erection of Atomic Power Stations would mean an expansion in this field also, in which the Company already had a strong team of scientists and engineers working in collaboration with the Atomic Energy Authority and the British Electricity Authority on developments for the power stations of the new era.

Giving more details of expansion, Lord Chandos said that, during the year, two further companies had joined the AEI partnership — Birlec and Siemens. Birlec Ltd. had been purchased from the Mond Nickel Company for £1,600,000. The acquisition of Siemens Bros. would extend the range of AEI activities, particularly in the telephone business which is a new field for AEI.

New Issue

Lord Chandos gave details of the new issue to ordinary stockholders. Ordinary shares of £1 would be offered at 40/- each in a proportion of one for every £4 of stock held. This would leave some 215,000 unissued shares of authorised capital and in accordance with the policy of the Board of encouraging employees to have a long-term stake in the business, these would be offered to them at the same price.

Future Outlook

Turning to the future, Lord Chandos emphasised the fact that the demand for electricity increased by 7-10 per cent. every year in industrially developed countries and even faster in some others.

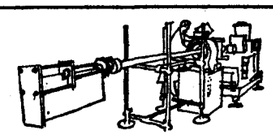
"Electric power is now one of the essentials of any developing community and the standard of living, particularly in this country, depends upon our ensuring that we keep abreast of the demand; be it for industry, for railway traction or for domestic appliances." Whether the future demand for energy was met by burning coal, water power or nuclear fission, conventional electric plant for generation, transmission and final use would be needed and the leading position established by AEI in these fields would ensure its full participation.

Of research he said: "The maintenance of this lead demands a far-seeing policy of research and development. The highly successful work of our laboratories on the production and use of Germanium in transistors for electronic devices, has led to the use of this new material for power rectification. The BTH Company completed a Germanium power rectifier of 300 kW capacity in 1953 and it has been in successful commercial operation throughout 1954. It was the first unit of its kind in the U.K. Several are now in service and many others are on order.



"... your Company has an ambitious programme of expansion... although the AEI Ltd. already has more than 12 million square feet of manufacturing space, this is inadequate to deal with the volume of business which we may expect to flow to us in the next few years."

"Similarly the work of another of our laboratories and development sections has resulted in M-V being able to build a 120MW turbo-alternator which will be less than half the weight and only two-thirds the length, yet 20% more efficient than the celebrated 105MW Battersea machine built by them before the war. This is remarkable progress in some 11 years." The Group have a fundamental Research Station at Aldermaston constantly contributing to basic knowledge. The sum spent in 1954 on research and development exceeded £4½ million.



"The maintenance of this lead demands a far-seeing policy of research and development... the total sum spent in 1954 on research and development of new processes, products and new lines of manufacture, has exceeded £4½ million. We intend to maintain the leading position which we occupy..."

Recruitment and Education

A matter fundamental to any future plans, said Lord Chandos, was recruitment and education. It was essential that there should be a supply of the right men, not only to recruit the design and production force, but to sustain the programme of research and development. The Company was taking vigorous measures to increase the flow of graduate, student and craft apprentices into the organisation.

The problem must be attacked from several directions. Industry should facilitate the transfer of suitable staff to the teaching profession. Suitable young scientists in Universities and Technical Colleges should be encouraged financially by industry to pursue their own academic research work.

Lord Chandos then concluded: "We have confidence in the future of the electrical industry. It is difficult to see how it can do other than continue to expand. We also have confidence that in this expansion your Company will take a leading role, as it has done for so long in the past."

NEED FOR THE RIGHT MEN

"We need an increasing supply of physicists, chemists, metallurgists, professional mechanical and electrical engineers and of their supporting technicians and craftsmen for the future.

"I express grave anxiety about our position as a nation in this field. We in this Company are taking wide and vigorous measures to increase the flow of graduate students and craft apprentices into the organisation... and, as I speak, there are over 4,000 apprentices undergoing training in our educational departments, but even this massive effort is not, in our opinion, adequate...."

AEI

An investment in AEI is an investment in all these companies:—
The British Thomson-Houston Co. Ltd.
Metropolitan-Vickers Electrical Co. Ltd.
Birlec Ltd.
Coldrator Ltd.
Edison Swan Electric Co. Ltd.
Ferguson Pailin Ltd.
The Hotpoint Electric Applianee Co. Ltd.
Newton Victor Ltd.
Premier Electric Heaters Ltd.
Siemens Bros. & Co. Ltd.
Sunvic Controls Ltd.
Australian General Electric Co. Ltd.

COMPANY MEETINGS

ALUMINIUM LIMITED

WORLD DEMAND EXCEEDS SUPPLY CAPACITY

MAJOR EXPANSION PROGRAMME SUCCESSFULLY COMPLETED

The following is an extract from the report of Aluminium Ltd., for the year 1954 to be submitted at the 27th annual meeting of shareholders to be held on April 28 in Montreal:

Production of primary aluminium in 1954 was a little above the levels of 1953 and previous years. Ingot production found ready markets but a slightly lower tonnage was available for sale after meeting increased inventory requirements abroad.

Net income for the year 1954, after "straight-line" depreciation, was $34,970,025 or the equivalent of $3.87 per share on the 9,036,382 shares outstanding at the end of the year. For the year 1953, with depreciation on a comparable basis, net income would have been $38,178,053 or the equivalent of $4.24 per share on the 9,013,994 shares outstanding at the end of that year.

The reduction in net income reflects the higher costs of metal produced during the breaking-in period of a new smelter. It is estimated that in 1954 starting-up costs at Kitimat, British Columbia, burdened net income by approximately $3 million.

Capital expenditures of $48 million were made during 1954, bringing total capital outlays to $483 million for the plant expansion programme which has added one million horse-power of hydroelectric capacity and 163,000 tons of new primary aluminium capacity to the company's facilities since 1950.

GENERAL

In 1954 the aluminium industry as a whole again increased its primary smelting facilities and a greater volume of aluminium was produced than ever before. During the year the major expansion programmes which had been under way in several countries since 1950 were completed. World demand for primary aluminium nevertheless remained strong. All of the company's available output was marketed and in the latter months of the year the company was unable to satisfy all the demands made upon it.

The year marked the start of production at the company's Kitimat-Kemano project in the Province of British Columbia. In August, following three and one-half years of construction, this new centre of aluminium production, having an ultimate potential of 550,000 tons per annum commenced operations.

With the increase in production of primary aluminium in North America as well as in many other countries, there was a greater availability of the metal for commercial uses. Applications in the major fields of consumption—transportation, construction, electrical uses, household supplies and packaging—continued to grow. Immediate defence demands appear to have been relaxed further during the year although government stockpiling in the United States was, we believe, an important factor affecting demand.

The company's fabricating plants, broadly speaking, faced keen competition during most of the year with moderate but rising levels of operations and profits. In the closing months of the year there were further substantial increases in demand, particularly in the United Kingdom resulting in improved operations and profits carrying into 1955.

OPERATIONS

The company's mining subsidiaries continued to produce bauxite at close to maximum capacity in 1954, with 2,201,000 tons of all grades of bauxite being produced in British Guiana and 495,000 tons in French West Africa.

In Jamaica the new alumina plant using local bauxite was brought up to the level of 230,000 tons of annual capacity in 1954. The plant started its pioneer operations in 1953 but the year just passed saw the tempo of production greatly increased.

All aluminium smelting facilities of the company's principal subsidiary Aluminium Company of Canada, Ltd., were operated at maximum levels in 1954 and produced 560,900 tons of primary aluminium, 20,500 tons of which were produced in the new Kitimat smelter. Canadian production was 3 per cent greater than the 545,800 tons in 1953 and 12 per cent greater than the 499,800 tons in 1952. Further additions to the Kitimat smelter and hydroelectric capacity have been authorised as noted under "Expansion Programme."

In the latter part of 1954 with the return of a vigorous demand for fabricated products in overseas markets, the company's fabricating facilities, almost without exception, stepped up their operations to a high level of capacity. In the United Kingdom a comprehensive scheme was commenced for the modernisation of the sheet rolling mill at Banbury, Oxfordshire.

MARKETS AND SALES

Sales of aluminium in all forms and from all sources by consolidated subsidiaries of Aluminium Limited amounted to 592,318 short tons. The dollar value of all aluminium sales in 1954 was $280,792,887, compared to $286,477,122 in 1953. Prices for the company's aluminium ingot in major markets were relatively steady throughout the year.

Again in 1954 the company's principal markets continued to be in the United Kingdom, the USA and Canada, but there was also an increase over 1953 in shipments of Canadian aluminium to other markets. Relative to 1953, sales to the United Kingdom increased as a result of an upsurge in demand in that market, where the Company has large contractual commitments.

FORWARD SALES CONTRACTS

Approximately 74 per cent of the company's shipments of Canadian aluminium in 1954 were made against long-term commitments to customers mainly in the United Kingdom and the United States.

All the long-term contracts were made by the company to support its large expansion programme between 1951 and 1954 and to ensure, as far as the company might, a future supply of primary aluminium for those who required it. While no new long-term sales contracts were signed in 1954, the company's commitments have recently grown to sufficient magnitude to require further examination of the company's plant expansion plans.

EXPANSION PROGRAMME

The major expansion programme which has been in progress since 1951 was successfully completed in 1954 and the new facilities are all in production.

At Kitimat the first potline in the new aluminium smelter went into production in August and the second in September. The rated capacity of these units is 91,500 tons of primary aluminium per year, or about one-sixth of the eventual planned capacity of 550,000 tons. For the past several months shipments of aluminium have been going forward to customers in North America and abroad, both by ship from Kitimat's own port and by the new rail line which now links the city with the transcontinental railway system.

In October of 1954 the company announced that the capacity of the Kitimat smelter would be immediately expanded to produce an additional 60,000 tons of aluminium ingot per year to meet the then estimated increase in the near-term demand for the company's aluminium. This involves the installation of a fourth generator of 150,000 h.p. capacity in the Kemano power-house and the construction of additional potlines at Kitimat on which work is now proceeding. The expanded capacity is expected to come into operation early in 1956 at a capital cost of approximately $45 million.

To supply some of the additional alumina required, the capacity of the company's plant in Jamaica is now being raised from 230,000 tons to 300,000 tons of alumina per year. The capital expenditures for this expansion, including additions to railway rolling stock and to storage capacity at the company's Jamaica seaport are estimated at $11 million. The present programme in Jamaica will also lay the foundation for further extension of the plant to a capacity of more than 500,000 tons of alumina per annum.

FINANCING

Of the new capital investment of $483 million during 1951-54, $125 million was required for the Quebec expansion, and $287 million was required in British Columbia, including certain initial expenditures in anticipation of the decision announced in October to add 60,000 tons of capacity. The balance amounting to $71 million was spent on bauxite and alumina facilities and other subsidiary operations.

The principal sources of funds to finance this expansion and the related increase in working capital requirements were the proceeds of the issue of new securities of $360 million ($277 million in debt securities, $30 million in preferred shares and $53 million in common shares), and retained cash income aggregating $195 million ($55 million in 1954). Of the new money, $50 million was obtained in 1954 from an issue in Canada of 4½ per cent sinking fund debentures by Aluminium Company of Canada, Ltd.

GOLD COAST ALUMINIUM PROJECT

During the year, continuing study was given to the projected establishment of an integrated aluminium development based on the water-power of the Volta River in the Gold Coast, West Africa. This development has a potential capacity of 230,000 short tons of primary aluminium per year and is under the joint consideration of the Governments of the Gold Coast and the United Kingdom, the British Aluminium Company, Ltd., and Aluminium Limited. In 1954 the company's engineers and planning staffs examined various phases of the project in detail and its geologists made further confirmation of the bauxite reserves available in proximity to the proposed smelter site. Implementation of the project will be further discussed and negotiated after the reports of the Preparatory Commission, appointed by the two Governments to study all aspects of the undertaking, are completed probably around the end of 1955.

RESEARCH AND DEVELOPMENT

During 1954 an extension to the company's research facilities at Banbury, England, was completed. This extension is enabling the company to carry on a broad programme of fundamental research in the field of light alloys, together with much experimental work in support of process and product development. The results are applicable to many of the company markets but particularly to the United Kingdom where 80 per cent of the aluminium consumed is supplied from the company's smelters in Canada.

WESTERN SELECTION & DEVELOPMENT

CANADIAN INTEREST

The twenty-fifth annual general meeting of Western Selection & Development Company Limited was held on March 24th in London, Major General W. W. Richards, CB, CBE, MC, chairman, presiding.

The following are extracts from his circulated statement: We recommend a final distribution of 12½ per cent, making 20 per cent for the year as against 15 per cent last year. The profit amounted to £128,903.

Addressing the meeting the chairman said: Our offer of shares to members was a complete success and was over-subscribed, applications totalled 1,156,857 shares. We have received Bank of England and Treasury sanction for the formation of a new company in Canada to acquire under option Nickel Copper Claims in Northern Manitoba and Uranium Claims at Higginson Lake, Northern Saskatchewan.

The Nickel Copper Claims, known as the Tow Lake Claims, are situated 36 miles east of the remarkable Nickel Copper deposit at Lynn Lake of the Sherritt Gordon Mines Limited, which has, within the last year, come into full production. With the express purpose of serving this mine, the Canadian National Railway Company completed 147 miles of line at an estimated cost of $5 million. In addition, numerous potential sources of water power exist in the area of the Tow Lake Claims and the Sherritt Gordon Mines Limited is now operating a 7,000 horse-power development.

As soon as an issue of stock has been made in the new company, development work will begin first of all on the Tow Lake Nickel Claims in Northern Manitoba, to test the deposits and define ore reserves. Your board consider this Canadian venture has great potential value.

The report and accounts were adopted

FORD MOTOR COMPANY LIMITED

ANOTHER YEAR OF RECORD ACHIEVEMENT

£60 MILLION EXPANSION PROGRAMME

The twenty-sixth annual general meeting of Ford Motor Company Limited will be held on April 22nd in London.

The following is an extract from the circulated statement of the chairman, Sir Rowland Smith, MIMechE:

For the British motor industry 1954 was another year of tremendous expansion. More than a million cars and trucks were produced in this country by the industry as a whole, and we played a leading part in this great achievement.

During the past two years the home market, after many years of restraint, has come into its own. Total demand has risen so steeply that, for most of our products, it has exceeded our capacity to produce, in spite of the fact that, from factories only slightly larger than before the war, our production has been trebled. More than half of this increase has been achieved in the last two years.

Against this background I have to report yet another year of record achievement in sales abroad and at home, and in profit for your company.

At times it has been necessary to restrict deliveries to the home market in order to give full scope to our markets abroad. During 1954 almost half of our sales of cars and commercial vehicles were to export markets.

FIERCE COMPETITION

There has, of course, been fierce competition for the increased opportunities in export markets.

German competition has intensified still further, and the UK percentage of world vehicle export business declined from the 1953 level. It is gratifying, however, that your company's share increased, with particular success in Europe.

During the year we introduced our 4-cylinder diesel engined trucks. Public acceptance was immediate, as would be expected in a type of business where low cost is of paramount importance. We also extended our commercial range in August last by the addition of a new 5 cwt. van. This vehicle has met with astonishing success.

Tractor production increased by 54 per cent and total sales were the best since 1948, the peak postwar year. Export sales have shown a substantial increase over the last three years, almost equalling 1950 which was an all-time record. An important feature has been continued success in the United States of America where the Fordson Major Diesel is now firmly established as a dollar earner. Since shipments began in August, 1953, over 8,000 units have been delivered there and we are proud to announce that more of our tractors are exported to the United States of America than to any other country in the world.

Tractor sales at home showed an increase of more than one-third over 1953 figures.

In view of the achievements in 1954, certain questions arise. Will British manufacturers, and this company in particular, maintain their share of the greatly increasing world market, and will the German percentage continue to grow?

Provided that inflationary tendencies here are kept under control, and also that our taxation load is brought to a level closer to that of foreign competitors, I am confident that in quality and value we can meet all competition.

Considering the accounts for the year—the value of the group sales rose by 20 per cent, reaching a record total of £127 million.

Lower costs, arising from improved manufacturing efficiency and methods, and higher volume, have substantially offset the effect of increased wage rates and material costs during the year. Further reductions in export prices were made in 1954, and it should be noted that none of our vehicle prices has been increased during the past three years.

Higher sales resulted in an increase of 22 per cent in total profit before tax, to £19,345,654. Taxation took £9,453,000, or 49 per cent of the year's profit, leaving a net profit, after tax, of £9,892,654.

Your directors are recommending a final dividend of 10 per cent, subject to tax, on the ordinary capital, making, with the interim dividend of 5 per cent, a total distribution of 15 per cent for the year.

The latter represents a net return of 3.2 per cent, after tax, on the amount of ordinary shareholders' capital employed.

We have embarked upon a large-scale expansion of our production facilities in order to meet the very substantial increase in demand which we foresee for our products. This scheme involves the expenditure of over £60 million during the next few years, the greater part of which has yet to be earned.

TWO FUNDAMENTAL PROBLEMS

I wish to refer briefly to two fundamental problems which affect our industry today. These are the level of tax upon road transport, and the condition of our roads.

First, let us contrast the effect of tax upon the development of car ownership in the USA with our position in Britain. In the USA there is one car for every three people, compared with one for every 16 in this country. We have, in fact, reached in this year 1955 the position the Americans had reached by 1920, 35 years ago. What is the reason for this astonishing contrast?

I suggest that one of the main reasons is the tremendous weight of taxation which has increasingly been thrust upon the British vehicle owner. He is taxed three times over; by petrol tax, by purchase tax added to the price of his car, and by his car licence.

A progressive reduction in car and petrol taxes would bring car ownership within the means of the great mass of our people, and so provide incentives to increased productivity with results which might pleasantly surprise us all. I suggest that the Chancellor would be far from disappointed at the resulting total revenue receipts.

Secondly, how could our roads contain all these cars? In recent weeks we have seen the beginning of Government interest in the announcement of a new programme for our roads. However, far from meeting future needs, it does not even make up arrears of past neglect, and falls far short of present-day requirements. Unless our people are to lag hopelessly behind other countries in this most important respect, it is essential that we plan our roads now for the future on a scale which will ensure free and unrestricted movement of goods, and people.

The review concluded with an acknowledgment of the co-operation and support received from suppliers and dealers and the spirit of determination and endeavour on the part of the staff and employees.

LEWIS'S INVESTMENT TRUST LIMITED

CONTINUANCE OF CONSISTENT GROWTH

MR S. H. LEAKE ON POSITION OF GREAT FINANCIAL STRENGTH

The twenty-sixth annual general meeting of Lewis's Investment Trust Limited will be held on April 21st in Liverpool.

The following is an extract from the statement by the chairman, Mr S. H. Leake, OBE, which has been circulated to stockholders with the report and accounts for the year ended February 1, 1955:

I am glad to be able to report a continuance of the consistent growth in the profits of Lewis's Investment Trust which has been a feature of the business for some years.

PROFIT AND LOSS ACCOUNT

The profit and loss account of the Trust shows the income drawn by way of dividends, rents, etc., from its subsidiaries. The total revenue of £1,363,279 is substantially over last year and mainly reflects increased dividends from the two principal subsidiaries — Lewis's Limited and Selfridge (Holdings) Limited. Tax and other provisions leave this revenue at £676,042 and with the balance brought forward from last year's accounts, £919,559 is available for distribution.

We propose to allocate the year's net profit in approximately the same proportions as in previous years; namely, one-third to retentions in various reserves, and to distribute two-thirds. This enables us for the third successive year to recommend an increase in the final dividend, on this occasion one of 7½ per cent to 35 per cent, making a total of 40 per cent for the year. This recommendation leaves £295,125 to be carried forward as against £243,517 brought in. Your directors consider that such an increase in the ordinary dividend can well be justified, since it comes out of total group earnings of 176 per cent on the ordinary share capital of the Trust as at February 1, 1955. The dividend is accordingly covered some four and a half times. This is in line with the policy we have long pursued of building up reserves in the operating companies.

The consolidated profit and loss account shows this year a net profit before taxation of £4,813,351, an increase of £232,698 over last year. The consolidated profit, after tax and various provisions, is £2,015,137 and exceeds £2 million for the first time.

The profits retained in the group as shown in the accounts amount to £1,247,355. The retention of this sum is required for various building projects and other developments.

Our expenditure on repairs is more than three times what it was in 1946; and while other items of necessary expense may not have risen in the same ratio, they show a persistent tendency to rise in spite of a rigid expense control.

On the other hand, our rate of gross profit has shown little or no material change as compared with 1946, so that it is essential that the increase in turnover which we have achieved in the last few years should continue to an even greater degree. Having regard to the continuing rise in the level of wages and incomes, your board is convinced that further expansion in trade is possible, and has already taken steps through greater range and variety of stock to appeal to an ever-widening circle of customers. The increase in our transactions encourages us to believe that this policy is meeting with some measure of success.

FUTURE OF DEPARTMENT STORE

The conviction that our group is capable of further expansion in turnover also stems from faith in the future of the department store as an integral part of retail distribution. After fifteen years of controls and restrictions, the shopping public has largely forgotten the traditional appeal of the department store. With the return of free enterprise and of the power to draw its merchandise from wider markets, the department store is now only beginning to take its true place in the pattern of retailing. By the very nature of its activities, at the hub of the principal shopping centre in its city, the department store develops a personality of its own. Although self-service may have a place in certain fields of distribution, we believe that in this country it will never wholly replace the personal relationship between retailer and customer, which seeks to make a pleasure out of ordinary shopping activities.

If these considerations are generally true of department stores, they unquestionably apply to Lewis's, who in their hundred years of growth have acquired and developed a personality in the towns in which they trade which is unique in retailing. We are sure that an even more prosperous future lies ahead for our group, not only in the provinces but in London, if we maintain and develop still further the basic trading principles on which this business has been founded and has flourished.

BALANCE SHEET

The consolidated balance sheet shows that the total reserves have increased by £1,249,426 on the year to £10,661,804. After deducting intangible assets, the balance of £6,622,595 compares with the issued capital of the Trust of £3,890,176. This position of great financial strength is confirmed when it is seen that this net figure of reserves is represented by net current assets of £6,685,961, an increase on the year of £1,325,824. Of this total of net current assets, £5,166,177 is accounted for by cash, tax reserve certificates, and short-term deposits. Thus, although we have embarked upon a formidable programme of building developments, funds are available for that purpose without drawing on the essential working capital of the business.

NEW BRISTOL STORE

It was a tradition in Lewis's, as evidence of its constant growth, that building activity was always in progress in some part of the organisation. That tradition, unavoidably interrupted by the war and its aftermath, has again become a reality. Our principal preoccupation in this field is the construction of our new store at Bristol. All the preliminary work is now complete. At the end of February the main building contract was signed covering a cost of some £1,500,000 and our present estimate is that a total expenditure of £2 million will be involved. We hope that the store will be ready to open for business in the autumn of 1957.

OTHER BUILDING DEVELOPMENTS

Liverpool: In Liverpool the second section of the reconstructed store is almost complete and open for trading, while the demolition of the third section has commenced. The two completed sections represent an integrated unit, and we can now provide our Liverpool customers with the shopping facilities they are entitled to expect from us. Although its eventual cost over and above our war damage claim may well be of the order of £1 million, such expenditure will give us a new and up-to-date store for the further expansion of our trade in Liverpool.

Manchester: In Manchester we have revived a development at the rear of the store which was initiated in 1938 but had to be abandoned at the outbreak of war. When this is complete it will add still further to the profit-earning capacity of our most profitable Lewis's unit.

Leicester: A contract has now been signed for making certain extensions on the upper floors which, when complete, will add some 25 per cent to the available selling space. We have every confidence that this new investment will bring an adequate return.

Glasgow: In Glasgow we have completed another floor in that section of the building which was left unfinished during the reconstruction of the main building in 1936/37.

Leeds: Our Leeds store has had an outstandingly successful year. It is our intention to build a depot on the outskirts of Leeds to facilitate the handling of our growing household trade, and land for this purpose has been acquired.

SELFRIDGES

It is in Selfridges where our greatest activity has taken place during the last year. Selfridges contribute about one quarter of the total net profits of the group, but after three years' experience we are satisfied that it is capable of further development. Its turnover reached record levels during the year and to relieve growing pressure on selling space, we re-opened a selling floor in the building to the north of Somerset Street which had previously been under government requisition.

A contract for the sale of the Wigmore Street frontage is in its final stages of negotiation and work on this development should soon commence. So far as the rest of the northern site is concerned, much time and thought is being devoted to making the best use of its potentialities and plans have been lodged with the London County Council for the building of a ramp garage holding up to 750 cars over an extension of the ground floor selling area. The scheme envisages the diversion by ramps of all our goods traffic underground for loading and unloading. It is an imaginative attempt to solve a growing traffic problem in the vicinity of our store by eliminating stopping, backing and parking at ground level and by maintaining an even flow of traffic at all times.

BRITISH INDUSTRIAL PLASTICS LIMITED

MR KENNETH M. CHANCE ON GROUP'S PROGRESSIVE GROWTH

The annual ordinary general meeting of British Industrial Plastics, Limited, was held on March 31st in London, Mr Kenneth M. Chance (the chairman) presiding.

The following is an extract from the statement by the chairman which had been circulated with the report and accounts: When the second world war came to an end, this country had spent its all in its efforts for victory, and there were many who could see no future for Britain as a great power. The recovery already made has confounded the pessimists. In its small way your company has shown what can be done by private enterprise, and your directors have asked me briefly to relate its history from bankruptcy to the measure of success illustrated by the accounts.

GROUP'S MAIN OBJECTIVE

The statement then reviewed the company's early history and continued: The main objective of your group is still that for which the company was reconstructed in 1927—the manufacture of aminoplastic moulding powders. In the early days it was recognised that the mouldability of these new moulding powders would progress more rapidly if our chemists and engineers could be kept constantly informed of their behaviour in use on the industrial scale, and for this purpose a small moulding factory which became available at Streetly was purchased. As this factory increased in size it became a competitor with other moulders, so that its existence could only be justified by using it as a development factory for the promotion of new lines for moulding, open to their inspection, and as a training factory for those in other countries wishing to enter the moulding branch of the industry. This was done, and within a few years it became clear that success in moulding depends largely on the design and quality of the mould, so in 1936 land was purchased and a small toolroom erected and equipped in Birmingham for the supply of moulds to the industry. That was the position at the outbreak of the war when the issued capital of your company was £442,850, the fixed assets were valued at £296,000 and the excess of current assets over liabilities was £23,000.

When the war ended, orders for aminoplastic moulding powders, both from this country and abroad, increased with great rapidity, and experience at Streetly during the war had impressed upon the managing director of that factory the urgent need for something more than a press; in fact, a moulding machine for thermosetting moulding powders, if mouldings made therefrom were to compete successfully with those from the many new thermoplastic materials coming on to the market. He came into contact with an engineer with an inventive brain and, after discussing with him his ideas, engaged him to put these into practice. Your directors decided that the progress made and patents [illegible] out justified the step of equipping a factory for their manufacture, and the Bipel facto[illegible] and pelleter, both of original design, [illegible]d. result[illegible]

ORGANISATION AND CO-ORDINATION RI[illegible]

Two issues of shares at substantial premiums were made, and provided £1,150,000 of fresh capital, which has resulted in the possession of two chemical factories at Oldbury with two engineering factories elsewhere in the district for the purpose of supplying the plastics moulding industry with aminoplastic moulding powders and with novel equipment specially designed for their use, and a moulding factory at Streetly from which those two engineering factories have developed. There is also a third chemical factory at Oldbury making adhesives and other resins for use in a wide variety of industries, including furniture, paper, textiles, foundries, the paint and lacquer industry and the bonding of glass fibres, and your directors have given much thought to the welding together of this somewhat diverse organisation.

The first step was taken by your managing director in forming a department for development and design, including a consultative and advisory body available free of cost to the moulding industry in this country and abroad. The second was taken two years ago in transferring the sale of Oldbury products from the two subsidiaries, the Beetle Products Company, Limited, and Beetle Bond, Limited, to the parent company. Your directors have now formed a subsidiary entitled BIP Chemicals, Limited, to handle the manufacture and sale of all the products of your Oldbury factories as a further step in the co-ordination of the work of the group as a whole, a step which is the natural sequel to the somewhat opportunist growth that has taken place.

All the shares in each of these subsidiaries are now held by the parent company. The parent company owns the freehold and leasehold land and buildings of all the subsidiaries and each of the latter will be responsible for financing its plant, machinery and working capital. Each has its own board of directors with a common chairman in the person of the managing director of the parent company. Their profits revert to the parent company whose control over finance is absolute. This reorganisation will produce several major changes in the next balance sheet of your company but not in the consolidated balance sheet.

RECORD TURNOVER

Before arriving at the group profit of £571,257, the substantial sum of £180,228 has been taken for depreciation. Thereafter no less than £305,379 is set aside for taxation, leaving a balance of £265,878 from which dividends paid and proposed will take £121,514, the balance retained in the business being £144,364. The surplus of current assets over current liabilities which include the unsecured notes for £250,000 is £1,016,203. I may add that the turnover for the period amounted to £4,820,000 of which £1,116,000 was contributed by direct export, two records which may well be exceeded during the current financial year. The last quarter of the year is normally the best and during the Christmas quarter last year's figures both for turnover and profit were substantially exceeded. Indeed, in November, the flood of orders was so great as to be embarrassing until your managing director through his works council made arrangements for overtime on shift work which proved successful in materially increasing output. The word "boom" is being used in many quarters to describe the present state of industry and trade in this country. I dislike the word for it always suggests its converse "slump" and it is not unnatural to connect this situation with the recent freedom for hire purchase. I prefer to call these "the halcyon days" of business and you must realise that the results in your hands and the present increase production have been achieved at a time of acute shortage of labour so that your debt of gratitude to management, staff and workpeople is greater than ever.

THE FUTURE

Two features are wholly promising for the future. First, the steps that your managing director is taking for making economies in storage and transport, made possible by the completion of the new storerooms. Secondly, the goodwill created by the ability of your group to supply moulders with moulding machines, pelleters and moulds and dies, all of a quality and performance certainly unsurpassed and probably unequalled in the world. This has a very real influence on the increase of orders for moulding powders, especially from abroad. You should also know that sales of melamine moulding powder are now steadily increasing as a result of the excellent quality of tableware moulded therefrom by several moulding firms. Finally you will be aware of the growing interest in this country in products based on resin bonded glass fibres. The resins supplied by your company for this purpose are manufactured under the patents of the American Cyanamid Company for which your company has the British rights and are second to none in quality and performance.

On the all important question of finance, the position is such that your directors have decided to take advantage of their option to repay the unsecured notes to the value of £250,000 while retaining ample cash for all foreseeable requirements, and notice has been given for such repayment on July 1st next.

CHAIRMAN'S RETIREMENT

In these circumstances I have come to the conclusion that it is in the best interests of your company that I should make way for a younger man to take my place as chairman, and Mr Crammond has agreed to accept this responsibility. I have spent my life in your business as managing director for forty-three years and as chairman since 1933, and hope to continue to serve it as long as my health, physical and mental, enables me to be of use. The office of president is nebulous as to duties but I gather that my colleagues have no intention of allowing me to vegetate.

My final words as your chairman are that all is well with your business; its management is first rate; the flow of orders is the best proof of the sales side; your factories are in good order and your directors continue to sanction expenditure to maintain and, where possible, to improve them, at least equal to that written off for depreciation; the prospects are excellent and the only danger I see is that of trying to do too much, to go ahead too fast. Perhaps the nebulous post of president may have some influence on the avoidance of that pitfall.

The report was adopted and the total dividend for the year of 20 per cent, less tax, was approved.

SUN LIFE ASSURANCE SOCIETY

FUNDS EXCEED £100 MILLION

MR C. G. RANDOLPH'S STATEMENT

The annual general meeting of the Sun Life Assurance Society will be held at 63, Threadneedle Street, London, E.C.2, on Tuesday, April 19, 1955. Mr C. G. Randolph, chairman of the society, has issued a statement to shareholders, which in outline is as follows:

FUNDS, INCOME AND OUTGO

A notable landmark was passed during the year when for the first time the society's funds exceeded £100 million. The new figure of £103,422,000 (of which the life assurance fund accounts for £90,270,000) shows an increase of £7,448,000 over that for 1953. The life premium income of £13,211,000 was also a record and exceeded the 1953 total by £735,000.

The gross interest income of the life assurance fund amounted to £3,847,000 representing a rate of £4 10s. 7d. per cent, an increase of 2s. 4d. over the rate for the previous year.

The claims by death amounted to £2,196,000, a figure not only well within the expected amount but actually less than the total for the previous year, although the sums assured in force are greater. The favourable mortality experience is evidence of the success of the system of life assurance without medical examination of which we were the pioneers over fifty years ago.

NEW BUSINESS

Probably there has never been a period when competition for life assurance business was more keen than it is at the present time, and I am therefore pleased to be able to report the completion of a record amount of new business in the past year for sums assured of £44,382,000, all obtained from our connections within the United Kingdom.

HOUSE PURCHASE

We have continued to improve our facilities for advances to owner-occupiers of residential property, and the new loans totalling over £4,900,000 represented an increase of over £1,500,000 compared with the 1953 figure.

Advances up to 90 per cent of the valuation are made on houses built in the past quarter-century, and special arrangements are now available to firms of suitable standing whereby loans up to 100 per cent may be granted to members of their staffs subject to a guarantee by the firm of the excess over a normal advance.

PENSION SCHEMES

A substantial proportion of the new business has again been secured under staff pension schemes, and our specialised staff continues to be available to give advice and service to employers.

Hitherto the vast majority of schemes have been arranged on a without profits basis, as it is generally regarded as essential that the employees' benefits and contributions should be fixed amounts and not dependent on rates of bonus declared from time to time. We are pleased, however, to announce that we have designed a scheme of the group pension type which satisfies these requirements, but at the same time enables the employer to participate in the profits. We are confident that this scheme will have particular appeal to the many employers who wish to enjoy the security afforded by a well-managed life office and to share in its prosperity.

INVESTMENTS

The increase in the society's funds results in our having very large sums to invest, and we are continuously engaged in the endeavour to obtain good security combined with a satisfactory yield.

The balance sheet reflects the substantial increases which have been made in our holdings of mortgages, debentures and ordinary shares, whilst British Government securities show a decrease of about £1½ million.

We made the customary valuation of our Stock Exchange securities at the end of 1954, and I am pleased to say that the market value considerably exceeded the value at which they stand in the balance sheet, without taking into account the investment reserve fund of £3½ million.

NEW CHIEF OFFICE PREMISES

The great expansion of the society's business, especially during the last thirty years, has made the chief office at 63 Threadneedle Street quite inadequate to accommodate the necessary staff.

Your directors felt that the opportunity afforded by the rebuilding of the City to secure a chief office suited to our requirements should not be missed, and I am pleased to state that we have acquired a prominent site in Cheapside on which a new chief office is to be erected.

TRIENNIAL VALUATION

The directors have decided that bonus distributions shall, in the absence of unforeseen circumstances, be made at intervals of three years instead of five years, the shorter period being in their opinion more suited to modern conditions. The valuation, which has been made on a more stringent actuarial basis than on the last occasion, shows a total surplus of £4,388,000, of which £3,437,000 is being applied to provide reversionary bonuses in respect of with profits policies for the three years 1952 to 1954. The new bonuses are at the rate of 40s. per annum for £100 sum assured, which is substantially in excess of the rates declared in 1952 in respect of the previous five years. I feel sure that our policyholders will agree that the results of the valuation are highly satisfactory.

DIVIDEND

The proprietors' share of the divisible surplus is £381,000. The directors have declared a half-yearly dividend of 2s. 9d. per share, free of income tax, payable on June 30th next and, in the absence of unforeseen circumstances, it is expected that this rate will be maintained until the date of the next triennial valuation.

TRIBUTE TO THE STAFF

The results which I have presented to you reflect the very greatest tribute to your staff, as it is the work and devotion to duty of all, from the general manager downwards, which has produced these good figures. I should like to thank them all most sincerely on your behalf.

IONIAN BANK

MR A. H. REID'S STATEMENT

The one hundred and sixteenth annual general meeting of the Ionian Bank Limited will be held on April 19th in London.

The following are extracts from the statement by the chairman, Mr A. H. Reid, CF circulated with the report and accounts the year ended December 31, 1954:

The year under review has seen an expansion of our business in all centres, and our total assets at December 31, 1954, amounted to £15,362,374, compared with £13,408,353 at the end of 1953. The expansion is seen particularly in the increase of our advances from £6,139,333 at the end of 1953 to £6,653,218 at the end of 1954, and in a similar increase of bills receivable from £625,048 to £695,218. This has naturally made a demand upon our liquid resources, but our liquid position remains satisfactory. Cash in hand and balances with bankers and foreign correspondents totalled £1,869,751 at December 31st last compared with £1,879,284 at the end of 1953, a decrease in the cash held in London having been offset by an increase in the cash held at other centres. The main feature on the liability side of our balance sheet is a welcome increase in current, deposit and other accounts from £9,808,171 at the end of 1953 to £10,307,536. As a result of the higher level of activity, the profits of the bank have been maintained, and in Egypt, where more stable conditions now exist, the bank's earnings have increased when compared with those for 1953.

The Greek economy has continued to benefit from the devaluation of 1953, and from the economic policy since pursued by the present Government. There has been a further increase in exports, and invisible earnings have increased, notably from tourists. On the other hand imports also increased. Early this year the Government accordingly brought into force certain measures designed to restrict credit for the financing of imports. The Governme have, however, made it clear that they ha no intention of abandoning their policy allowing imports to enter the country free any other restriction.

Profits have been well maintained. Ne branches were opened during the year a Caterini in Macedonia and on the island of Calymnos. Our two subsidiary companies, the Popular Bank and the Ionian Insurance Company, have again had a satisfactory year.

The signing of the Anglo-Egyptian treaty last October put an end to several years uncertainty. The Government are work on plans designed to raise the count standard of living by investment in capi equipment, which may provide opportunitie for British enterprise. The country's econom had a good year. On the whole the resul on the cotton side of our business have n been unsatisfactory. Good results have bee achieved also by our commercial bankin side, and progress continues to be made by our branch in Cairo.

Once again something like boom conditions have prevailed in Cyprus, where heav expenditure is being incurred by the Bri military authorities. This is throwi increasing burden on local resources. nd cost of labour, and the cost of living, r est larly rents, have continued to rise. en is, however, every indication that the of for ment are well aware of the d p to inflation and that they are determ nd take steps if necessary to alleviate its Last year there was an increase of ex from £15 million in 1953 to £16½ m though imports too continued to incr from £21 million to £23½ million. branches have had a good year.

THE BRITISH SOUTH AFRICA COMPANY

SUBSTANTIAL FINANCIAL COMMITMENTS ENVISAGED

SIR DOUGAL O. MALCOLM'S SPEECH

The fifty-seventh annual meeting of the itish South Africa Company was held on arch 24th in London.

Sir Dougal O. Malcolm, KCMG (the esident), presided and in the course of his peech said:

Overall our total revenue for the year nder review was £9,012,861 and our total tgoings including taxation £5,716,963, so at our net profit for the year under review as £3,295,898, as against £2,988,143 for the ar before, an improvement of a very little ver £300,000.

For the whole year, including the interim ividend of 13½ per cent paid in last October, e propose to pay the same dividend as last ar, namely 50 per cent or 7s. 6d. per unit stock or share, thus increasing the sum of r unappropriated profits from £5,795,846 September 30, 1953, to £7,284,890 at the date of the accounts.

BALANCE SHEET FEATURES

Our total capital and reserves have risen from £15,577,357 to £17,066,401. As against that the book figure of our fixed assets has en only by a little over £150,000 to 815,535. Our current assets at just under 0 million exceed our current liabilities, inding the proposed dividend, by a little er £1,300,000.

The total book figure for all our investents stands at £13,358,890 as against 11,977,196 for the year before, an increase about £1,400,000. Quoted investments at 172,086 had a market value at the date of balance sheet of £19,809,052. A valuation le at the end of last week shows that the ket value of quoted investments at present l, which have a book value of £9,776,900 ounted to £23,046,500.

The large book figure for unquoted investents—£4,186,804—is largely attributable to e fact that it includes £1,700,000 for the ook value of our half interest in New Rhodesia Investments Limited, which is itself unquoted and which, at the date of the alance sheet, held quoted investments of a ok value of £3,629,070 and of a market e at that date of £7,322,048. The latest es which I now have show that investt of a book value of £3,997,100 and a arket value at the end of last month of 519,300, your half interest in which ounts to £4,259,700. That, added to the re of £23,046,500, which I gave you a w minutes ago, makes £27,306,200 in all.

THE CURRENT YEAR

As regards the year now current, the thern Rhodesia copper output for the from October 1st last to the end of dec y has been 122,523 tons. The outtake the months of January and February facte 8,189 and 17,107 tons respectively, pres t a monthly average for the year result ew of 31,469 tons, and is abnor- owing to the African miners' RE- As against our loss of royalty from rce, the price of copper on which yalties are based averaged £246 per r the five months since October 1st as against an average of £205 per ton the same period of last year.

An estimate of copper royalty for the first five months of the current year at £3,536,402 slightly exceeds the final figure for the same period of last year; so that if the price of copper, now very high, is fairly constant and there are no more strikes, we may hope that we shall do considerably better for the year now current than we did for the year under review.

BOARD'S FUTURE POLICY

The position of our company, I think you will agree, is strong. But I hope we shall adhere to our policy of modest dividend distribution with the object of building up during the thirty-one years of our Northern Rhodesia Mineral Rights, which are still left to us, a great body of investments to take the place of our mineral rights which we shall have to make over to the Northern Rhodesian Government thirty-one years hence.

It is indeed our duty and obviously to our interest to do everything we can while our mineral rights remain as they are now to foster and expedite the exploitation of those rights in every possible way. This must involve our having to look forward to substantial financial commitments as against our certainly substantial revenues. The development of the very promising Bancroft Mine is a case in point.

In order to help in the duplication of its promised output as against what was originally contemplated, we have undertaken to advance to that concern during the period from now till the end of 1960 the sum of £3 million, another £2 million being similarly advanced by the Anglo-American Corporation against valuable options on Bancroft shares at 37s. 6d. a share, the present market price of the shares being about 42s. 6d., with very encouraging prospects in view.

There is also the very important matter of hydro-electric power for Rhodesia; and there has been for a considerable time past a rivalry between the Kariba Gorge Scheme on the Zambesi River and the Kafue River Scheme. This, as no doubt you know, has quite recently been decided by the Federal Government of Rhodesia and Nyasaland in favour of the Kariba Gorge Scheme based on a contribution from the United States of £46 million towards the estimated total cost of £54 million of the first stage of this scheme, which involves the raising in Rhodesia of the balance of £8 million. We must look forward to having to play our part fairly, along with others, in the provision of the £8 million.

I have mentioned two very large schemes involving large prospective commitments, and there will no doubt be others. I hope there will; for commitments are the corollary of opportunity and it therefore behoves us to keep a lot of powder dry for them.

The report was adopted and at a subsequent extra-ordinary general meeting the capital of the company was increased to £13,500,000 by the creation of 9 million new shares of 15s. each and the capitalisation of £6,570,376 10s. of reserves, to be allotted as fully paid up in the proportion of one new share of 15s. each for every stock unit or share to bearer of 15s. each held, was approved, the shares on allotment to be automatically converted into registered stock.

THE HALIFAX BUILDING SOCIETY

SPEECH OF MR ALGERNON DENHAM, JP

The one hundred and second annual meeting of members of The Halifax Building Society was held in Halifax on March 28, 1955, the president, Mr Algernon Denham, JP, presiding.

In moving the adoption of the accounts the president said: The balance sheet before you discloses great strength with the distribution of assets totalling £237,786,239 following the pattern of recent years; 84.74 per cent consists of mortgage balances and 15 per cent of liquid funds invested in corporation loans, and in Government securities.

Our liabilities to investors and depositors amount to some £225 million, whilst accumulated reserves total approximately £12 million, or 5.03 per cent of the total assets.

The surplus amounts to the record figure of £932,632 after we have written down the book value of our office properties by £50,000 and made a contribution of a similar amount to the staff pension fund. To this we add a profit of £481,223 on realisation of investments and out of the sum so available £218,723 has been written off the book value of our Government securities.

The sum of £500,000 has been transferred to general reserve and £262,500 to investments reserve and we recommend the payment of a bonus of ¼ per cent to our subscription share and class I shareholders.

We look upon our growth in assets of £23,470,000 as adequate whilst our advances on mortgage at £50,900,000 have been somewhat higher than we would have wished due in no small measure to the attraction of the 4 per cent interest rate which operated from October.

In May last the Government announced through the Minister of Housing their proposals for the encouragement of home ownership. Your society has welcomed the coming into operation of the scheme and given full support within its available resources. At January 31st last we were operating in collaboration with 345 local authorities and had made advances of approximately £1¾ million. Our total advances have since increased to £2¼ million and the upward trend continues.

In postwar years building societies have been operating under what might be termed fair weather conditions and the accretion of assets has been phenomenal by comparison with any other period of our history.

A slower rate of growth by the movement generally, however, would not be disadvantageous particularly as the profit potential of mutual institutions such as ours is inadequate to permit reserve ratios keeping pace with rapid growth.

On March 2, 1955, we announced increases in interest rates allowed to our investing members and charged to our borrowers.

There are two opposing trends of thought about the interest terms which building societies should offer. A large section of the movement believes it has a duty to pay an investment rate which will attract all the funds necessary to finance all the mortgage business available. Others including ourselves hold the opinion that the interest offered should be a fair return for the investor and that mortgage facilities should be granted according to the income thus derived.

Whatever the merits or demerits of varying interest rates may be, they pale into insignificance when compared with the urgency and importance of maintaining and improving the value of the £1 sterling.

MIDLAND COUNTIES MOTOR FINANCE CO. LTD.

The annual general meeting of Midland Counties Motor Finance Company Ltd. was held on March 29th, at Sheffield, Sir George Kenning, the Chairman, presiding. The following are extracts from his statement :—



Sir George Kenning

I feel I can claim that 1954 has been a memorable year in the history of the Company.

Profit Doubled.

The Profit of the Group is £293,393 compared with £165,759 last year, and, after taxation and all other charges, there remains £130,687, more than double last year's figure of £59,152.

I am sure you will agree that these are results of which we can be justly proud.

Increased Dividend.

Bearing in mind the importance of strengthening the Company's reserves, the Directors recommend that a Dividend of 30% be paid on the increased Ordinary Share Capital of £275,000. The total amount retained in the business is £84,734, and the proposed Ordinary Dividend amounts to £45,375. This Dividend is covered 2.8 times by earnings, which are at the rate of 83.2% on the Ordinary Capital.

Liquidity.

Current Assets of £3,141,463 exceed Current Liabilities of £2,319,608 by £821,855 compared with Capital and Reserves of £674,612. These figures demonstrate the liquidity and strength of the Company.

This Year's Trading.

During the year under review Government restrictions were temporarily relaxed, and competition increased as a result. This mainly took the form of increased periods of hiring and reduced deposits rather than reduced rates of interest. Consequently, the amount of money which we had available to lend was spread over a longer period, and this to some extent limited our expansion of business.

Over a quarter of a century of experience in the Hire Purchase business, specialising in the financing of motor vehicles, has been, and will continue to be, invaluable in dealing with this situation and others which are bound to arise in a comparatively new and often misunderstood system of credit service.

I pointed out last year that the increased volume of business in the then current year could be fully reflected only in the subsequent 12 months, and that statement still holds good for the period under review.

We have benefited to some extent from the abolition of Excess Profits Levy. This amounted to £13,640 in 1953. We have also benefited from the reductions in the Bank Rate which took place in September, 1953, and in May, 1954.

The Future—Government Controls.

At the moment this Report is being written the new Government controls have just been announced, and it is too early to say for certain what effect they will have on the Company's trading. The minimum deposit of 15% and maximum repayment period of 24 months are within the general limits which we have been imposing ourselves since the restrictions were relaxed, so that I do not anticipate that these factors will have an adverse effect on this year's trading. On the other hand, the increase in the Bank Rate will mean that we shall have to pay more dearly for our borrowing, on which our volume of business depends. It will also be more difficult to increase the amount of money available for the expansion of business.

Nevertheless, I am optimistic about the immediate future of the Company for reasons which I have already given, and also because I am convinced that we provide a service which is beneficial alike to our customers, the manufacturers of the goods we finance, and to the general public.

Excellent Facilities for Deposits.

I would again draw your attention to the Company's scheme for the acceptance of deposits, which is an important method of financing our business. This service is available to the small and large investor alike and offers an attractive and secure method of earning a realistic rate of interest while still conserving capital values and availability at very short notice. Deposits can be arranged with the minimum of formality and at no cost to the investor on deposit or on withdrawal.

MITCHELL COTTS & COMPANY

OVERALL PICTURE OF INCREASING STRENGTH

The thirty-fifth ordinary general meeting of Mitchell Cotts & Company, Limited, will be held on April 22nd in London.

The following is an extract from the circulated statement of the chairman, Mr H. C. Drayton:

The profit for the year under review of £1,258,152 compared with the figure of £1,504,359 for the previous year can be regarded as satisfactory in view of more difficult trading conditions. Taxation takes £755,000, compared with £830,000, and the final consolidated net profit, after tax, is only some £137,000 less than the previous year.

The result achieved, with some exceptions, is due not so much to any decrease in the total volume of trade as to higher staff and other costs and smaller margins of profit due to keener competition chiefly from abroad.

The high levels of current assets and liabilities reflect the continuance of active trading conditions during the year, but you will note that the net liquid position is stronger in that the total current assets are about £100,000 up, whereas the total provisions and current liabilities are about £250,000 down. The overall picture emerging is one of increasing strength justifying confidence in the group's ability to cope with changing conditions.

OVERSEAS ACTIVITIES

Activity in Southern Africa, which is the group's oldest and largest field of operations, continued at a high level and the present indications are that this will be so during the current financial year as well.

Certain units of the group, particularly those operating in the Middle and Far East, have been affected by political and economic changes in the territories in which they trade, but we hope to see an improved volume of business in future at least in some of the countries concerned.

The parent company and the other companies operating in the United Kingdom have suffered only to a limited extent from the contraction of overseas markets, the total group exports from the United Kingdom amounting to £6,250,000, as against £6,500,000 for the previous year. Our shipping companies show a less favourable position, but better results are hoped for in the current year.

Whilst we are, at times deliberately, limiting the group's activities in certain directions, we continue to consolidate, develop and expand in others. Our group's produce activities are also being successfully developed, not only through inter-territorial transactions, but particularly through the sale by London of grains, oilseeds and cattle foodstuffs from territories where we are established, principally the Sudan, Ethiopia, Aden and East Africa.

The import of food products also into these areas has had our close attention with promising results. Since the end of the financial year we, in conjunction with our overseas offices, have been successful in negotiating large quantities of sugar with the Governments of the Sudan and East Africa and with private concerns in Aden and elsewhere.

In your directors' opinion, notwithstanding some uncertainties and difficulties that lie ahead, you can look forward to the continued prosperity of the group with reasonable confidence.

HARRODS (BUENOS AIRES) LIMITED

IMPROVED LOCAL TRADING

REMITTANCE PROBLEMS AND CAPITAL STRUCTURE

The forty-second annual general meeting of Harrods (Buenos Aires) Limited will be held on April 25th at the offices of Harrods, Limited, Brompton Road, London, S.W.1.

The following is an extract from the circulated statement of the chairman, Mr F. A. Stacpole:

As is well known, we operate departmental stores in Argentina. All the assets of the business as such are located in Argentina, practically all the merchandise is purchased in Argentina and all the sales are in Argentine pesos. The excess of assets over liabilities in Argentina at August 31, 1954, was some 230 million pesos. This figure is, however, only arrived at on the basis of book value of fixed assets, the replacement value of which is several times greater. Our Argentine businesses emerged during the year from the deep trough of depression which affected all retail businesses in Buenos Aires throughout the previous year, making a profit of over 16 million pesos. This brings the total profits in Argentina for the four years to August 31, 1954, which have not been brought into our sterling accounts because they have not been remittable, to over 91 million pesos.

REMITTABLE PROFITS

Before saying anything about the particular remittance position of our two companies, it is essential to emphasise that we have received no significant amount of remittances since 1951.

As a result, however, of prolonged negotiations between our companies and the Argentine authorities, it has now been definitely agreed that our companies are entitled, as and when sterling becomes available to the Central Bank, to remit home, in respect of all periods up to February 28, 1950, a further sum of approximately 16 million pesos. At the current free rate of approximately 40 pesos to £1, the sterling produced would be about £400,000. Specific agreement has yet to be arrived at in regard to the half-year to August 31, 1950, but the sum involved only amounts to about 1¼ million pesos.

Although we still await the corresponding remittances, it is important to have had these earlier figures definitely settled. As such remittances would relate to a period for which all UK taxation liabilities have been discharged, they would not involve any further UK tax assessment on the companies.

For the four years to August 31, 1954, our companies have lodged applications under current regulations for remittances equivalent to about 19 million pesos. It appears probable that remittances in respect of this later period would attract a liability to UK tax, subject, of course, to some reciprocal relief.

To summarise therefore: it is only the amounts referred to in my remarks above, totalling about 37 million pesos, which are remittable in principle; they will only be remitted in practice as and when the Argentine authorities are in a position to make sterling available. The balance of profits appears to be permanently frozen in Argentina.

So much for the position up to August 31, 1954. It is equally important to indicate what we would be permitted to remit annually in future if sterling were available. According to our interpretation of the Argentine regulations this would amount to about 7 million pesos, equivalent, at the present free rate of exchange, to about £175,000.

I will close this section of my statement by emphasising that, while making clear the amount which could be remitted under the present regulations, no one has any idea when in fact remittances will be provided.

CAPITAL STRUCTURE AND DISTRIBUTION OF PROFITS

I am prompted, by a number of enquiries which have been made to me, to clarify the position with regard to our capital structure.

Although the 4 per cent cumulative preference shares have a priority for dividend over the 8 per cent cumulative preference shares, both classes rank *pari passu* for repayment of capital in a winding up, and each share carries one vote whether or not the dividend is in arrear.

As between the ordinary and deferred shares, the ordinary shares, though of a nominal value of 12s., have a right in a winding up, to repayment at 20s. When the ordinary shares have been repaid at 20s., that class and the deferred shares divide the surplus. Those paying a high price for the deferred shares perhaps overlook the fact that before they would be entitled to anything on a winding up, the prior classes of capital would be entitled to claim some £7 million plus arrears of dividends (if any) on the cumulative preference shares.

To pay completely the dividends on the two issues of preference shares with the corresponding profits tax distribution charge and income tax and after taking into account reciprocal tax relief, would require an estimated income of £220,000 per annum. To pay a full 16⅔ per cent on the ordinary shares would call for a further income estimated at £370,000. As I have previously said, the remittable annual profits under the present Argentine regulations for our two companies are running at about 7 million pesos, which at the present official free rate of exchange would produce about £175,000. Out of this sum expenses outside Argentina would have to be paid before anything was available for dividends.

It will therefore be realised that there is no prospect of being able, even were the theoretically permissible annual remittances in fact obtainable, to pay the dividends regularly on the 8 per cent preference shares. In a year when a full year's remittances come home, partial payment might be possible. In the event of a remittance in respect of several years being received at one time, it might be possible to pay more, but in that case provision would have to be made for heavy amounts of profits tax and income tax.

Enough has been said to make clear to you the investment status of the shares in our company under present and foreseeable conditions.

On the one hand, these shares do not meet the requirements of the investor who is looking for a regular and assured source of income.

On the other hand, the shares are backed by fixed assets, having a replacement value several times greater than their book value, by substantial current assets and by the going-concern-value of what is probably the largest departmental store undertaking outside Europe or North America.

BRITISH STEEL CONSTRUCTIONS (BIRMINGHAM), LTD.

FACTORS AFFECTING PROFITS

The eighteenth annual general meeting of this company was held on March 29th, at Birmingham, Mr W. Basil Holden, FCA (the chairman), presiding. The following are extracts from his circulated statement for the fifty-two weeks ended August 28, 1954:

The consolidated profit and loss account shows a net profit before providing for taxation of £136,997, which is £65,837 less than the previous year. After making provision for taxation, there remains £78,676, of which the dividends which your board recommend absorb £39,375, leaving £39,301 to be ploughed back into the business.

Last year I told you that the nature of much of our business enables us to make long-range forecasts with a fair degree of accuracy and also that I expected the results for the year under review to show an improvement on those of its predecessor. In point of fact, we were budgeting for a profit to the order of £225,000, and the accounts for the first four months fully substantiate that view. The results of the accounts before you are some £90,000 short of that amount.

ADVERSE WEATHER

The causes may be summarised under three headings, namely :

1. Loss of building time due to weather conditions.

2. Loss of building time through sites not being available at planned dates.

3. Additional costs arising from the weather conditions in which it was necessary to operate.

The size of the deficit, however, merits some more detailed explanation. During part of January and almost the whole of February, we were compelled to suspend building operations entirely, owing to the severe frosts, for it is impossible to build in these conditions. In common with other builders, we do, of course, make an allowance for loss of building time due to weather conditions and it might have been possible—at any rate, in part—to have made up this leeway had it not been for the almost continuous and exceptionally wet weather which followed.

CURRENT YEAR'S PROSPECTS

It is extremely difficult at this juncture to forecast with any degree of accuracy what the current year's results will show. The best estimates I can make at this stage is that the results for the current year will be much the same as that under review. It is clear that we do, and shall in the future, need more capital, but whatever steps we take in this direction must be such as do not prejudice the interest of the existing shareholders.

Moreover the position is made more difficult in that in calculating the amount which it is necessary to earn, we have to provide over one-third more for profits tax if we distribute it to the shareholders by way of dividend, whereas there is not the same restriction in the matter of loan interest. I am hoping that before the close of the current year we shall be in a position to assess not only what are our long-term requirements, but also the results which will flow therefrom —particularly bearing in mind the principle I have enunciated with respect to the interest of the existing shareholders.

The report and accounts were adopted.

TELEPHONE & GENERAL TRUST

SATISFACTORY RESULTS

SIR ALEXANDER ROGER ON "A UNIQUE EXPANDING UTILITY BUSINESS"

The twenty-ninth annual general meeting of the Telephone & General Trust, Limited, will be held on April 26th in London.

The following is an extract from the circulated statement of the chairman, Sir Alexander Roger, KCIE: The results are again satisfactory. The profit for the year after charging profits tax and income tax is £115,194—an increase of £10,374, despite an additional charge of £33,633 for interest on the £800,000 of 4½ per cent debenture stock issued in November, 1953.

At the last annual general meeting you approved an increase of £600,000 in the authorised ordinary capital, and a bonus issue of 110,000 ordinary shares of £1 each fully paid out of capital reserve. The cash cost of these operations—£3,000 capital duty and £382 expenses of the issue—has been written off.

We are recommending a final dividend of 7 per cent, making with the 3 per cent interim paid in October last, 10 per cent for the year, on the £1,110,000 (£1 million last year) ordinary stock, together with 10 per cent on the £100,000 "A" ordinary stock.

After providing for these payments and the 7 per cent preference dividend, and transferring £20,000 to general reserve, £114,746 is carried forward against £110,659 brought in.

The capital reserve has been restored to the figure of £450,000 at which it stood prior to the bonus issue of capital of £110,000 in April last year. General reserve now stands at £150,000 after the transfer of £20,000 from profit and loss account already referred to.

The valuation of £4,338,152 for quoted investments represents an appreciation of £1,891,807 on the net book cost of £2,446,345 —a substantial buffer against fluctuations in market prices.

Loans to associated companies at £35,972 show a substantial decrease. This reduction results from the repayment of loan by the Anglo-Portuguese Telephone Company out of the proceeds of successful issues of capital made by that company in 1954. The assistance which the Trust gives to its telephone operating subsidiary and associated companies by the provision of temporary loans, which are later repaid by the operating companies out of the proceeds of issues of capital, is of great value in enabling development and expansion to be planned and carried out economically and without interruption.

GROUP ACCOUNTS

The group capital and revenue reserves total £1,325,932 and show an increase of £82,013. The net assets of telephone operating and servicing subsidiary companies have increased by £329,775 to £3,667,055.

PORTUGAL

For the past 27 years the Trust has held a substantial share investment in The Anglo-Portuguese Telephone Company and has been behind the company in all its financial planning and development. In recent years, and particularly since the telephone company's expansion programmes have been accelerated, the services of the Trust have been increasingly valuable and fully recognised and appreciated in Portugal.

At December 31, 1954, the number of stations in The Anglo-Portuguese Telephone Company amounted to nearly 152,000, over 17,000 having been added during last year, a remarkable rate of growth which would have been unprecedented in any country a few years ago.

Portugal is a progressive nation and under the current six-year plan, which is increasing industrial, commercial and social activities in all directions, The Anglo-Portuguese Telephone Company can look forward to a continuity of sound and solid progress.

WEST INDIES

In December, 1945, shortly after the end of the war, the gross plant assets of the West Indies telephone operating companies in Jamaica, Trinidad and Tobago and Barbados, had a combined book value of £926,700. At December 31, 1954, this value had increased five-fold to £4,588,900 and is an indication of the vigour with which the directors and managements of these companies, with the full backing of the Trust, have pushed ahead with the expansion and improvement of their telephone systems to keep pace with and add materially to the economic and social development of these territories. Further large capital expenditure is being undertaken and more is already planned over the next five years.

TELEPHONES AND THE TRUST'S INVESTMENTS

As I told you last year, the directors and executives of the Trust devote much time and thought to its investment policy, both in regard to our general portfolio of market securities and to our equally important investments in overseas telephone undertakings. Our general investments of market securities are under constant review. We have built up a portfolio of securities which is well spread over many industries and we believe it will continue to provide good revenue. The appreciation existing at December 31, 1954, encourages us in the belief that we can face fluctuations in prices with reasonable equanimity.

We continue to believe also that telephones are good investments, and that the substantial interests which the Trust has always had in this field of public utility provides an added strength in good and bad times with steady returns and opportunities of growth which it would be difficult to match elsewhere.

Progress in business, in industrial development and in social standards all call for improved and expanding telephone systems. In fact, progress, expansion and telephone communications are all bound together, each gaining from the progress of the other.

To my mind this unique expanding utility business constitutes a high-ranking investment combining security with remunerative growth.

Great progress has already been made in Portugal, Jamaica, Trinidad and Barbados in the extensive programmes of expansion and development in which all these companies are engaged. These programmes have, of course, called for large capital expenditure, but I am glad to be able to tell you that in all cases the results have justified the management's policy in pushing on with their development plans and providing a service second to none.

UNITED SERDANG (SUMATRA) RUBBER

SIR ERIC MILLER'S REVIEW

The forty-seventh annual general meeting of the United Serdang (Sumatra) Rubber Plantations, Limited, was held on March 24th in London.

Sir Eric Miller, chairman, presided, and in the course of his speech, said: Although the average area in tapping was somewhat greater, the 1953/54 rubber harvest of our estates was about 7 per cent below the record level of the previous year, the reasons for the lower yield being unfavourable weather, latex stealing and the go-slow tactics into which the labourers on some of our estates were persuaded or intimidated by subversive elements.

The back-log of replanting mounts year by year, and must continue to do so until such time as Indonesia puts its house in order and, by deeds rather than words, encourages those who have already contributed so much to the country's past development to re-invest in its future.

In previous postwar years the effect on unit costs of production of successive increases in wages, holidays and social provisions for labour was cushioned in our case by a rising level of output. In the year under review, however, estate cost of our rubber, exclusive of export duties, was higher by almost 1½d. per lb than in 1952/53. Such an increase was most disheartening when world rubber prices were at their lowest level for four years.

After maintaining for three years a dividend rate of 10 per cent, the directors regret that on this occasion they can only recommend a distribution of 6 per cent, less income tax. No remittance has yet been received from Indonesia on account of the year's profit; we are hoping to receive approximately £57,000, but it is possible that the necessary exchange permits will only be granted by instalments.

THE CURRENT YEAR

We are now getting relatively high rupiah prices for our rubber, and the current financial year should show an increased trading surplus, but the eventual sterling result cannot possibly be predicted. One thing is certain, that the tax-gatherers will derive far more benefit from the improved rubber prices than will the stockholders, who carry all the risk.

An extra export duty has been re-imposed with effect from March 1, 1955, at the rate of 10 per cent *ad valorem*.

We are being cruelly mulcted in Indonesia at three points: Firstly, in export duties; secondly, by company tax, which rises to 52½ per cent of fiscal profits; and thirdly, as though that were not enough, by the levy of 66⅔ per cent on the remittable balance.

The yields which our old trees are giving and their general vigour confirm the opinion we have long held that Sumatra is an ideal habitat for Hevea Braziliensis, but in face of such treatment meted out to old and tried investors in Indonesia, can it be wondered at that fair words alone do not evoke the inflow of new foreign investment which the young Republic clearly needs and professes to welcome?

A lasting solution of the problem of illegal occupation of estate land is unfortunately not in sight, and it is feared that no Government unarmed with an electoral mandate will have the courage to tackle the problem with the necessary firmness. When the election is to be held is still in the lap of the gods.

The report and accounts were adopted.

ASQUITH MACHINE TOOL CORPORATION LIMITED

SUCCESSFUL PROGRAMME OF PROGRESSIVE DEVELOPMENT

The thirty-fourth annual ordinary meeting of shareholders of Asquith Machine Tool Corporation Limited was held at the registered offices of the company, Highroad Well, Halifax, on Monday, March 28th.

In moving the adoption of the report and balance sheet, the chairman, Mr Robert W. Asquith, MIPE, said:

In my last year's statement I indicated that since the end of the financial year under review, and during the course of this financial year, your company had acquired the whole of the equity of Drummond Brothers, Limited, Guildford, and because of this acquisition our sales company, Drummond-Asquith (Sales), Limited, Birmingham, also became a wholly owned subsidiary.

FORECAST JUSTIFIED

The accounts for this year show the consolidated position arising from this acquisition, and I think that the statement made last year that your directors were satisfied that this purchase was a wise and sound one and could only have beneficial effects on the status of your company, has been amply justified. In passing, I would draw your attention to the fact that during the past ten years the assets of your company have increased from £404,000 to £1,368,000, and of this increase of £964,000, profits retained in the company and special credits account for £731,000, and only £233,000 is in respect of the introduction of new capital.

The trading for the period under review has been satisfactory, with the accent being more on machine tools for the heavy and the mass production industries, which type of production has a slower turnover than the one to which I referred in last year's statement.

Drummond Brothers, Limited, cater particularly for the mass production industries, and they can look forward to another prosperous year.

William Asquith, Limited, also have a very full order book of the types just referred to, their main problem being the shortage of skilled labour, which has been dropping steadily for a number of years.

FOR HEAVY MACHINES

Your directors have had this position under review for a considerable time, and since the end of the financial year your company has purchased the business of R. Woodvine and Son (Shrewsbury), Limited, Shrewsbury, who, among their various engineering activities have done a considerable amount of sub-contracting work for William Asquith, Limited. We are proposing to continue the activities of the Woodvine Company under its own identity, and expand their activities as far as sub-contracting for William Asquith, Limited, is concerned.

Mr J. G. R. Woodvine, who is well known in the engineering trade, will continue as managing director, and he has joined the board of your operating company, William Asquith, Limited.

It is the intention of your board to extend the manufacturing activities for the heavy machinery of William Asquith, Limited, at Shrewsbury, where productive labour is available. In addition, it will give William Asquith, Limited, the opportunity of erecting a factory more suitable for the production of the heavier type of machine in demand for the future, and for which our existing facilities in Halifax are not ideal.

It is not to be expected that these activities will have any effect on the results of the current year, but I feel it my duty to report to the shareholders the steps already taken by your directors.

Arrangements are now being made to provide any finance which may be required in excess of the resources already available to the company.

Before passing from this subject I should like to make it quite clear that this expansion in Shrewsbury does not detract from the activities in Halifax, and your directors are confident that there is sufficient work to keep the existing manpower fully occupied, and indeed a considerably larger labour force than is available in Halifax at the moment.

THE AMERICAN MARKET

Your sales company, Drummond-Asquith (Sales) Limited, continues to function efficiently, and in addition to their activities on behalf of the manufacturing members of the group they encounter a steady demand for some of the specialised lines of machinery for which they are sole agents.

Modern Foundries, Limited, continues to be fully occupied, not only with castings for the group, but also with orders for other machine tool manufacturers. The availability of labour at your foundry continues to be a problem, but every endeavour is being made to improve it.

As is generally known, the metal working trades went through a difficult period last year in the United States, and your American subsidiary, Associated Machine Tool Corporation, felt the reduction in demand along with most other machine tool distributors. However, your directors feel confident that if we are to remain in the American market, the policy they have adopted is the correct one.

All your subsidiary companies operated at a profit during the past year, with the exception of your American company, and in this instance, the loss was infinitesimal and not unsatisfactory when the state of the American market during the year is considered.

During the year, your directors have visited Australia, New Zealand, Canada, USA, Japan, USSR, and Continental Europe. Your company has exhibited at the European Machine Tool Exhibition in Milan and the Canadian Trade Fair in Toronto.

FULL ORDER BOOK

Your group has a full order book, and although I have felt it advisable to make reference to the shrinkage of manpower in your Halifax works, I am confident we can look forward to another successful year.

As you are aware, during the course of the year the name of your company has been changed to Asquith Machine Tool Corporation, Limited, which is purely a holding company, and I should like to thank all my co-directors of the holding company for their assistance during the course of the year. I should also like especially to thank the executive directors of the subsidiary companies, many of whom have been elected during the past year, in the majority of cases after many years' service with the companies concerned.

I should also like to thank all members of the staff and workpeople of the various companies for the efforts put forward during the year under review.

BROWN BROTHERS LIMITED

RECORD TRADING YEAR

The fifty-eighth ordinary general meeting of Brown Brothers Limited was held on March 28th in London.

Sir Richard Yeabsley, CBE, FCA, the chairman, said:

The sales of the company and its subsidiaries for the year were a record in its history, and the net trading profit of the group amounts to £805,403, compared with £569,697.

The net profit for the year carried to the profit and loss appropriation account of the parent company, including dividends received from subsidiaries, is £256,798, compared with £200,628.

Appropriations recommended are a transfer of £150,000 to general reserve, and an allocation of £5,000 to the staff benevolent and welfare fund.

After payment of the preference dividend, the directors propose a final payment of 12½ per cent on the ordinary capital, which, with the interim of 2½ per cent, gives a total for the year of 15 per cent as compared with 14 per cent.

The balance of unappropriated profits carried to the balance sheet amounts to £315,606, an increase of £44,174. The total taxed profits retained by the group amount to approximately £250,000, compared with £117,152 distributed to the shareholders.

TRADING CONDITIONS

The increasing demand for consumer goods, resulting from full employment and high wages, has been reflected in the very high sales achieved during the year. The tendency for prices to fall was checked, and during most of 1954 we have been operating on a market which, if anything, showed a tendency for prices to increase.

The ever-increasing number of cars and vehicles on our roads again reflected a further expansion in the repair and service facilities of the motor trade.

In the cycle section of our business the sales of accessories and components have again increased and we are now undoubtedly reaping the benefit of the increased range of components carried in all our branches.

Our radio and electrical departments benefited considerably from the relaxation in hire purchase controls earlier in the year. This demand has received some check in the last few weeks since the Chancellor reimposed restrictions. In radio valves, television tubes, and other radio accessories, demand has again increased, and there is no doubt that the radio service trade is now fully conscious of the unique service we render throughout the country.

EXPORT

Last year I indicated that a new company —Brown Brothers (Overseas) Limited—had been registered and that our export business was being transferred to that company. This new subsidiary is now firmly established and its sales showed an improvement over those of our export department in 1953.

BROWN BROTHERS (AIRCRAFT) LIMITED

In the later months of 1953 and the early months of 1954 sales in the aircraft subsidiary were considerably reduced by changes in the aircraft building programme. During the year under review the demand increased, and by the end of the year production of aircraft parts was again reaching peak load.

OUTLOOK

The increase in sales so particularly marked in the latter months of 1954 has continued in the early months of 1955. While too early to make any forecasts, it would seem that in the first six months of the year sales will remain at a fairly high level.

The report was adopted.

BEAUMONT PROPERTY TRUST, LIMITED

LARGER PROFIT AND DIVIDEND

The twenty-first annual general meeting of this company was held on March 30th in London, Mr Cyril W. Black, JP, MP, FRICS, FAI, chairman, presiding.

The following is an extract from his statement circulated with the report and accounts:

The consolidated profit and loss account for the year ended September 30, 1954, shows property revenue, after charging ground rents and other expenses, of £244,051 which compares with £237,146 in the previous year. The profit carried down is £181,270, showing an increase of a little more than £6,000. It is considered that the moderate increase in the profits earned by the companies may be regarded as not unsatisfactory.

Your directors have transferred a sum of £25,000 to the contingencies reserve, bringing this reserve up to a total of £125,000. Capital and revenue reserves of the group of companies amount to £294,555, equivalent to approximately 40 per cent of the whole paid-up ordinary capital of the parent company, or approximately 8s. in the £ thereon. There is a considerable hidden reserve represented by the difference between the present market value of our properties and their book cost.

A final dividend of 6 per cent is recommended and will bring up the total ordinary dividend for the year to 9 per cent.

During the past year legislation has been enacted to enable the owners of rent restricted residential properties to increase their rents on account of the heavily increased cost of repairs and services compared with prewar. The cost of repairs is today more than three times as much as the 1939 cost, and the present cost of providing hot water, central heating, lift and porterage services, etc., is certainly considerably more than double the prewar cost; the price paid by us for boiler fuel in 1939 was about 37s. per ton, whereas today we are having to pay the very excessive price of about 117s. per ton. Until the recent legislation was passed the owners of rent controlled residential properties had to bear the whole of these increased costs and this has proved not only a heavy burden but an obvious injustice.

We are giving a reasonable period of notice to our tenants of our intention to increase rents and we are moderating our demands as much as possible. Your directors are of opinion that our properties should produce a steady and satisfactory income for many years to come.

The report and accounts were adopted.

"SOFINA"

The annual shareholders' meeting of Société Financière de Transports et d'Entreprises Industrielles (SOFINA) will be held on April 28th in Brussels.

At its meeting of March 22nd the board of directors was informed of the resignation of Mr Dannie Heineman, president of the standing committee.

The chairman paid tribute to Mr Heineman, who for 50 years conducted the affairs of the company with outstanding success and assured it an international reputation.

The board then accepted the resignation of its chairman, Viscount Van de Vyvere. It subsequently elected Mr René Brosens in his place and appointed Mr Charles K. Wilmers managing director.

Mr Brosens paid tribute to Viscount Van de Vyvere, who for more than 20 years had assumed the chairmanship of the board. He expressed his thanks for the eminent services which he had rendered to the company.

At the same meeting the board approved the balance sheet and profit and loss account for the year ended December 31, 1954, and determined the appropriation of profits to be submitted to the general meeting of shareholders to be held on April 28th.

The following comments on the accounts are published:

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AT DECEMBER 31, 1954— APPROPRIATION OF PROFITS

Purchases of securities during the year under review amounted to B.frs. 187,592,000, whereas the book value of securities sold totalled B.frs. 164,219,000. After deduction of B.frs. 92,395,000 for amortisations, the book value of investments, therefore, stands at B.frs. 1,870,270,000, against B.frs. 1,939,292,000 at December 31, 1953.

As a result of these amortisations the book value of shares of associated companies having their principal interests in the Argentine is reduced from B.frs. 248,936,000 to B.frs. 156,418,000.

The estimated value of the portfolio at December 31, 1954, amounts to B.frs. 4,314,606,000, against B.frs. 3,426,191,000 at December 31, 1953. The appreciation in relation to the book value is thus B.frs. 2,444,336,000, against B.frs. 1,486,899,000 at the end of the preceding year.

Liquid assets and short-term investments total B.frs. 707,303,000, or B.frs. 174,375,000 more than at the end of 1953. Amounts due by subsidiaries or by third parties total B.frs. 635,697,000, a decrease of B.frs. 47,716,000. This sum includes B.frs. 381,657,000 owed by associated companies having their principal interests in the Argentine (against B.frs. 392,684,000 at December 31, 1953). The debt of these companies is partly guaranteed by non-Argentine securities, the value of which, at December 31, 1954, amounted to approximately B.frs. 190 million. Liabilities to third parties—including B.frs. 107,771,000 to the pension fund—amount to B.frs. 369,306,000, or B.frs. 34,866,000 less than last year. Net "liquid assets" and claims, after deduction of liabilities, thus amount to B.frs. 973,693,000, against B.frs. 812,170,000 at December 31, 1953.

The balance of the profit and loss account amounts to B.frs. 121,450,028, against B.frs. 98,574,740 in 1953.

The profit and loss account item "General and administration charges" is now entitled "Expenditure involved in the rendering of technical services, administration charges and general expenses" in order to express the fact that this item also includes expenses incurred by the company in connection with its technical services, the gross income from which is shown on the credit side of the profit and loss account. This item shows a total of B.frs. 14,518,000 more than in 1953. But it should be borne in mind that this increase is largely due to changes in the method of recording certain items of income and expenditure so as to adapt the book-keeping to the new title given to the item in question. The true increase in relation to 1953 is only approximately B.frs. 4,500,000.

Earnings appear in the profit and loss account for a total of B.frs. 210,316,534, or B.frs. 24,591,000 more than for the preceding year. This sum includes B.frs. 13,423,464 representing unrealised capital gains on securities received from associated companies in payment of dividends, and B.frs. 13,879,367 representing income due by companies having their principal interests in the Argentine, amounts which must be considered as non-distributable profits.

As regards profits derived from the sale of securities, these amounted to B.frs. 119,858,818, against B.frs. 40,851,656 in 1953. That part of these profits which is not tax free is shown in the profit and loss account at B.frs. 101,585,340 (against B.frs. 32,475,262 in 1953). It is by means of profits derived from the sale of securities that holdings still showing depreciation at December 31, 1954, were written down in the amount of B.frs. 92,395,375.

The following allocation of the balance of the profit and loss account is recommended:

5 per cent per annum on the preference shares: B.frs. 25 gross per share on 40,000 shares ..... B.frs.	1,000,000
First dividend of 5 per cent per annum: B.frs. 25 net per share on the 630,000 ordinary shares	15,750,000
Reserve fund and sundry provisions ..... (including profits considered as non-distributable, i.e. B.frs. 13,423,464 and B.frs. 13,879,367, together with the balance of profit on sales of securities, i.e. B.frs. 9,189,965)	43,000,000
To be carried forward	5,331,607
Directors' and supervisors' profits quota	2,818,421
Supplementary dividend of B.frs. 85 net per share on the 630,000 ordinary shares	53,550,000
	B.frs. 121,450,028

If these proposals are accepted, the following dividends will be payable on or after May 2, 1955:

(a) On the 40,000 preference shares: 25 Belgian francs gross;

(b) On the 630,000 ordinary shares, against coupon No. 26: 110 Belgian francs net.

HADFIELDS LIMITED

LORD DUDLEY GORDON'S STATEMENT

The annual general meeting of Hadfields Limited took place on March 31st at the company's registered office at East Hecla Works, Sheffield. The chairman, Lord Dudley Gordon, presided.

In his statement accompanying the accounts, the chairman referred first to the death of Mr D. D. Hawley, MC, the sales director of the company who, after many years' service with the firm, died after a short illness on May 15, 1954.

He continued: The report and accounts are as before circulated to each of those who have been associated in the work of the company as an employee as well as to the Iron and Steel Holding and Realisation Agency.

This year the report is also circulated to all those who were stockholders of Hadfields Limited at February 14, 1951. For their interest there follows a description of the reorganisation and re-equipment carried out since that date which has amounted almost to the creation of a new works.

Examination of the balance sheet now published shows that the heavy expenditure on capital account since that date has been financed largely by advances from the Iron and Steel Corporation of Great Britain taken over by the present Iron and Steel Holding and Realisation Agency reaching a peak of £3,205,000. At the time of circulating this statement more than three-fifths of these advances have been repaid.

A revised capital structure of the company will in any case have to precede the divesting operation which will take place in due course.

Meanwhile important changes have been incorporated in the accounts. The surplus arising from the 1948 valuation of assets instead of being incorporated in the accumulated depreciation is now shown as a capital reserve at the considerable figure of £2,515,162. Further, it has been decided to adopt the "straight-line" basis of depreciation instead of the "reducing balance" principle used heretofore. The change necessitates the transfer of £361,118 from the accumulated balance of the profit and loss account to cover the additional charge from 1948-1953. The full charge on the new basis for the current year appears in the 1954 accounts at £296,898.

There has also been created a new equalisation of taxation reserve amounting to £1,600,000, which will be available in future years to eliminate excessive fluctuations due to variations in wear and tear, initial allowances and the like.

TRADING CONDITIONS

Our experience during the year has been in line with the general trend of manufacturing business in this country. The expected keener competition was certainly encountered and most vigorous efforts have been necessary to achieve the results reported. Indeed in the end, the value of the sales was the same as for the period ended October 3, 1953, though with a slightly lower realised profit. This is accounted for by the higher cost of materials and wages not immediately recoverable in prices, while at the same time there was some variation in the types of products and fluctuations of loading in certain sections. Under all the circumstances it can be felt that the profit subject to taxation, that is £733,200, reached a satisfactory level.

It will be seen that no less a sum than £490,539 has had to be provided for taxation. I have referred in earlier statements to the heavy burden which the present level of taxation places upon industry and the consequential difficulties in accumulating cash to pay for further necessary developments. It is to be hoped that this heavy burden will receive some measure of relief in the very near future.

After providing for taxation, plus adjustments in respect of previous years, the net available surplus for the year is £371,729 of which sum £95,637 is absorbed by dividends paid or proposed.

Turning to the consolidated balance sheet it will be seen that the position of reserves is very strong, as taking the capital and revenue reserves together these amount to over £3¾ million.

While the current assets exceed £4,500,000 the current liabilities, excluding the figure for equalisation of taxation, which is in the nature of a reserve, amount to just over £3,700,000, thus showing an excess of over £800,000 of current assets over current liabilities, which can be regarded as very satisfactory indeed.

The dividend is maintained at the same rate as for the past five years.

So far as the current year is concerned, it should be possible to benefit from the general atmosphere of confidence which exists in commercial and industrial circles.

It is notable that the value of orders received since October 2, 1954, is greatly in excess of the value recorded during the corresponding period a year ago. At the same time we have to expect more strenuous competition from our rivals both at home and particularly overseas. We are all of us determined to face what lies before us with confidence in our ability to succeed.

The report and accounts were adopted and Lord Dudley Gordon and Mr E. W. Colbeck, the directors retiring by rotation, were re-elected.

BOWMAKER, LIMITED

FURTHER EXPANSION

The twenty-seventh annual general meeting of Bowmaker Limited was held on March 25th at Bournemouth, Sir Arthur Morse, CBE (the chairman), presiding.

In his circulated statement the chairman comments on the further expansion in the company's business, the increased profits and the board's recommendation of an increase of 7½ per cent, less tax, in the total ordinary dividend from 17½ per cent to 25 per cent.

The statement continues: An offer to purchase the whole of the share capital of our subsidiary, Norcon Limited, has recently been accepted at a price which will result in a capital profit to your company of approximately £265,000.

You will all be aware of the Government's restrictions on finance for hire purchase which were in force until the middle of 1954 and of the subsequent easing of these restrictions by the authorities. The figures for the current year to date show that your company has taken full advantage of the opportunities afforded to it. At the time of writing new restrictions have just been announced by the Chancellor of the Exchequer. So far as can at present be foreseen, these new restrictions should not adversely affect the progress of any company conducting hire purchase business on sound and proper lines.

In order to conform with Government policy, our aim has been and will be to utilise our funds in a manner most helpful to the economy as a whole. To this end we are expanding that part of our business most directly concerned with industry, namely, the provision of finance for industrial plant and machinery, agriculture and road transport.

The report was adopted.

FIELDING & JOHNSON LIMITED

FOUNDED 1720

Leicester

SPINNERS OF HOSIERY & HAND KNITTING YARNS

Profit	1954 £	1953 £
Profits after all charges except taxation	290,794	357,143
Add reserve for taxation not required	10,000	10,000
	£300,794	£367,143
Appropriation of Profits :—		
National Taxation	160,776	202,814
Dividends (net)	70,563	72,149
General Reserve	70,000	69 990
Carry forward	— 545	+ 22,190
	£300,794	£367,143

Trading conditions were difficult throughout 1954 with a decrease in demand from the hosiery trade and a further drop in wool values. The directors are satisfied with the profit in view of the keen competition for the available business and increases in some costs, particularly wages.

The dividend of 25% on the Ordinary Stock is equivalent to 8.14% on the funds employed attributable to Ordinary stockholders.

Funds Employed	1954 £	1953 £
Capital issued and fully paid :—		
Preference shares of £1 each	35,000	35,000
Ordinary stock (5/- units)	504,787	504,787
Reserves and undistributed profits	869,522	800,067
Amounts set aside for future taxation	176,500	225,000
	£1,585,809	£1,564,854
These funds were invested in :—		
Plant, machinery, buildings and other fixed assets	390,488	390,460
Net current assets	1,195,321	1,174,394
	£1,585,809	£1,564,854

The figure of £390,488 for fixed assets is after charging accumulated depreciation totalling £436,663 (1954 : £35,015).

The net current assets include £264,138 in cash and £115,050 in tax reserve certificates.

Annual General Meeting

The thirty-third annual general meeting of the company was held on March 28, 1955, at the Grand Hotel, Leicester, when the report and accounts were adopted, dividends approved and the retiring directors re-elected.

THE INVERESK PAPER COMPANY, LIMITED

SUCCESSFUL YEAR

MR C. SNELLING'S ADDRESS

The thirty-second annual general meeting of The Inveresk Paper Company Limited was held on March 29th in London.

Mr C. Snelling, the chairman, after paying a tribute to Sir Bernhard Binder, the late chairman, and Sir Harry Brittain, who had recently retired, in the course of his speech, said:

During the financial year there was a steady demand for the products of the group at prices which remained stabilised in spite of increases in raw material prices and other rising costs. As a result of this demand our mills have been working at full production capacity, in fact, considerable overtime has been necessary at many of them.

The group's trading profit amounted to £3,306,532 and after providing for taxation the net consolidated profit amounted to £1,376,000, an increase of approximately £800,000 compared with the previous year. The present results have been considerably improved through working overtime and are benefiting more each year from our continued programme of capital expenditure. Having regard to all the circumstances, the directors have decided to recommend to you the payment of a final dividend of 7½ per cent free of tax on the ordinary stock, making a total of 10 per cent free of tax for the year.

The investments in subsidiary companies have increased by nearly a million pounds. This is mainly due to the purchase of the share capital of three new companies, Harold Jackson Limited, The Witchampton Paper Mills Limited, and Woodhall Paper Company Limited, and the acquisition of a substantial number of additional ordinary shares in a subsidiary company, Caldwell's Paper Mill Company Limited. The new companies purchased will fit in admirably with our expanding organisation. We are now engaged in developing and expanding these companies.

Capital commitments outstanding total about a million pounds and further expenditure has since been approved. The continuous modernisation of the group's undertakings will result in further substantial expenditure during the next few years. It is, therefore, essential to continue ploughing back a considerable part of the profits earned to enable funds to be available for this purpose, thus continuing our past policy of providing if possible for capital expenditure out of internal resources without the necessity of raising additional capital.

The liquid position disclosed at September 30th last is strong, but there is substantial capital expenditure to be met and expansion at a number of mills inevitably calls for increased working capital. In due course, therefore, all these resources will be required.

THE OUTLOOK

For the first five months of the present financial year the group's profits have continued to be satisfactory.

As a result of higher costs generally, it was found necessary to increase paper prices slightly as from January 1, 1955.

In regard to its main raw materials the paper making industry is in a particularly vulnerable position as these are purchased from abroad and it is restricted in its sterling allocation for the purchase of these materials. During 1954 there was some increase in the sterling allocation available, but any further increase in the price of wood pulp may automatically restrict the amount of imports permitted.

We must do all we can to avoid conditions of inflation similar to those which prevailed about three years ago and which were followed by chaotic conditions in the trade. The immediate future is, however, satisfactory and the present financial position of the group is strong so that we can face the future with confidence in our ability to meet competition and to overcome difficulties.

The chairman concluded with a tribute to all the staff and employees.

The report was adopted.

JAGUAR CARS LIMITED

ENTHUSIASM FOR NEW MODELS

MR W. LYONS'S STATEMENT

FAVOURABLE BONUS PROSPECTS

The twenty-first annual general meeting of Jaguar Cars, Limited, was held on March 29th, at the registered office, Browns Lane, Coventry.

In his speech, which was circulated with the accounts, Mr William Lyons, the chairman, said:

The period under review has been noteworthy for the introduction of new models represented by the new type "M" Mark VII saloon and the new range of XK 140 sports models. These new cars have been received with marked enthusiasm in all markets, particularly in North America where our subsidiary company, Jaguar Cars North American Corporation, has continued to expand our already widespread marketing organisation to such effect that the Jaguar car is not only the highest dollar-earner, but is also the leader in numbers of British cars of one make imported by America.

As will be noted, the accounts for the year's working show an increased profit over that of last year, out of which there has been a greater charge for depreciation brought about by the increase in plant and machinery acquired in pursuance of the policy of efficient production methods.

There are higher charges for taxation required to cover the greater liabilities that will arise on the basis of these profits, but the charges under this heading also include adjustments that have been made necessary by agreement, after protracted negotiations, on the company's liabilities for past years. It was possible to give effect to part of those agreed adjustments for income tax in last year's accounts without any further provision being required, but the last ascertainment of liability fell within, and has increased the income tax charge for, the year under review.

The excess profits levy charge, as well as covering the liability to December, 1953, includes an amount required to cover the balance of the full liability for the whole of the period for which this tax has been in force, and which it has been possible to define more clearly as a result of recent agreement on the standard profits of the company for the purpose of this tax.

Stock-in-trade and work-in-progress still reflect the volume of work of government contracts, and against which progress payments have been received, together with the maintenance of stock and materials on a level required to maintain our production rate.

SALES ORGANISATION

Our position in the industry has been further enhanced during the year by the strengthening of our sales organisation throughout the world, and great strides have been made in expanding our service facilities in all countries. In particular, we have been most active in the institution of service training schemes which, although costly, we believe to be of paramount importance, since good service will go far to ensuring the retention of the goodwill and prestige we already enjoy. That this prestige and goodwill are not misplaced will, I think, be exemplified by the remarkable mileages which are being registered by our famous XK engines. Their longevity is such that the demand for reconditioning is practically non-existent. Records reveal that a very high proportion of our engines have been running untouched for over five years, which is in itself a tribute to the quality of materials made available by our suppliers, to the skill of our designers and to the craftsmanship of our workpeople. To them, and to a loyal and conscientious staff I would like to make grateful acknowledgment.

We find much satisfaction in the good relations which exist between the company and its distributors and dealers who so actively pursue our joint interests by efficient marketing methods.

MANY SUCCESSES

Despite the intensification of competition in the field of racing and motor sport generally, our cars have again earned well-merited distinction for their many successes. Though twice winning the famous Le Mans 24-Hours race in the past four years, the second place gained last year is considered by many to rank almost equal with our past outright successes. The Rheims 12-Hours race was again won by Jaguar who also finished 2nd and 4th, whilst the International Sports Car race at Zandvoort resulted in victory for Jaguar together with a new record for the circuit.

That Jaguar cars do not rely for success entirely on sports models was proved in the Silverstone Production Touring Car race where Jaguar Mark VII saloons finished 1st, 2nd and 3rd. The Malcolm Campbell Memorial Trophy for the most outstanding performance of the year by British drivers in a British car was again won by drivers of a Jaguar. This is an outstanding tribute to the consistent success of our cars since this award has now been gained by drivers of Jaguar cars for four out of the five times it has been awarded since its institution in 1950.

Our plans for the future provide for expansion of our production to meet the increasing demand for our cars. This increase will be attained mainly as a result of the additional plant on which considerable expenditure has been and will be incurred, although some expenditure will be in respect to factory extensions.

We are satisfied that our existing models will continue to capture favour for a long time, but we are very conscious that we must not rest on our laurels and new design and development form a very active part of our organisation.

The retiring director, Mr E. F. Huckvale, was re-elected.

The report and accounts were adopted.

At a subsequent extraordinary general meeting the two resolutions referred to, increasing the capital of the company to £750,000 by the creation of 1 million "A" ordinary shares of 5s. each and capitalising the sum of £240,000 by the issue of two "A" ordinary shares for each ordinary share now held, were carried.

THE CHARTERED BANK OF INDIA, AUSTRALIA & CHINA

101st ANNUAL GENERAL MEETING

The one hundred and first annual general meeting of The Chartered Bank of India, Australia & China was held on March 30th at the Bank's head office, 38, Bishopsgate, London, E.C.2.

The chairman of the Bank, Mr V. A. Grantham, presided.

Mr H. F. Morford, chief general manager, read the notice convening the meeting and the report of the auditors. With the consent of the stockholders present the report and accounts, which had been circulated previously, were taken as read.

The chairman then moved that the report and accounts for the year 1954 be adopted and that a final dividend of 7½ per cent, less income tax, be declared; this, together with the interim dividend of 7½ per cent already paid, made a total distribution for 1954 of 15 per cent.

The resolution was seconded by Sir John Tait and carried unanimously.

Sir William Robert Marshall Cockburn was elected a director of the Bank and the retiring directors, Sir Arthur Atkinson Bruce, KBE, MC, the Right Honourable the Earl of Inchcape and Sir Harry Greenfield, CSI, CIE, were re-elected.

The remuneration for the current year of the auditors, Messrs W. A. Browne & Co. and Messrs Deloitte, Plender, Griffiths & Co. was approved.

TRIBUTE TO DIRECTORS AND STAFF

A vote of thanks to the directors, general managers, branch managers, and staff, both at home and abroad, for their successful conduct of the affairs of the Bank was proposed by Mr F. S. Winterbottom, CBE, and seconded by Mr Joseph Nissim.

Mr Winterbottom said that the widespread activities of the Bank in so many parts of the world were a reminder not only of the home staff, but of the overseas staff whose efforts had contributed so much to the success of the year 1954. Unexpected changes in the political and economic fields in many of the countries in which the Bank has branches had called for particular care and devotion to the Bank's interests and to those of the trading community. The stockholders would wish to place on record their appreciation of the staff abroad, some of whom had worked and lived under what must at times have been difficult and trying circumstances. They had every reason to be proud of the service they had rendered. Referring to the increasing association of the Asian staff in the carrying out of the Bank's overseas responsibilities, he expressed the hope that they would find, with the encouragement of the Bank's senior management, a happy future in the maintenance of that tradition exemplified in the Bank's record of over a century of British banking service in the East

Mr Nissim, in associating himself with Mr Winterbottom's tribute to the staff, expressed the pleasure of the stockholders at the appointment of Mr H. F. Morford as chief general manager.

In replying the chairman referred to the difficulties of conducting international business. He felt that these difficulties could be overcome if the mind was elastic enough and one was prepared to meet new situations with new manners and new ways. To do these things the court of directors knew that they could rely today more than they have ever relied, not only on the loyalty of the staff, but also on their initiative and ability.

THE STEETLEY COMPANY LIMITED

(DOLOMITE AND REFRACTORIES)

The Annual General Meeting was held in Sheffield, on 31st March, 1955.

The Accounts for the years to 31st December, showed:

	1953	1954
	£	£
Trading Surplus (after Depreciation, etc.) ...	844,258	894,062
Taxation	536,918	498,639
Profit	307,340	395,423
Issued Share Capital	2,239,083	2,239,083
Dividends	111,427	141,979
Undistributed Profit	195,913	253,444

The following is an extract from the statement to shareholders made by Mr. N. M. Peech, Chairman:

The progress achieved by the Group in recent years has been maintained during 1954. All three Divisions of the business contributed to the further improvement in results. The demand for the products of the Group remains substantial and, in the absence of unforeseen circumstances, the year 1955 should again show satisfactory results.

LEYLAND MOTORS LIMITED

POLICY OF STEADY DEVELOPMENT AND CONSOLIDATION

MR C. BASIL NIXON ON GROUP'S ACHIEVEMENTS

The thirty-sixth annual general meeting of Leyland Motors Limited was held on March 29th at Leyland, Lancashire, Mr C. Basil Nixon (chairman and governing director) presiding.

The following is an extract from his circulated statement:

During the year our trading activities have continued on much the same lines as in 1953, and in this connection the accounts show a modest improvement.

HOME TRADING

The rate of sales improved steadily as the year progressed. In fact, before its close, demands for our vehicles were so heavy that special and urgent measures were taken to speed up production. The efficiency of these is already reflected in increased deliveries.

Our policy of steady development and consolidation has been energetically pursued during the year. We shall take every feasible step to hold the leadership in design and production of heavy commercial vehicles, and to safeguard our markets against an ever-increasing challenge from competitors both at home and abroad.

NEW RANGE OF PRODUCTS

A new range of all-steel cabs is in production for both Leyland and Albion vehicles. These cabs represent excellent value for money, and we have the advantage of being able to supply chassis fitted with cabs on standard specification. A new design of forward-control Comet goods and passenger chassis was introduced during the year, and there is a big demand for these models, particularly overseas. We are proud to be able to report substantial orders for long distance transport vehicles for British Road Services and for military vehicles for the Ministry of Supply. The company has also been honoured by receiving a high percentage of all orders placed by municipal authorities. An important factor in achieving these successes has undoubtedly been the outstanding performance, reliability, and long life of our 600 type diesel engine. Mileages of over 300,000 have been reported by customers between major overhauls. This represents an achievement that would have been thought quite impossible a few years ago.

The business of West Yorkshire Foundries, Limited, continues to prosper, and new commitments have been entered into necessitating further capital commitments and an expansion in plant and equipment.

Self-Changing Gears, Limited, is making excellent progress. Its products have universal application, and the market for these is extending rapidly. Provision for increased capacity to meet this demand is already in hand.

OVERSEAS

Export continued at a high level and amounted to approximately half the total output, which is a record for the Leyland Group, and in volume a world record in our particular line of business.

Many important missions abroad have been undertaken during the year by directors and other members of the staff. In fact, every country of note in the world, including the USSR and China has been visited.

The Commercial Vehicle Show held at Earls Court last September was a great success for Leyland and Albion, and the range of vehicles that we were able to display there not only attracted favourable comment, but enabled us to secure a large volume of new business. In particular the "Worldmaster" 'bus chassis was an outstanding feature and brought us many orders. We also participated in many overseas shows.

It is our intention to continue our policy to encourage overseas expansion by the development of our own service and sales branches, and in appropriate cases by undertaking some local manufacture where there are prohibitive tariffs or where cost can be saved.

THE ACCOUNTS

The balance brought in from the trading account is £3,135,383 (£2,997,498), but the net profit of the year is £1,056,311 (£771,297), and is a considerable improvement on the previous year.

Capital commitments for the group at the end of the period amounted to £299,792 (£233,353), which, merged with the 1955 capital investment budget, total a provisional forward commitment of approximately £1 million.

The liquid position is stronger than a year ago, and that trend continues today.

In view of the results of the past year it is considered that an increase in the ordinary dividend is justified, and it is proposed that a distribution of 6s. (5s.) per £1 stock unit, less tax, be made.

CAPITALISATION PROPOSALS

For a number of years a portion of the profits have been retained for the purpose of expansion and re-equipment, and as a result the paid up share capital is disproportionate to the total capital employed. At the extraordinary meeting to be held immediately following the annual general meeting it will be recommended, subject to the consent of the Capital Issues Committee, that £3,655,840 of the reserves shall be capitalised by the issue of bonus shares in the proportion of two fully paid £1 shares for each £1 stock unit. The bonus shares will subsequently be converted into stock. This issue does not imply that there will be any increase in the total amount to be distributed by way of dividend.

The report was adopted and the dividend, as recommended, was approved.

At the subsequent extraordinary general meeting the board's capitalisation proposals were approved.

JEREMIAH ROTHERHAM AND COMPANY

DIFFICULT CONDITIONS

The fifty-seventh annual general meeting of Jeremiah Rotherham and Company, Limited was held on March 30th in London, Mr F. Sydney Snowden, chairman and managing director, presiding.

The following is an extract from his circulated statement for the year ended January 15, 1955. Trading conditions have been somewhat difficult during the past year for the wholesale distributing trade. The unseasonable weather experienced, both during the first six months—the summer being one of the wettest, dullest and coldest for some years past—and again the mild weather prevailing during the latter part of the year had a definite adverse effect on trading.

The balance of profit amounts to £20,229 as against £21,920 last year but 1954 included the sum of £903 interest under the War Damage Act of 1943. After adding to this amount sundry tax credits of £1,000 and the balance brought forward last year of £60,459 (which included additional interest under the War Damage Act of 1943, of £7,814), there is an available sum of £81,688. From this amount there must be deducted the profits tax on the proposed distribution of £7,000 and the sum of £79 transferred to reserve fund, leaving a disposable balance of £74,609. The directors recommend a dividend of 6 per cent less income tax.

Orders for future deliveries are coming in satisfactorily and the volume of trade for the current year is in excess of that of last year, and given reasonable conditions, we can look forward to the future with confidence.

The report and accounts were adopted.

J. H. FENNER & COMPANY (HOLDINGS) LIMITED

The eighteenth ordinary general meeting of this company and subsidiary companies was held on March 29, 1955, at the Queen's Hotel, Leeds.

The following extracts are taken from a joint statement by Mr C. Bradshaw, FCA, the chairman, and Mr S. B. Hainsworth, FTI, the deputy chairman and managing director.

FENNER MECHANICAL POWER TRANSMISSION EQUIPMENT

The major line of production of the trading company, J. H. Fenner & Company Limited, the complete Fenner V-belt drive, more than ever justifies its position as the leader in this industry. Yours is the only company producing both the rubber and canvas V-belts made either from synthetic or natural materials and the pulleys themselves, and it is astonishing how often the question is asked, "Do you really make both belts and pulleys?" The answer is "Yes" and it has been so since 1937. Certainly the techniques needed in connection with the producing of mechanical rubber goods and the engineering skills needed for pulleys are quite different, but the manufacturing divisions of the company are kept separate and the products only come together at the stage of selling.

The Taper-Lock bushes and pulleys which we manufacture under licence from our friends, the Dodge Manufacturing Corporation of Mishawaka, Indiana, continue to sell on a satisfactory basis, and our greatest problem so far has been to produce them in the required quantities to meet a rapidly increasing demand.

For some years now the considerable amount of development work on Fenner V-belts has shown itself in a capacity to transmit considerably higher horsepowers per unit belt of the order of 25 per cent to 90 per cent. We have now decided that it is safe that these new horsepower ratings should be adopted in the light of the long practical design trials we have conducted both in our laboratories and in the field, and we do stress the point that users should be most careful in employing higher-rated V-belts to be sure that the grooved pulleys which go with them are designed to take the greater loads. All Fenner pulleys which are, of course, produced in our own factory and to our own designs are capable of taking these increased loads.

During the period under review, new products have been introduced on to the market in the shape of Taper-Lock Couplings and Weld-on Hubs and we believe that these will, in the course of time, secure an adequate market for the production of which we are capable.

"FENAPLAST" COLLIERY CONVEYOR BELTING

The progress which has been made in connection with the development and production of "Fenaplast" flameproof solid woven conveyor beltings for use in collieries can be regarded as exceptional. The National Coal Board was in some considerable difficulty in that underground fires were possible because rubber and canvas conveyor belts were being used and it seems to us that so far the only really satisfactory new PVC belts which have been manufactured are those which get over the ply separation trouble because they have no plies and are solid woven. Your "Fenaplast" belt plays an important part indeed in this field and we hope that its use will be extended and supported by the National Coal Board who have expected companies to undertake very considerable expenditure on development work and the installation of special plant, much of such outlay being only recoverable over some years of trading.

OVERSEAS TRADE

At the end of January, 1954, arrangements were made to divide the activities of the group of companies into two main streams, each to operate independently; the business from the home market to continue with J. H. Fenner & Company Limited and trading abroad to be channelled through the new overseas company. We can report that the separate organisation is working satisfactorily and that some improvements are already to be seen in connection with the handling of our affairs and our business abroad.

Through a new company, Messrs Fenner-Cockill Limited, we are in process of establishing, in conjunction with Messrs A. & F. Harvey Limited, of Madurai, South India, a factory in Kochadai, Madurai, which is expected before the end of this year to be manufacturing a range of solid woven beltings under our well-known brands, together with Fenner industrial V-belts and fan belts, and it is expected that before very long we shall be able to add to the unique engineering service for V-belt drives which we are already in a position to give in India through our agents there.

CONCLUSION

There never have been greater opportunities for expansion than at the present time in connection with the businesses in which we are engaged, as will be seen as time goes on, and our range of interests widens. There can be no doubt but that we must seek to secure our place in the newer fields that are developing or hand over the initiative to others. In these circumstances, we prefer to build up our staff, to take the risk and to endeavour to see that your company plays its part and takes its share of the developments in mechanical power transmission and other directions that are on the way. To seek to know what is going to sell best in future years is one of the most difficult operations which we have to conduct because it involves not only consideration of where markets are moving, but an analysis of competitors' activities also. We can only hope that, on balance, we shall continue to succeed in our forecasts and that the products which we make and the reputation which we enjoy in connection with power transmission equipment will continue at the present high level.

NEW ZEALAND MARKET

A well-established, keen and experienced importing firm with first-class trade credentials and offices in Auckland, Wellington and Christchurch desires to expand its activities. We seek exclusive agencies from manufacturers. Can we discuss the sale of your product in New Zealand? References Bank of New South Wales, London. Write direct to Mair and Co. (Importers) Ltd., P.O. Box 1477, Christchurch, N.Z.

THE BRUSH GROUP LIMITED

Accountant trainees required by progressive group of companies operating and using modern systems of management accounting in which successful applicants will receive special training at various factories of the Group. Opportunities may be available from time to time for the trainee to extend his knowledge in fields outside accountancy, but at least one accountancy qualification is essential and only those with qualifications and attributes well above the average are likely to be successful in their application. The preferred age is 23-28, but candidates outside these limits may apply and will be considered.

A generous non-contributory pension scheme is available after satisfactory probationary service and the starting salary is within a range considered to be attractive to men of the calibre and qualifications expected. Future progress will depend on the trainee's own ability and enthusiasm. Applications, including age, education, qualifications, training, experience and present salary, along with a one-page summary of these particulars, should be sent to: Mr Ian T. Morrow, Deputy Managing Director, The Brush Group Ltd., 32 Duke Street, St. James's, London, S.W.1, marking the envelopes "Accountant."

THE B.Sc ECON. DEGREE of London University is open to all without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services. Wolsey Hall (est. 1894) provides postal tuition of a high order for the three (in some cases two) examinations, at reasonable fees. More than 1,000 Wolsey Hall students have passed London B.Sc.Econ. (Final) exams. since 1925.—Prospectus from C. D. Parker, M.A., LL.D., Director of Studies Dept. P17 WOLSEY HALL, OXFORD

FISONS LIMITED require two Senior Statisticians with Honours Degree in Mathematics. One appointment is at head office, Felixstowe, in work covering a wide range of applied statistics for management including operational research, quality control, design and analysis of experiments. For this post industrial experience is required. The second appointment is at their research station at Levington, Suffolk, and the work would cover the design of field experiments and analysis of yield and crop data. Either previous agricultural research station experience or genuine interest in this work is essential. Applicants between 30 and 40 years of age would be preferred. Salary not less than £1,000.—Applications to Personnel Officer (AB), Fisons Limited, Harvest House, Felixstowe, Suffolk.

COMPANY SECRETARY required immediately by group of companies situated in London, with important overseas associations, engaged in pharmaceutical industry. Must be Fellow of C.I.S., or Chartered Accountant and a Law Degree would be an advantage. Age not over 47.

In addition to normal statutory responsibilities a comprehensive experience in drafting foreign agency contracts, patent royalty contracts, tenancy agreements and various inter-company agreements, together with experience in handling trade mark and patent matters and insurances is advisable.

Must be of suitable calibre for eventually assuming responsibility of Director as opportunity exists for appointment to Board of Directors after a period of five years if Principals and Chairman satisfied appointment justified. Non-contributory group life and pension scheme. Commencing salary £1,750 to £2,000 per annum according to qualifications and experience.—Apply Box 880.

CAN BANK RATE MAKE ROOM FOR TAX RELIEF? A careful assessment of the extent to which dear money has eased Mr Butler's dilemma appears in the April issue of "The Banker." Two further editorial articles discuss the new policy for sterling—the "Uncollective Approach"; and the measure of the strains on sterling emanating from the outer sterling area—the first full analysis of this key question.

"Freedom" Versus Prosperity is the title of a provocative article by Dr T. Balogh, the left-wing economist, also published in this month's issue of "The Banker." Other contributed articles include "The Capital Market—its Mechanism and Scope," by Sir Oscar Hobson; and "Welsh Industry in the Boom," by E. Victor Morgan. Price 2s. 6d. from bookstalls or 72, Coleman Street, E.C.2. Annual subscription, 30s. per annum, post free.

AN experienced energetic Chartered Accountant is required as accountant of a rapidly developing London firm with subsidiaries on the continent and possible developments further afield. Knowledge of foreign business organisation and taxation an advantage.—Applicant should state age, qualifications and present salary to Box 177, R. Anderson & Co., 14 William IV Street, London, W.C.2.

MORE BUSINESS AWAITS YOUR EXECUTIVES if they have the use of a 1955 self-drive car. Lowest possible rates. Contract hire by arrangement. No maintenance costs. Choice of over 200 cars and 12 different models. Also guaranteed repurchase scheme and Autopak self-drive package tours in GB and Europe. Ask your secretary to write for new brochure giving full details.—Autohall, Dept. 2, 302-6 King Street, Hammersmith, W.6. Riverside 2881. Cables, Autohall, London.

OWING TO EXPANSION the leading British Independent Market Research Company requires a Production Manager for the surveys division. Office might be at Berkhamsted.—Write, giving full details of previous experience and salary required, to Surveys, Attwood Statistics Limited, Chantrey House, Eccleston Street, London, S.W.1.

TAXATION and Financial Expert, Chartered Accountant, seeks appointment as Financial Director/Manager. Experienced finance companies, investment trusts, engineering, building, property development, etc. Remuneration £2,500 minimum.—Box 871.

STATISTICAL, accounting, calculating facilities available in three months' time: electronic machines, London, W.1.—Write Box 879.

UNIVERSITY OF CAMBRIDGE

Applications are invited for the SMUTS READERSHIP. Candidature at this appointment will be limited to persons whose work would be connected with social and economic conditions in the British Commonwealth of Nations, the words "social" and "economic" being interpreted for this purpose in a wide sense. Pensionable stipend: £1,850 a year, subject to certain variations.—Further particulars may be obtained from the Secretary to the Managers of the Smuts Memorial Fund, the Old Schools, Cambridge. The closing date for the receipt of applications is May 30, 1955.

UNIVERSITY OF BIRMINGHAM

FACULTY OF COMMERCE AND SOCIAL SCIENCE
CHAIR OF ECONOMICS

The University of Birmingham invites applications for the Chair of Economics tenable in the Faculty of Commerce and Social Science. Three copies of applications, accompanied by the names of three referees, should be submitted to the Registrar by April 30, 1955.

Further particulars of the appointment may be obtained from the undersigned.

G. L. BARNES, Secretary.

The University, Birmingham, 15.
March, 1955.

STATISTICAL ASSISTANT

An interesting vacancy occurs in the Statistical Department at Kayser Bondor Limited, Baldock. The applicant should be a young Honours Graduate in Economics or Statistics. The work will involve investigations into the distributions and allied marketing problems. A good salary is offered to the successful candidate. Generous pension scheme.—Applications are invited from Graduates both with or without commercial experience and should be addressed to the Personnel Officer, Kayser Bondor Limited, Baldock, Herts.

AMERICAN Oil Company with world-wide affiliations desires male addition to the staff of its small London office. Some travelling, and ultimate career rests largely with individual's ability. Duties will be general, concerned with statistical reports, oil movements, financial arrangements and representation. Principal qualities required are dependability, initiative, judgment, diplomacy and accuracy. Graduate 25-35, experience valuable but not essential in oil, accounting and/or statistical studies. Preliminary to interview, write name, age, address and brief background to Box 873.

MARKET ANALYST required for Export Division of Ford Motor Company Ltd., Dagenham. Degree in economics or commerce essential. Must have analytical mind, good knowledge of statistics and sales, long-term forecasting. Experience of foreign markets and/or motor industry an asset. Age 23/35.—Reply to Salaried Personnel Department, quoting reference FMA/PP.

HIGH calibre man required as Factory Administrator for rapidly expanding organisation in the light engineering field whose factory is located near Glasgow. Main qualifications are a strong personality with organising ability. Applicants should be between 35-40 years of age. Salary no object for the right man. Only applicants who have had at least five years factory experience in a similar capacity will be considered and earning upwards of £2,000 p.a.—Box 881.

APPLICATIONS are invited from lady graduates in Economics or Statistics to compile and interpret the statistical records for the London office of a bank operating overseas. Some practical experience of economic and statistical work necessary. Commencing salary £500/£600.—Write Box S. 416, C/o Streets, 110 Old Broad Street, E.C.2.

IRISH Market. Exports £115,000,000; imports £179,900,000; imports from U.K. £97,000,000. Are your interests in this important market fully covered? Top class established Agent will co-operate. Principals only.—Michael P. Sullivan, Agent/Broker, Crown Chambers, 5 Crown Alley, Dublin. 'Phone: Dublin 78885/72089.

OPENING IN SEPTEMBER—Battlsborough House School. Beautiful position on South Devon Coast. Boys 8-18. Entry 8-14. Individual attention. Resident doctor. Home atmosphere, varied activities. Full care during holidays.—Full particulars from Headmaster, Battisborough House, Holbeton, Devon.

ACCOUNTANTS required for Middle East service with large oil company. Candidates, desirably aged 25 to 30 (absolute maximum 34), should preferably be single and must be qualified Chartered Accountants. Pensionable emoluments commencing from £1,095 (incremental) according to age, experience, etc., plus substantial local allowances and paid home leave with passages.—Write, please, giving details and quoting No. 462, to Box No. 8500, C/o. Charles Barker & Sons Ltd., 31 Budge Row, London, E.C.4.

A GENERAL MANAGER is required for well-established subsidiary of a group of companies engaged in the manufacture of chocolate and confectionery. The duties will include responsibility for the commercial management of the company and supervision of purchasing, manufacturing, marketing and selling. Experience of production control and sales development is necessary. Preference will be given to candidates with a University degree. Good salary and excellent prospects.—Applications, which will be treated in confidence, to Box 872.

SPANISH Evening Classes. All grades.—The Hispanic Council, 2 Belgrave Square, S.W.1. SLO 7186.

THE Economists' Bookshop, 11-12, Clement's Inn Passage, London, W.C.2, invites you to submit lists of books on Economics, History and Social Services, you may wish to sell (periodicals excluded).

EXPERT POSTAL TUITION

For Examinations—B.Sc.Econ., LL.B. and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education, etc. Also many non-examination courses in business subjects. —Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

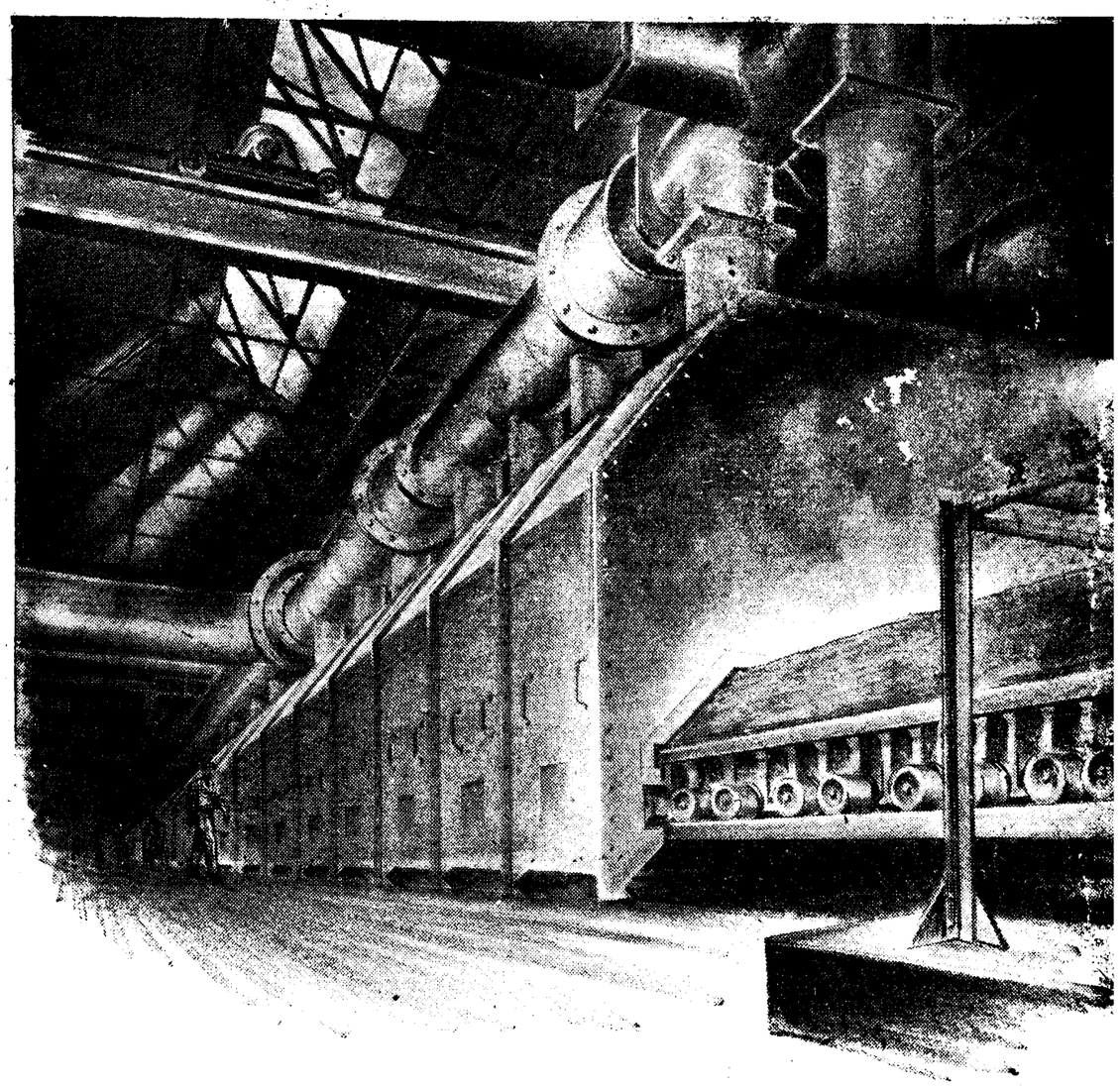
METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4.

Other Notices appear on page 73.

The Economist: Annual Air Subscription Rates

Anglo-Egyptian Sudan: £5.10s.
Australia: £8.5s. (sterling)
Canada: $21.50 or £7.14s.
East Africa: £5.5s.
Egypt: £5.5s.
Europe (except Poland): £4.15s.
Gibraltar, Malta: £3.15s.
Hongkong: £7
India & Ceylon: £6
Iran: £6
Iraq: £6
Israel: £6
Japan: £9
Malaya: £6.15s.
New Zealand: £9 (sterling)
Nigeria, Gold Coast: £5.5s.
Pakistan: £6
Rhodesia (N. & S.): £5.10s.
S. America and W. Indies: £7.15s.
Union of S. Africa: £5.10s.
U.S.A.: $21.50 or £7.14s.

Printed in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2. Published weekly by THE ECONOMIST NEWSPAPER, LTD., at 22 Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2d.; Overseas 2½d.—Saturday, April 2, 1955.



SULPHURIC ACID

The first stage in producing Sulphuric Acid takes place in the "sintering" or roasting of zinc concentrates shown above—sulphur dioxide being drawn off to the great acid plants that constitute part of the C.Z.C. works at Avonmouth and Swansea.

The Consolidated Zinc Corporation produce annually over 260,000 tons of Sulphuric Acid, this output represents one eighth of the country's total requirements of this vital product for the nation's industries.

C Z C

THE CONSOLIDATED ZINC CORPORATION LIMITED

37 DOVER STREET, LONDON, W.1 *95 COLLINS STREET, MELBOURNE, C.1*

SECRETARIAT LIBRARY 12 MAY 1953 BANK OF ENGLAND

The Economist

FOUNDED 1843

ONE SHILLING

The Captain

Islands and Wedges

No Newspapers for Lent

Fraud at Lloyd's

Balance of Payments

AMERICAN SURVEY: Stock Market Goes Steady
THE WORLD OVERSEAS: Fast Train to China
BOOKS: The Sociology of Abundance

Annual Postal Subscriptions: by ordinary mail £3; by air see page 163
THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1
VOLUME CLXXV · NUMBER 5824

The World is their Market



BRADFORD

In 1800 Bradford had only one spinning mill. The city is now the centre of England's thriving wool textile industry. Woollens from Bradford — particularly its fine worsted suitings—are sought after by those who want the best in all parts of the world. But the people of Bradford know that now, more than ever, they are competing against the products of other countries, and that the demand for fine suitings like theirs must be kept alive.

It's the same in any industry. *Making* products for the world—even the best of their kind—is only half the job. You've got to show them, sell them—and *sell them hard*—wherever a market for them exists. Many manufacturers are doing this very successfully through TIME, The Weekly Newsmagazine.

SELLING IN THE WORLD'S MARKET PLACES

TIME's net paid audited circulation exceeds two-and-a-quarter million copies. 93% of the readers of TIME hold influential positions in business, government and the professions. They look upon TIME not only as the best means of keeping abreast of international news, but as an introduction to the world's foremost companies and products.

There are five separate editions of TIME* with the same editorial content. One circulates only in the United States. The other four—the International Editions—are published simultaneously and read by important people in over 100 countries outside the U.S.A. You can buy advertising space in just the editions you want, covering the world markets which interest you most.

Advertising in TIME sells around the world!

TIME

THE WEEKLY NEWSMAGAZINE

TIME Atlantic
TIME Pacific
TIME Latin American
TIME Canadian
TIME U.S.

TIME & LIFE BUILDING, NEW BOND STREET, LONDON, W1 · *Telephone:* GROSVENOR 4080

MANNESMANN



Due to the steadfast policy of keeping pace with technical progress and constantly improving the basic principles of the Mannesmann brothers' revolutionary invention of the seamless steel tube, Mannesmann pipes today enjoy a firmly established reputation throughout the world for dependability, safety, and economy.

Whether it is a question of conveying gas, water, steam or oil, or providing service connections and plumbing systems, or whether long-distance transmission lines and penstocks – no matter how high the gradients – have to be constructed; Mannesmann tubes and pipes can be relied upon to meet fully the severest requirements of any particular application.

MANNESMANN EXPORT GMBH DÜSSELDORF

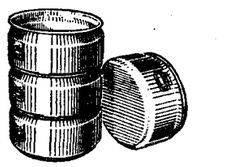
London Representatives:
MANNEX (LONDON) LTD.,
66 Victoria Street, London, S.W.1

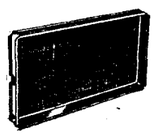
Telegraphic Address:
Mannex London

Telephone: VICtoria 6565

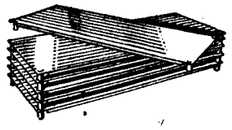
1032E

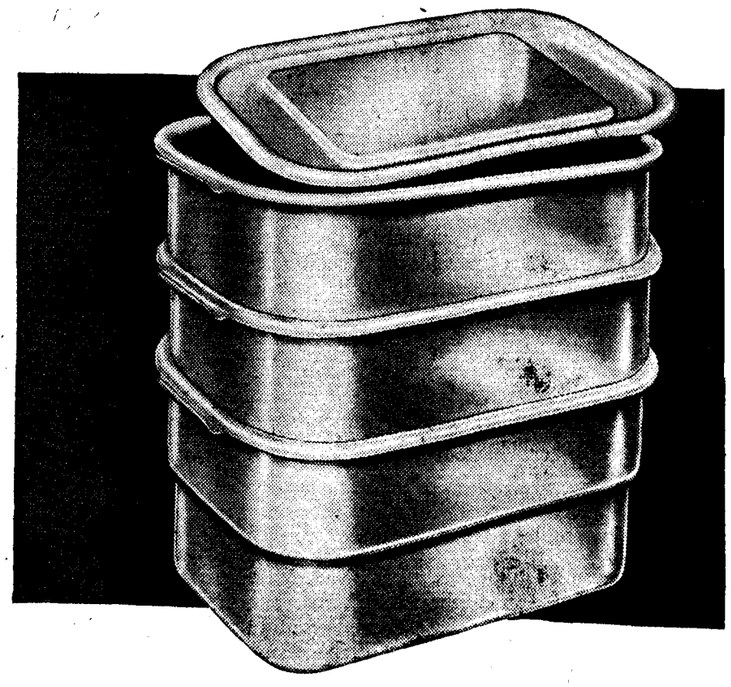
ALUMINIUM Containers pressed in One Piece—











—for Hygiene

Warwick's latest effort—the strongest and largest one-piece deep-drawn aluminium alloy rectangular container for the transport and storage of foodstuffs.

The Warwick Production Co. Ltd., a Member of the Almin Group of Companies, specialises in the production of Aluminium Containers and Food Equipment.

"If it's Aluminium - ask Almin!"

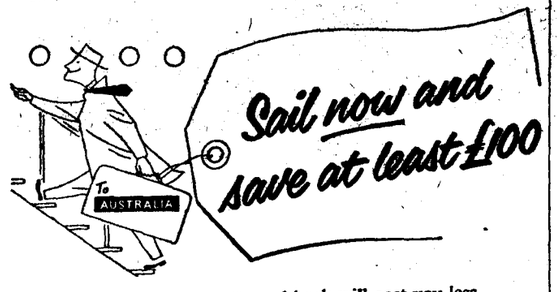
ALMIN LIMITED

FARNHAM ROYAL · BUCKS · Telephone FARNHAM COMMON 595

Elementary: put your advertisements where they get READ

ADVERTISEMENTS WORK VERY WELL INDEED IN THE READER'S DIGEST

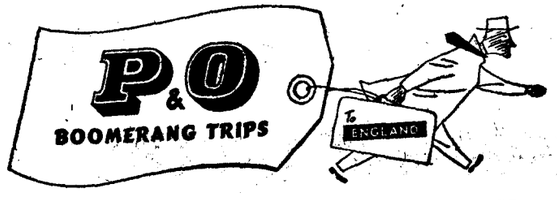
—a magazine strictly for *reading*, which has achieved a *million* sale. This means *several* million readers—responsive and intelligent people, men and women well worth selling to.



Your trip to Australia and back will cost you less if you travel under the P & O special 'Boomerang' plan.

Reduced First Class Fares from £200

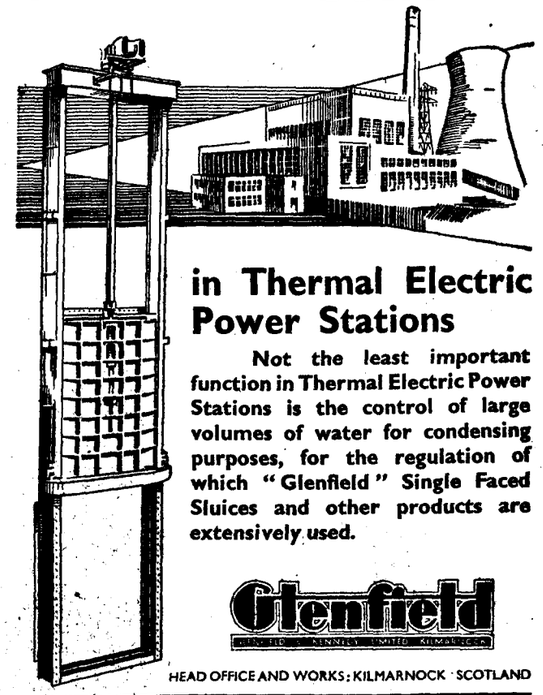
Sailing outwards 1 Feb. to 31 May 1955
Homewards 1 Sep. to 31 Dec. 1955 or 1956.



If you are a one-way traveller to Australia it will be to your advantage to obtain details of the P & O 'Quiet Season' Plan.

Write or call: 14/16 Cockspur St., London, S.W.1 WHI: 4444
122 Leadenhall St., London, E.C.3 AVE: 8000 or local Travel Agents

Glenfield Control



in Thermal Electric Power Stations

Not the least important function in Thermal Electric Power Stations is the control of large volumes of water for condensing purposes, for the regulation of which "Glenfield" Single Faced Sluices and other products are extensively used.

Glenfield

HEAD OFFICE AND WORKS: KILMARNOCK · SCOTLAND

Now you can have your own

PERSONAL REPRESENTATIVE IN THE U.S.A.

Successful American businessman (now retired) and associates, will serve your interests in the United States—save you time and costly travel, give you expert help on any ethical business or personal matter.

STAFF SERVICES INCLUDE: Analysis of U.S. market for your product. Locating U.S. sources of supply. Securing legal advice and representation. Auditing and accounting. Obtaining qualified personnel. Credit reports. Technical investigations. Advertising and merchandising counsel—and many others.

All services performed faithfully and promptly by experienced personnel on surprisingly low fee basis. Business and financial reference. We invite your inquiry.

C. J. LANDEN COMPANY, INC.

8 Chestnut Pl., Jamaica Plain 30, Boston, Mass., U.S.A.

CABLE LANDENCO, BOSTON

Car output up 87%
since 1949—
769,165 cars built in 1954
—397,896 exported



...it's part of Britain's progress, to which

'ENGLISH ELECTRIC'

contributes, at home and abroad

The results of Britain's mounting production are now to be felt and seen in every home and High Street. With our industrial output up 20% since 1949, we have goods in plenty of almost every kind.

But this is only half the picture. Britain is producing more for export, too. The value of our exports has risen by 42% since 1949—and Britain must export to live.

Production needs power. Britain's electricity output has risen by 60% since 1948. ENGLISH ELECTRIC has helped to equip many of Britain's new power stations; and also provides the means by which industry *uses* energy for production.

Export enterprise

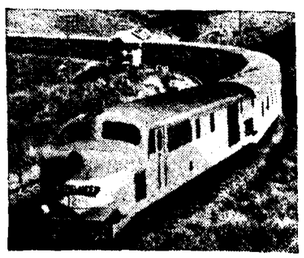
In addition, ENGLISH ELECTRIC itself exports heavy equipment—and engineering skill; approximately half its business is overseas. All over the world ENGLISH ELECTRIC is earning foreign currency for Britain—and a reputation that helps *all* British exports.

Through its world-wide operations, ENGLISH ELECTRIC acquires a fund of varied *experience*, constantly extended—an asset which adds to the effectiveness of all its work, at home or abroad, for Britain's progress.



POWER FOR INDUSTRY. *An* ENGLISH ELECTRIC *80,000-h.p. steam turbo-alternator in the Birmingham area—a centre of the motor industry.*

POWER IN INDUSTRY. ENGLISH ELECTRIC *motors drive a cold strip mill in a South Wales steel works producing steel plate for car bodies.*



EARNING MONEY OVERSEAS. *This 1,500-h.p. diesel-electric locomotive hauling the "Westlander" on the Queensland Government Railways is powered by* ENGLISH ELECTRIC.



DEVELOPING MARKETS OVERSEAS. ENGLISH ELECTRIC *equipment—like this transformer in South India—is sent to all corners of the globe, and helps to develop markets for British exports.*

bringing you better living

The ENGLISH ELECTRIC Company Limited, Queens House, Kingsway, London, W.C.2

The Economist
FOUNDED 1843
APRIL 9, 1955
ONE SHILLING

The Captain 99
Islands and Wedges 101
No Newspapers for Lent 103
Fraud at Lloyd's 104

NOTES OF THE WEEK

Under Sir Anthony; Rogue Elephant Amok; Talking Before the Talks; Explosions in Cyprus; More Conservative Counties; Straws from London; Plan for Kenya; China Purges a Leader; *Ad infinitum* in Palestine . . .; Herr von Bonin's Heresy; More for the Health Service; State Farming in Practice; Federation Step by Step; Communists on the Building Sites; Singapore Goes Left; Pakistan's Rule of Law; Shorter Notes. 106

LETTERS TO THE EDITOR . . . 116
BOOKS AND PUBLICATIONS . . 117

AMERICAN SURVEY

Stock Market Goes Steady 121
Guide to Anti-Trust; Tale of Two Editors; Admiral *versus* Commander-in-Chief; Sharing the Waters; Dogfights in Albany; The Cost of Harmony; Shorter Notes.

THE WORLD OVERSEAS

Fast Train to China 128
The Red German Army; Diem Tackles the Sects; No Rest for M. Faure; Mr Holland Talks About Defence; Burying the Hatchet in Schleswig.

THE BUSINESS WORLD

Balance of Payments 135

BUSINESS NOTES

Markets Ride Ahead; The Exchequer's £430 Million; Revenue—Past and Prospective; Gold Loss Lower; The Cost of Labour; Prelude to Atomic Agreement; Profits in the Air; Hire Purchase Flouts Control; A New Goldfield Tested; Becalmed on the Baltic; Splitting the BIF; CDFC and Tasman Pulp; Course of Commodities; Changes in Air Freight Charges; Growth of United Drapery; Record Sales of Diamonds; Sugar Above the Minimum; Savoy Pays Out; Shorter Notes. 137

COMPANY NOTES AND SECURITY PRICES 148
STATISTICS 151

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

The Captain

SIR WINSTON CHURCHILL is not dead. He has merely retired from the office of Prime Minister. And for this reason, as he himself would be the first to point out, the time has fortunately not yet come to write his obituary. The British people knows grimly well what might have befallen it without Winston Churchill's leadership in the past; what it is wondering today is how it will get on without his leadership in the future. The need—as distinct from the urge—is not to hymn Winston Churchill in his capacity as the greatest personality of our time; but to assess him in his capacity as Prime Minister. If this seems presumptuously early to weigh a giant in the scales, let it be remembered that this is the only means of measuring the problems that confront any giant's successor.

There are three ways in which a Prime Minister makes—or should make—his impact upon public affairs. They are as leader of the nation; as co-ordinator of administration and of policy; and as chief of one of the two great parties in what is nowadays the almost constant electoral struggle. How far will Sir Winston be irreparably missed in all or any of these functions? The answer seems to be that in the first role he has fitted superlatively well; in the second—during his later years—with increasing difficulty; and in the third probably very much better than most of his party realise.

The first of these roles—as leader of the nation—is not easy to describe, and immensely difficult to fill. At its highest, the aim of a great Prime Minister should be to inspire the public with an almost missionary zeal in pursuit of the principal national objectives (which are nearly always uncontroversial); at its lowest, he should be able to ensure that zeal for these objectives transcends all party differences in the House of Commons. A Prime Minister does not always fulfil these functions; but if he does not, nobody else can. There have, in fact, been only two occasions in modern British history when they have been completely fulfilled. They were under the elder Pitt in 1759 and under Winston Churchill in the darkest days of Hitler's war.

Since the war Sir Winston may have fallen slightly below the lofty peak which he bestrode in 1940, but he has remained far above the standard that anybody else is likely to attain. On the most important subjects of the past few years—the need to maintain the American alliance and to contain Communist aggressiveness, the need to have the Germans on our side rather than on the other, and the hope of peace that springs from the sheer horror of the hydrogen bomb—he has made fewer missionary speeches to the public than one would have liked; although even on these no one should underestimate the reverberations from his occasional trumpet calls.

But as a unifying force in Parliament when unity has been essential, as a binding majesty preventing the emergence of dangerous personal antipathies between British parties (as distinct from silly little antipathies within them), Sir Winston has reigned supreme: the work of his Government has proceeded more smoothly because it has often

seemed indecent to Labour to adopt an irresponsible line of argument merely in order to harass him. It was after one of his very few *gaffes* that a Labour member tartly reminded his colleagues that "they had not been sent to Westminster to boo the Prime Minister." Sir Anthony Eden, for all his tried parliamentarism, will not find it easy to fill this role as the leading figure inside party politics who in some peculiar way has risen above them. If he makes a single slip, he will not be as speedily forgiven—on the first mutter of an apology—as is the House of Commons' favourite grandfather. And this may be the most serious consequence, to the essential stuff of British politics, of Sir Winston's retirement to the back benches.

★

If the imprint of Sir Anthony's personality on Parliament proves merely sticky instead of cohesive, it will be very much more difficult for him to fulfil his second new function, which will be as fountainhead and principal co-ordinator of the administration. It is here, of course, that some people are looking for improvements from the change of leader; and it is important to examine why. Sir Winston has, after all, been leader of the most successful wartime administration, and of one of the most successful peacetime administrations, in British history; and it seems a little optimistic and ungracious to suggest that Sir Anthony may do better.

But three criticisms have been levelled against Sir Winston's mode of administration in recent years. The first is that he has favoured a different foreign policy from his Foreign Secretary, from the Foreign Office and from Britain's principal allies. Those who agree with his *penchant* for a meeting, before officials have drawn up an agenda, with whomever it is that is in power at the Kremlin, have a right to express their agreement; but those who have been alarmed by it have no need to hold their tongues in the hush of his retirement. In defence policy, though no such open divergences have come to light, there have been plenty of mutterings about the degree to which Sir Winston has preferred his personal predilections to the carefully considered policies of the service experts. And, finally, in the wide range of matters that are neither foreign affairs nor defence, the report throughout the life of this Parliament has been that Sir Winston would neither show enough interest to get the right decisions taken betimes, nor be content to accept the decisions that his colleagues took in his default. He has often given the impression that domestic matters—and especially industrial disputes—are inconvenient interruptions to the great affairs of state, and that they must therefore be removed from the path without delay. These habits of mind and action have not made for efficient administration.

The fact that these criticisms can be levelled against Sir Winston's administration does not mean that it can necessarily be assumed that Sir Anthony will do any better. Indeed it would be very serious if it could be, for that would be to assume that a Prime Minister with ideas of his own is being succeeded by a Prime Minister with none. Sir Anthony certainly does have ideas of his own, including—if reports be true—some rather peculiar ones in certain branches of economic affairs. He is also a Foreign Office expert of long standing, and this may make it difficult for him to guide foreign policy in outline without unnecessarily interfering in detail. But the reason for supposing that his jerks upon the reins will have less devastating effects than have Sir Winston's lies in a simple fact of history and of personality: the weight behind a new Prime Minister's jerks must be less ponderous than that behind those of the greatest Prime Minister of all time. It is therefore reasonable to suppose that one compensation for the loss of a certain majesty in our affairs may be the gain of more order in them.

Finally, what effect will Sir Winston's retirement have on the Tories' election chances? Some young Conservatives have a ready answer to this. They think that they will get on better without him, but that it is indecent for anybody to say so. The assumption is not indecent, but it is very probably wrong. It is true that Sir Winston can sometimes fall out of touch with the ordinary man, because he himself was born and has been self-manufactured as an extraordinary one. It is also true that Sir Winston looks a very old gentleman on the television screen; but the younger Tories are wrong in supposing that electors vote for those whom they think will be brisk and virile administrators. Instead they vote for symbols; and as a symbol Sir Winston is unique. In particular, there may be many former Liberal voters, especially of the older generation, who have attached to Sir Winston much more firmly than to Conservatism.

★

In broad summary, therefore, the loss of Sir Winston as a rallying force must be bad for the country, the loss of his peculiar administrative methods will be advantageous to it only if Sir Anthony grasps the helm without monopolising the bridge, and the loss of Sir Winston's symbolic electoral appeal is likely to harm his party rather more than that party thinks. There will be many people who will dispute these judgments; there will be many more who will think that they should not have been set down in such a week as this. But the task of a commentator is to state his opinions as he has formed them; and those opinions can in no way diminish, just as mere rhetoric can in no way add to, the greatness of the Prime Minister who has delivered us and of the man who has delighted us through eighty years of imperishable glory. The deliverer passes, the delighter remains. This is why it has seemed inappropriate to cast this article in the reverent cadences of the normal *nunc dimittis*. Long may he bubble, not rest, in peace.

Islands and Wedges

162640

THE seemingly authoritative predictions from Washington of a Chinese Communist attack on the offshore islands in the middle of April, and of American atomic retaliation, were denied, and their authors reprimanded by the President. But it is still the presumption, or at least the hypothesis, that the Communists will launch their attack some time this year. Great as is their capacity for shutting off their propaganda as at a tap, they have hurled so much verbal defiance that they can hardly fail to act. It will be as well for everyone in the western world to think out what will happen, and what attitude he will be called upon to take towards it, well in advance.

The first decision, after the shooting begins, will be America's—and quite personally and particularly the President's. Shall the American forces, which are pledged to defend Formosa, be ordered to defend Matsu and Quemoy as well, where there is no pledge? Nobody knows what answer Mr Eisenhower will give—and that is in itself significant. British public opinion has grown so accustomed to condemning American Far Eastern policy in its entirety that little notice has been taken on this side of the Atlantic of how far it has already moved. Six months ago the prevailing tone of opinion in the United States was so hot on the subject of China that the President was virtually its prisoner. Since then, with great political skill, he has contrived considerable freedom of decision for himself. There is no reason to impugn the sincerity with which he condemns the scaremongers; but the fact is that the war scare is helping him. Every time the risks of engaging in open war over Matsu and Quemoy are paraded before the American people, the party of moderation grows. If, when the time comes, the President's decision is to let the islands go, he will have plenty of support.

But the issue should not be represented as a simple one of obvious sense and moderation *versus* the China Lobby. Even if the President is able wholly to ignore domestic politics (and what democratic leader can ever do that?), it will still be a difficult decision to take. The islands themselves, it is true, are not worth all the fuss. But if they were abandoned, how much of a chain reaction would there be? Could the Nationalist regime in Formosa, with which so much of America's prestige and strategic interest is bound up, survive such a blow, perhaps together with the loss of many of its troops? And if the most formal American undertakings were proved to be unavailing in Formosa, what would happen in the other parts of the Far East where there is reliance on western promises—in Japan, for example, or in South-East Asia? Only those people in the free world who do not care whether the Communists overrun the whole of Asia (including Malaya) can afford to shrug these questions off. Many of those in Britain who are most anxious to restrain the Americans from acting in Quemoy and Matsu might find their immediate peace of mind very dearly bought. They should at least spare a thought for the difficulties of the choice that President Eisenhower will have to make.

★

What attitude should the rest of the free world adopt if the Peking government follows up its threats by armed attack on the islands? For any country that has recognised the government of Mao Tse-tung as the rightful government of China, there is really no choice, for nobody has attempted to assert that the offshore islands are anything but an integral part of China. Even apart from this legal point, there is hardly one of America's allies that does not think it a mistake to try to maintain Chiang Kai-shek's rule so close to the mainland. If the United States acts to do so, it acts alone.

But that is not the end of the story; it is hardly even the beginning. For none of the free countries could safely ignore the dangers of the chain reaction. Still less would it be safe to ignore the fact that the nation thus left to act in isolation is the chief prop and stay of the whole alliance. Simply to say that Matsu and Quemoy should not be defended and to disavow responsibility for what may happen if they are, would be a piece of sanctimonious self-deception. The realistic and proper attitude was admirably stated in a speech two weeks ago by Mr Lester Pearson, the Canadian Secretary of External Affairs, who has been an outspoken critic of American policy. Canada, he said, did not accept some of the American commitments in the Far East. "But that is not saying that they may not involve us," and he made it clear that in any major war threatening the security of the United States, however it might start, Canada could not help but be at America's side. Mr Menzies, for Australia, said much the same thing during his recent visit to Washington; indeed, a major war in the Far East, starting in Matsu and Quemoy, could not spread very far before it involved both Australia and New Zealand under the Anzus Pact.

If this is where Canada, Australia and New Zealand stand, can the United Kingdom's attitude be substantially different? We may legitimately hope that the Communists will not push their expansion so far that any one of the partners in the western alliance feels compelled to pick up the challenge—or alternatively that purely local action by the partner most affected will suffice. But if a major war develops, then we are all in it, whether we like the way it started or not. This is the inescapable logic of collective security. Many people in the United States and in the Dominions dis-

liked and distrusted the course of British diplomacy in 1938-39, with the betrayal of Munich and the foolishness of the Polish alliance. Nevertheless, when Chamberlain decided to fight, he committed the whole of the free world. Similarly, if at any time President Eisenhower decides to fight, he decides for us all. It is this, of course, which gives us the right to urge our views on the Americans about the right and wrong places to make a stand. But whether they accept our views or not we are committed. If we think we can wash our hands of an affair we do not like, we are committing the self-deception that, in its American form, is known as isolationism.

*

If these facts are not as clear to the British people as they should be, the blame lies on Her Majesty's Ministers, who have been very shy for months past of saying what might be unpopular. The result has been to encourage the Communists to think that they can drive a wedge between Britain and America. They know that a major war would force us together—so they will not actually start a major war, yet. But by threatening war over Matsu and Quemoy, and perhaps by actually fighting a small war, they may think they can gain a great deal. They may not gain much territory, but they can make the British people very frightened of what the Americans are going to do next, and the American people very angry about the criticism and the lack of support they get from their allies.

Then, when that manœuvre had been exploited for all that could be got out of it short of major war, the time would come to reverse it. That is when the strange silence that envelops Hong Kong would be shattered. Hong Kong is also an offshore island that the Chinese Communists claim. If it were threatened, the British would find themselves in the grave embarrassment that while they could hardly surrender it (remember the fuss that was made over Abadan, which was not even British territory), they could equally not defend it by themselves. And if by that time the Americans were still smarting over British "neutrality" in Formosa, they would certainly not be responsive to any British claim that Hong Kong was somehow different. And so the splitting process would continue and the nuclear war come nearer. A fantasy? In view of what has happened in the last twenty years, who dares say so?

Is it too late to act in advance to prevent these tragedies? On the contrary, the chance to do so may be just around the corner. At present, Formosa and Hong Kong are the two gaps in the network of collective security agreements. Both of them are excluded by name from the Manila Treaty, and included in no other. No one but the United States is specifically obligated to defend Chiang Kai-shek; no one has specifically undertaken to help the British defend Hong Kong. But if Matsu and Quemoy were once out of the way, would there not be an obvious bargain to be struck? And would not the offer of a bargain be an inducement to the Americans to forget about the offshore islands? The Americans dislike "colonialism" as much as the British distrust Chiang Kai-shek, so there would be no possibility of guaranteeing the permanent status either of Formosa or of Hong Kong. But if America and Britain were to pledge support to each other in resisting any attempt to alter the status of either territory by force of arms, there would be very much less profit to the Communists in making their threats. What is more, a stop would have been put to any possibility of these little islands being used to drive a wedge into the alliance of the free nations.

The danger of the next few months is that, confronted by the threat of renewed fighting off the China coast, many otherwise sensible people in Britain will say that they would rather have peace than the American alliance. Nothing, in fact, could be sillier, for there is no such choice. It is still possible to have both peace and the alliance. It is certainly not possible to have peace for long without it. The first task of the new government in the foreign field is to make that truth perfectly clear to the British people.

The Evils of Purchase

If *all* commissions were purchased, *no* poor men would go into the army; for no man intends to remain an ensign all his life, on pay which will scarcely keep him in uniforms. But as some and indeed several commissions are to be had gratuitously, and as each man expects to have his share of these, poor men are content to enter and to be ill paid. And in order that it may have these gratuitous commissions to distribute, the state does not shrink from the meanness of constituting itself heir-at-law to all who die in its service and from having served it too boldly and too well. Yet it seems certain that, as things now are, it would not do to abolish this shabby and larcenous custom; for if officers of high grades knew that they would receive the value of their commissions at any time and without any hazard, they would never sell out at all till actually laid aside by decrepitude; and the service would be crowded with old valetudinarians and promotion be entirely stopped. At present these men are induced to retire in time from the fear of losing all if they delay too long. Such is the complication and perplexity arising from a system inherently and originally unsound. It is difficult now to know how to set about amending it without introducing evils and confusion nearly as great as those we would reform. The extent to which the system of gratuitous service is carried in the army, may be gathered from a recent return. It appears that the gross value of

			£
216	Commissions of Lieutenant-Colonel	amount to	1,028,925
261	" " Major	"	" 917,225
1,763	" " Captain	"	" 3,669,300
2,320	" " Lieutenant	"	" 1,891,995
993	" " Ensign and Cornet	"	" 501,090
			£8,068,535

This value is calculated at the regulation price: the real saleable value is, as everyone knows, much more—probably not far short of ten million.

The Economist

April 7, 1855

No Newspapers for Lent

THE Court of Enquiry set up to investigate the dispute which has deprived the public of its national morning and evening newspapers will have a tangled skein to unravel. Meanwhile, unless the strikers heed the pleas of Sir Walter Monckton and Mr Robens to return to work pending the Court's report, the Lenten newspaper fast will continue; indeed may well continue after Easter. Unless the Court can make its report to the Minister in a week and put forward recommendations which both sides can promptly accept as a basis for renewed negotiations with an immediate resumption of work, on Friday, April 15th some 20,000 members of the printing unions—compositors, packers, and machinists—will be unemployed. Losses to newspapers, newsagents, and indeed to news-vendors will mount. And by now the absence of newspapers is being felt by the public as far more than an inconvenience; the importance of information both in news and advertisement columns, going far beyond the headline news of major events that can be derived from the wireless, is now being appreciated in the same sense as tap-water is appreciated when the mains supply is cut off.

The dispute is ostensibly about wages, though other motives have brought it to the point of a national stoppage; a solution will have to take into account a variety of claims. The story really begins three years ago when the Newspaper Proprietors' Association, which includes all the London national papers except the *Daily Worker*, made a three-year agreement with the printing unions which are associated in the Printing and Kindred Trades Federation to give a cost of living bonus; this agreement expired last October. The proprietors of the provincial papers, however, made a somewhat similar agreement which does not expire until November this year—which is the reason why the dispute has not so far involved them. When the agreement expired, the NPA and the PKTF started negotiations for a wage increase, and about a month ago the employers' offer was accepted by a major union, Natsopa (the National Society of Operative Printers and Assistants), whose members are being paid at the new rate. The cost of living bonus has been consolidated with the new minimum wage and an increase varying from 9s. to 12s. a week according to skill has been added.

While the other unions in the Federation were considering this offer, it was passed to the district branches of the Amalgamated Engineering Union and the Electrical Trades Union, who have some 800 members employed as electricians and maintenance engineers in national newspaper offices. The AEU men are all classified as skilled; the ETU men are both skilled and semi-skilled. Since before the war these two unions have always accepted the wage adjustments agreed by the printing unions without question; the main reason has been that before the war this ensured that their members, tied to the high wage levels of the newspaper industry, did substantially better than those on comparable work elsewhere.

Last month, however, the North London branches of these two unions objected to the results of the general negotiation. They demanded a wage increase based not on that acceptable to the craft unions, but one which took account of the relative decline in their members' position. This, they argued, is serious and arises from two causes: (*a*) outside the newspaper industry, wage levels, and especially prospects for overtime earnings, have risen for their members and (*b*) in newspaper offices the possibilities of special allowances and overtime earnings are greater for other skilled workers than for electricians or maintenance engineers. There is some substance in these claims; how much will be for the

SOME SKILLED AND SEMI-SKILLED WAGE MINIMUM RATES IN LONDON NEWSPAPER OFFICES

	Basic rates per week, including cost of living bonus		
	1939	1955, before NPA offer	NPA offer
Skilled:			
AEU and ETU—			
Night work	150s	247s 6d	259s 6d (12s 0d)
Day work	120s	211s 6d	222s 6d (10s 6d)
Machine Managers—			
Night work	145s	242s 0d	254s 0d (12s 0d)
Day work	105s	195s 0d	205s 6d (10s 6d)
Press telegraphists	120s	211s 6d	222s 0d (10s 6d)
Semi-skilled:			
ETU—			
Semi-skilled Assistants—			
Night work	112s 6d	203s 0d	213s 6d (10s 6d)
Day work	102s 6d	188s 6d	197s 6d (9s 0d)
Natsopa—			
Brake Hands—			
Night work	107s 0d	190s 0d	200s 6d (10s 6d)
Day work	101s 0d	187s 0d	196s 0d (9s 0d)

Figures in brackets indicate the increases offered by the NPA to PKTF and other Unions.

It should be remembered when comparing pre-war and post-war wage rates that the normal working week has substantially decreased and overtime earnings are correspondingly greater.

Court of Enquiry to ascertain. But when the employers offered to try to meet the AEU and ETU demand by a system of merit bonuses related to the individual job, the reply was that merit money was acceptable only if it was given as a flat rate to all. This makes nonsense of the fact that some electrical jobs are highly skilled, others the merest routine; and that any flat rate increase would disturb the traditional relation between basic minimum wages of all printing workers.

At this stage the attitude of the AEU and ETU negotiators gave rise to the suspicion—to put it no higher—that they were more interested in a strike than in understanding the intricacies of newspaper wage structure and traditional practice. It would appear that no definite

demand for an increase was ever made. It was only after the employers suggested arbitration and the ETU and AEU negotiators refused it, that the claim for a flat 58s. 6d. increase was made. This sum represents a theoretical calculation of what would be needed to put the skilled engineer or electrician in the same relative position as he enjoyed in 1939. It is evident that the AEU and ETU negotiators either did not fully understand, or preferred to ignore, the complexity of the wage structure, and the relation between craftsmen and electricians and engineers.

The basic argument is therefore over "take-home" pay for different categories of men, with differing grades of skill. Apart from compositors, who are paid on piece rates and earn the highest sums of any printing workers (and whose skill is beyond question), electricians and engineers have the highest wages rates. As the table shows, rates for skilled men in all unions have moved together. For a 35-hour week, an electrician on night work was getting £12 7s. 6d. weekly before the new offer, and on day work £10 11s. 6d. for 40 hours. This would be increased to £12 19s. 6d. and £11 2s. respectively. (The figures given in *The Economist* last week were based on a misreading and were incorrect.) Overtime often brought earnings—as was stated in Parliament—to over £15 a week; but it varied very widely from job to job. Moreover members of the other unions might earn much more.

The situation has been further complicated by statements from Natsopa that the employers' recent offer, though partially accepted, was not really satisfactory and that additional demands were on the way. The leaders of the PKTF unions are, however, in an embarrassing position. On the one hand they do not wish to see their 20,000 London members unemployed and in effect sustaining a strike that they did not initiate (and communist-run at that). On the other hand, their members will expect to participate fully in any more wage concessions that can be squeezed from the NPA. This makes the NPA all the more insistent that it cannot make separate agreements on basic rates with the engineers and electricians, though it is perfectly prepared to negotiate with them separately on merit money and conditions generally. (Its position has been complicated by the *Manchester Guardian's* action in offering its electricians an additional advance of 8s. 6d. per week for night workers and 7s. for day workers—to be adjusted to any ultimate NPA agreement). Natsopa has now, moreover, put in for a further increase of 12s.; this at least underlines the proprietors' contention that one section of newspaper workers cannot be considered without taking account of the others.

The employers argue that the strikes are unconstitutional. At the Ministry of Labour talks, the electricians were represented by members of their national executive; the engineers by the district branch only. (Out of five negotiators, four of the AEU had communist affiliations.) Much seems to depend on the attitude of the AEU national executive, recently freed from communist influence. It has decided that the strike is official, and strike-pay will be paid. But it will be under strong pressure from the printing unions, the Government and probably the Labour party to inject some reason and sincerity into the discussions, presumably in evidence at the Court of Inquiry. If there were goodwill, the genuine grievances of the engineers and electricians could be met, though it would take time, and it would have to be done within the accepted relationships between skilled and unskilled basic wages in the industry. The fact remains—and will emerge anew from the Court's analysis—that newspaper printing wages are high, and are about to go even higher. This puts the dispute in a completely different category from that examined by the last such Court which dealt with the railways. Certainly the public is not likely to feel that a demand for an increase of 58s. 6d. can be anything but an opening bid, and a pretty crude one at that.

Fraud at Lloyd's

FOR the first time in history a member of Lloyd's has been sent to gaol for fraudulent conspiracy in his underwriting. He is accompanied to prison by the chartered accountant who audited his books, and the two men have now started on sentences which between them add up to twelve years. The insurance claims that the underwriter cannot pay will certainly be heavy; but they will all be met by the Corporation of Lloyd's and no policy-holder will suffer from the failure. That goes without saying. But Lloyd's has decided—again for the first time in history—not only to pay the policy holders but to free from liability the deposits and personal fortunes of the "names" who were fraudulently induced to join this unhappy syndicate. Everything will be borne by the defaulting underwriter's fellow-members, and the judge at the Old Bailey told the jury that Lloyd's emerges from this episode with an enhanced reputation for fair-dealing and integrity—a notable and well deserved tribute.

The deficiency created by the failure is estimated at something between three quarters of a million and a million pounds. There are many claims on the syndicate still unrepresented and the work of settling them will take so long that the auditor, who has a sentence of four years to serve, will be free again before the last of them has been dealt with.

Wilcox, the convicted underwriter, has had a strange career. He has spent all his working life at Lloyd's; becoming an underwriting member and underwriting agent in 1945. He seems never to have held a prominent position in the market, but by writing bad business at cut rates he built up a fairly large account and greatly exceeded the limits set by the Committee on the extent of his underwriting—a fact that was dishonestly concealed from the Committee and tempted him into some of his criminal devices. On his own confession he has been insolvent for more than twenty years and never once made a genuine profit. But living (as he said himself) only in a style suitable to his station he restricted his personal expenditure to a little over £100 a week and paid in income and surtax about £10,000 a year. He must have had a way with him, for a few months before the collapse three men of experience were persuaded by him to become names in his tottering syndicate—one of them a shrewd bargeowner from Hull, another a London financier and the third a peer of the realm.

★

Year by year the members of Wilcox's marine syndicate were told that good profits had been made and they received handsome cheques as their share of the distributions. In fact the syndicate never made a profit. It lost money all the time and the annual hand-outs to the names were just sops to prevent them from asking awkward questions. If they had become restless and inquisitive and had started an independent enquiry into the books they would have found that Wilcox (trustee though he was of the underwriting funds) was dipping both hands into the till and getting away with large amounts of trust money. He took altogether nearly £90,000 and resorted to all sorts of criminal tricks in the process. He drew a cheque in favour of a non-existent bank, endorsed it with his own signature, and speculated with the proceeds. On every day of the year but one the syndicate's ledgers showed him as a debtor for a very large sum; but on one day—December 31st—his account would be balanced. On that day Wilcox gave the syndicate a cheque on his private account for the amount of the debt. But on the first day of January he would draw a cheque in his own favour on the syndicate's account and the two bits of paper would meet each other at Wilcox's bank, salute each other in the manager's office, cancel each other out and go their separate ways, their purpose in life fulfilled.

In the spring of the year, when the draft accounts were ready, a conference would be held to look at them in their natural unadorned form. They never made an attractive picture. But the balance sheet was submitted at the conference to the same kindly treatment that an ageing woman of fashion gets at a beauty parlour. Blemishes were concealed; weak spots were fortified; and by the time the beautifying process was complete the figures, though never pretty, just passed muster. When the appearance of the document could be improved by additions to the premium income, an imaginary sum of £94,000 was conjured out of the atmosphere and pushed into position on the credit side. When the premium income was inconveniently large, a big block of premiums would be given a new name and called "re-insurance recoveries." If one year's results looked worse than the other's, then assets (irrespective of the year to which they rightly belonged) would be transferred to the weaker spot, and so the blemish would be covered over. As between one year and another Wilcox and his auditor seem to have adopted the socialist principle "from each according to his gifts; to each according to his needs" — orthodox socialism but heterodox accountancy.

★

The main check exercised by the Committee of Lloyd's on dangerous trading by Lloyd's underwriters is the annual audit which has been in existence now for a good many years. It is an elaborate procedure, a good deal more searching and exacting than the audit of a limited company, and it is framed on certain essential principles that were first suggested in an article on Lloyd's that appeared in *The Economist* sixty-five years ago. The procedure was adopted by the Committee and members of Lloyd's in 1908 and its provisions are two-fold: (1) that all premiums must be kept in a trust fund; and (2) that no profits may be distributed unless an auditor (approved by the Committee) has given a certificate that the trust fund is adequate to meet all known and prospective claims on the underwriter's account. It is not left to the auditor to decide on his own judgment whether the funds are adequate. He must be guided by a test of solvency which the Committee gives him every year—a test that must be rigidly applied and satisfied at every point. If for any reason a member's figures fall short of the standard that fact must be immediately reported by the auditor to the Committee, and then, unless the member brings fresh assets into his trust fund and raises it to the required level, he must give up underwriting. In the forty-seven years during which the audit has been at work it has failed only twice and in both cases dishonesty was the cause of the failure.

The reason for the audit's failure in the case of Wilcox is unmistakable. It was the issue year after year of fraudulent audit certificates signed and put forward by a chartered accountant. The auditor was a party to one criminal device after another. He knew that trust funds were being breached; that assets were inadequate; that some of them were invented *ad hoc;* that exchange cheques had been used to conceal deficiencies; and that the Committee's requirements were not being fulfilled. In spite of it all, he signed certificates of solvency both for the underwriting syndicate, which was in a hopeless position, and for Wilcox's brokerage business, which had not been solvent for years.

To policy-holders (who will be paid their claims whatever happens) this is only of academic interest. But the Committee of Lloyd's will doubtless be re-consider-

ing in the light of Wilcox's career their views of the value of audit certificates and discussing what reforms should be introduced to make impossible such a deplorable misuse of them in the future. For Lloyd's itself to undertake the audit of all the underwriting accounts would be neither practicable nor desirable, but the Committee might reflect on the possibility of setting up a small organisation that would do for Lloyd's something of what the Comptroller and Auditor-General does for Parliament. A Comptroller for Lloyd's would hardly need to examine or certify all the accounts of all the members, but he should be empowered to call for accounts when and how he thought fit and audit them to whatever extent he might think necessary. If Lloyd's Committee had had in the past an expert who performed this duty under their authority, auditing a set of accounts here and a set there, then it is highly probable that the Committee would have seen the inside of Wilcox's ledgers, not after the fuse had blown, but years ago when the deficiency was a baby deficiency and the worst of the frauds had not been attempted. Indeed it is probable that no fraud ever would have been attempted, for the knowledge that Lloyd's Comptroller and Auditor-General might call for the accounts at any moment would have been a very powerful aid to honesty.

The Committee of Lloyd's are to be congratulated on undertaking this prosecution and forcing this case into the open. It would have been so much easier for them to hush it up ; but to do so would have been a great mistake. It would be easy too to assume that never again will a criminal or a careless auditor present a fraudulent or a mistaken certificate. But it would be wiser not to overlook the possibility.

Notes of the Week

Under Sir Anthony

By the time that these words are read, the composition of Sir Anthony Eden's Government will presumably have been announced. At the time that they are set down the expectation is that the new Government will hold office for only a few weeks before plunging into a general election. Belief in a May election is now the established orthodoxy. Indeed a rumour began to roll through the corridors at Westminster this week that the poll might be as early as May 19th or May 12th. The party organisers, who have long regarded even the favourite date of May 26th as an indecent rush, are looking disbelieving but slightly frantic.

The main interest in the new Cabinet will centre on the choice of Foreign Secretary. It has been generally assumed that Mr Macmillan has been groomed for this, and he has the most obvious claim to be regarded as Number 3 in the new hierarchy. But several other kites have been flown from the newspapers this week, or rather from some of those newspapers that are not strike-bound. One of these rumours, that Mr Butler might eventually move to the Foreign Office, seems to have been partly rooted in the theory that Sir Anthony Eden's health will not allow him to lead the party for an era of Churchillian proportions ; in that case, it is said, his heir presumptive should get greater experience of foreign affairs than he can have enjoyed during his prewar under-secretaryship to Lord Halifax. Whether or not this was ever seriously considered, it has been rejected, and it is understood that Sir Anthony Eden has decided to take over the Ministry of Defence in order to release Mr Macmillan for the Foreign Office. For the Prime Minister to hold two offices himself is clearly wise only as a stop-gap measure before an early election.

After the election, and if the Conservatives are returned, many people will expect an influx of younger blood into the lower reaches of the Cabinet. The expectation may be exaggerated. The Conservatives have now a larger stock of Ministerial and junior Ministerial material than at almost any previous stage in their history ; if new men are to come in, it is difficult to see which old ones are to go out. Above all, little credence should be given to reports of "Eden men" jostling with "Butler men" in the queue for office. Many of the younger Tories who have made their mark in domestic affairs look to Mr Butler as their spiritual leader, but they look to Sir Anthony as the national figurehead of which Sir Winston's retirement leaves them so badly in need. Sir Anthony is therefore taking over control of a remarkably united team ; in this respect, as in some others, his inheritance will be regarded with envy from the other side of the House.

Rogue Elephant Amok

Anyone in the Labour movement who expected to see a more meek and discreet Mr Bevan emerge from the recent rumpus has had his illusions quickly shattered. Last week-end Mr Bevan visited his constituency at Ebbw Vale ;

and, no doubt intoxicated by a unanimous vote of confidence from the local Labour party, he made a speech which showed just how successful Mr Attlee's recent disciplinary committee had been in securing "assurances of future conduct" from him. "I have disagreed with many of my colleagues and that disagreement has been going on for some years," declared Mr Bevan flatly, "and if there is further disagreement it will go on for more years. I solemnly declare that I am not prepared to buy a successful public life at the cost of a shameful silence about the things I think should be heard." Later he elaborated the theme: "If belonging to the Labour movement means we are going to be driven to vote for propositions in which we don't believe, and in which we think the fate of mankind will be involved, then no discipline in the Labour movement will ever drive me to vote for such propositions. I am not developing a persecution complex, nor am I pretending that my colleagues were always wrong, and I was always right. That would indeed be a piece of immodesty and personal conceit. But I am arguing that this movement would never have been formed, its life would have been short, if the leaders of the Labour movement had not been allowed to have arguments of that kind among themselves. All I am asking from my movement is the same amount of toleration as I am ready to give. I don't want expulsions."

Some Labour MPs claim that this was more reasonable talk than is often heard from Mr Bevan, but that is making a poor best of a bad job. An attempt, probably an unwise attempt, has been made to expel the rebel from the party ; it has been called off in favour of a censure and a warning to Mr Bevan that he must not rebel again ; Mr Bevan has now declared that he will rebel again whenever he pleases. What happens next? There seems little doubt about the answer to that question. Throughout the election campaign, with the unity and precision of a dance chorus, the Labour leaders will be turning a deaf ear towards their rogue elephant's trumpet. After that, if they lose, the hatchets will be brought out for use among themselves.

Talking Before the Talks

Now that the French and Germans have completed ratification of the Paris agreements, there is every reason to encourage the remaining countries, Belgium, Holland and Luxemburg, to follow suit as quickly as possible. For until they do, the forthcoming Atlantic Council meeting must be delayed—probably until the first half of May. Apart from welcoming the Germans as members, that session is bound to be used for talks between all the Nato foreign ministers on the substance and manner of negotiating with Russia ; and, as M. Faure put it last week, not only France but the West as a whole "can wait for a few weeks more or less, but we must not wait too long."

Although the three main western powers, America, Britain and France, are jealous of reserving their right to determine the scope and timing of talks with Moscow, full consultation and complete understanding with their allies is an essential ingredient of the preparatory stage. And several prickly questions of procedure have already appeared. How far is Western Germany now to be included in the inner ring of top level negotiations ? How far is the new Western European Union (WEU) to be encouraged to form a distinct group—part way between the committee of the western "big three" and the Nato club as a whole ? How far can the three be expected to bow to general Nato views anyway ?

The rise of Germany adds a new bite to all these questions, and Dr Adenauer's voice must certainly have a prominent place in the preliminary discussions, even if he can play no more than the role of "consultant" when dealing across the table with Mr Molotov. If the officials cling to the legal position, then they should leave Germany out when that country's own future comes up, since the letter of the WEU treaties stipulates that it is precisely on matters concerning Germany as a whole that the Bonn government is not sovereign and the three former occupation powers retain their rights. Nevertheless, whatever some people in Paris may feel, it is to be profoundly hoped that the other governments will have the good sense at this stage to draw Dr Adenauer in as an equal on all matters in which Germany is concerned. Even before the Federal Republic was an ally, he had come to be regularly consulted. There are now even stronger political reasons for showing the Germans that they have gained from the Paris alliance and are full partners of the West.

Explosions in Cyprus

It is cheerless to hear of bomb attacks aimed at the British military headquarters just established in Cyprus—still more so to think that these marks of disfavour about a Nato establishment come from right-wing Greeks whose freedom from Communist oppression is largely due to the North Atlantic Treaty. But with the perpetrators of the explosions which rocked several towns in Cyprus last week, parochial nationalism comes first: they are known to be right-wing partisans of *enosis* or union with Greece, and are getting support for their methods from somewhere on the mainland. They were furnished with smuggled supplies of dynamite, and encouraged by the inflammatory outbursts which Athens radio still mingles with the more moderate broadcasts (advising against violence) which it has recently been putting out.

The first incidents took place in the early hours of April 1st, when, in a number of places throughout the island, army barracks and installations, police stations and public and private buildings were attacked with home-made bombs and explosives ; the government radio station near Nicosia was put out of action and there was a good deal of other damage, but fortunately very few casualties. These attacks, which were followed later by others, coincided with the closing stages of the preliminary hearing of charges against thirteen men accused of promoting civil war and smuggling explosives last January ; they did not exactly help to substantiate the claim put out by Athens radio that these men are the innocent victims of a British "frame-up," designed to excuse British terrorism in the island. All thirteen have been committed for trial by a higher court next month.

Although the noise was considerable, there is no serious general state of tension. Business is as usual and large numbers of the Greek inhabitants (none of whose premises or businesses have so far been damaged) would

prefer no recurrence ; who wants to be faced with cancellations of bookings for the 1955 tourist season that is just starting now ? There is an element of the Greek population —and one of unknown size—that does not want to see the island turn into another Ireland. Nor, of course, do the British. If the explosions continue, the authorities will not be able to pursue their policy of preparing for a constitution ; the task they have set themselves would be far easier of execution if a few of the silent Cypriots who do not want explosions pipe up and say so.

More Conservative Counties

THE number of seats gained by the Conservatives in the county council elections has been more or less in line with both Tory and Labour expectations ; but, from the Tories' point of view, the gains have been made in all the right places. In most of the mass of rural and suburban counties they control, the Conservatives and their allied Independents have picked up a seat or two compared with their disastrous performance in the last county elections in 1952 ; but it does not necessarily follow that their standing in these areas is back to or above their level of October, 1951, which is what matters from the point of view of the coming general election. But the Conservatives are apt to disregard this point in glee at their successes in the marginal Labour counties. Six of the meagre twelve county councils which Labour controlled up to last week had been Conservative or Independent between 1949 and 1952, and it was at these that the anti-Labour forces most determinedly set their cap. Up to Wednesday morning results in four of the six had been announced—Lancashire, Essex, the West Riding of Yorkshire, and Carmarthen—and in each case Labour lost its majority. The results in the other two —Staffordshire and Northumberland—were expected later on Wednesday.

With their success in Lancashire, which is riddled with marginal Parliamentary seats, the Conservatives are particularly cock-a-hoop, and they have also gleaned good news about marginal Parliamentary seats in Middlesex and Kent. The fact that their gains have been greatest in the areas that have been most bitterly fought over, however, suggests that their superior organisation in local elections has had an important effect. This organisational factor, and the very low size of most of the polls, makes it dangerous for them to draw light-hearted and optimistic conclusions for the general election. And the need for caution is underlined by a detailed study of the poll that can most easily be analysed in Parliamentary terms: namely, the county council elections in London.

Straws from London

IT is to the London County Council poll that the seeker after straws for the general election inevitably turns most eagerly ; for the election here is fought within Parliamentary boundaries, with three councillors being elected from each of London's 42 Parliamentary constituencies. An important point to notice here—as elsewhere—is that only some 32 per cent of the electorate voted at the LCC elections last week, compared with about 75 or 80 per cent that might be expected to turn out at a general election ; it is fairly generally accepted that among those who do not bother to vote at county elections—and especially among the "illiterates" who do not know that these elections are going on at all—there are rather more Labour than Conservative supporters.

With this in mind, the results of the LCC elections were almost exactly in line with the forecasts of those who do not believe that there has been any major shift of opinion since October, 1951. The Labour majority on the council was cut from 55 to 22. Of this cut of 33 in the majority, five were due to accidental previous vacancies and to the rearrangement of constituencies by the Boundary Commissioners. This rearrangement of boundaries in London, incidentally, now seems likely to have cost Labour only one Parliamentary seat instead of the two that some people had expected ; the new marginal constituency of Barons Court gave a majority vote to Labour in the LCC elections, although only by a very small margin and after frenzied recounts. The rest of the 28 cut in Labour's majority was due to fourteen Conservative gains spread through six Parliamentary seats. Three of these six seats were the trio that went Labour (or partly Labour) in the LCC elections of 1952 after voting Conservative in the general election of 1951 ; they included the desperately marginal Conservative Parliamentary seats of Battersea-South and Camberwell-Dulwich. The other Conservative gains were in the marginal Labour Parliamentary seats of Wandsworth-Central, Wandsworth-Clapham, and Holborn-St Pancras. In Wandsworth-Clapham, however, the margin between the bottom Conservative councillor and the top Labour one was only 124, which most people would expect to be wiped out by the larger Labour poll at a Parliamentary election ; while in Holborn-St Pancras, which showed the biggest swing to the Tories of any London constituency, the large Cypriot vote (mostly Labour) is more important in Parliamentary than in local elections.

From these results the best guesses at general election prospects in London might be: (1) Labour may have difficulty in holding Wandsworth-Central, and must feel less happy than it did about Holborn-St Pancras ; (2) the Conservatives might still lose Battersea-South and Camberwell-Dulwich if a Liberal intervenes at either place ; (3) the rearrangement of constituency boundaries is likely to lose Labour one seat ; but (4) the odds seem to be against any change in any other London constituency. These cannot pretend to be accurate forecasts, but they reinforce the main lesson of the county polls: that the coming general election still looks like being a very close-run thing.

Plan for Kenya

IN common with other colonies, Kenya in 1946 prepared a ten-year plan for itself ; it has now consolidated the tag end of this with the many schemes introduced as the result of the emergency into a new development programme for 1954-57. This is described in great detail in a sessional paper that was presented to the Legislative Council this week. It shows the extent to which Kenya has continued to make economic progress despite the Mau Mau revolt ; although that revolt has disrupted parts of the economy and disorganised the government's finances, it has also provided a—perhaps inflationary—fillip to trade and production. Between 1946 and 1953, for example, generating capacity rose from 16,000 kW to 48,500 kW, railway freight ton-miles from 665 million to 1,182 million, and cement consumption from 21,600 tons to 105,800 tons. Unfortunately, export income has shown no such steady advance, but has fluctuated widely with world prices ; one of the mysteries of the matter is Kenya's persistent power to import 150 per cent more in value than it exports. So far the East African statistical office has been unable to work out a probable balance of payments.

This is a weakness, despite the otherwise lavish statistical detail given for the plan. The impression remains that Kenya's development is precarious. The short-term productive part of the new programme has two main features. One is the considerable amplification of the Swynnerton plan for African agriculture to which Britain contributes £1 million annually. The other is the launching of schemes to provide technical advice and assistance, research, storage, transport and other facilities, on the basis of which white farmers may be encouraged to put into operation the Troup report for raising agricultural output in the Highlands ; this would involve their finding some £47 million of privately-raised capital. For the rest, the Government's plan covers the whole economy: education, administration, social services, housing, transport, health—and prisons. Total expenditure in the three and a half years is forecast at £32.7 million. The plan—which depends heavily on British aid in all forms—is intended decisively to raise Kenya's national income (which in fact rose from approximately £53 million in 1947 to £109 million in 1953), and thereby make a contribution to healing racial differences. But it emphasises two things: Kenya's dependence on agriculture, so that expansion of output must henceforward be as much an African achievement as a European one ; and the heavy cost of triplicating so many services (notably education) to permit separate treatment for the three races.

China Purges a Leader

REVOLUTIONS devour their children and China is to prove no exception in beginning violent changes in the top level leadership. It is now disclosed that at a Communist party meeting last month Kao Kang was purged and he has already committed suicide. Suicide or otherwise, Kao Kang was no minor figure in China. A guerilla leader in Shensi, he joined Mao Tse-tung when the latter arrived there at the end of the famous Long March. After the civil war he became the boss of Manchuria, China's industrial base, and when a State Planning Commission was set up in November, 1952, he was appointed its first chairman. Chief planner, vice-premier, a member of the party's *politburo* and vice-chairman of the military council, Kao Kang certainly belonged to the inner ring of Chinese leadership.

His star, however, has been fading for some time, and when last year Liu Shao-chi, the secretary of the Communist Party, violently attacked provincial overlords for growing too big for their boots, it was generally assumed that he had Kao Kang in mind. It is not so far possible to tell what was the real cause of the actual purge, whether Kao Kang had shown too great a degree of independence or whether he had taken a wrong view of the pace of industrialisation in China's first Five-Year Plan. The facts merely are that nothing had lately been heard of him until the present accusation that he was trying to transform Manchuria into "the independent kingdom of Kao Kang." Economic issues almost certainly played a key role in the quarrel since, according to Moscow radio, the conference which decided to purge Kang also agreed to carry out changes in China's economic plans.

The nature of these changes should throw some light on the struggle that has gone on behind closed doors, but it already seems that the purge will not end with the death of Kao Kang—or the fall of yet another "overlord," Jao Shu-shih, boss of Shanghai and Eastern China. Writing recently in *Pravda*, the chief Chinese prosecutor announced that the fight against "economic wreckers" will have to be stepped up ; the purge of Kao Kang in fact coincided with the creation of a special control commission on the Soviet model to watch over the activities of party members. Although Mao Tse-tung certainly sits in a more comfortable position than Mr Khrushchev, it appears that in China, too, changes in the party line cannot be carried out without victims.

Ad infinitum in Palestine . . . .

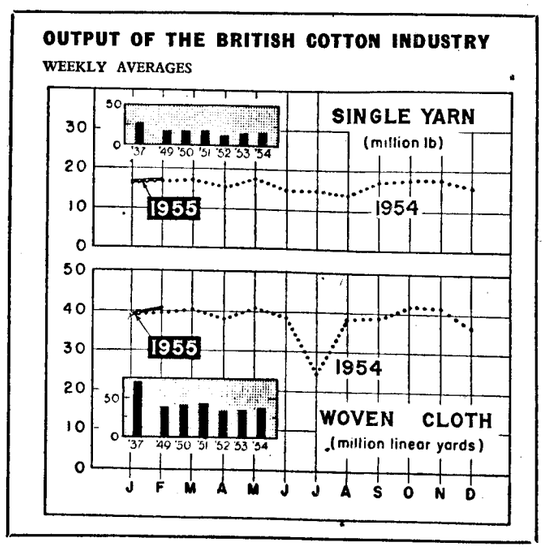
AS year succeeds year, the most depressing feature of the news from Palestine is its unchanging nature. Two weeks ago, just as the Security Council was unanimously condemning Israel for wilfully engineering the raid of February 28th on Gaza, the United Nations Mixed Armistice Commission, meeting in Jerusalem, was censuring Egypt for a "brutal and murderous" attack on a wedding feast in the southern Negev. In both cases, the alleged culprit decries the verdict. Just as in the old days of the British Mandate, so in the new era of the United Nations, the only course available to the umpire is to urge the contestants not to let it happen again. Even so, further incidents have taken place this week.

The pattern of events leading up to these frontier affrays also lacks variety. Each time the Israeli army has staged one of its rare but potent army attacks, the incident has been preceded by murders perpetrated during infiltrations so deep into Israel that Israeli morale needs a boost ; on the Jordan frontier, after each major reprisal, the Israeli frontier police can show, by the graphs they keep, a marked drop in the rate of Arab infiltration. The hill Arab, however indigent, hesitates to bring retribution on the heads of villages that are full of his relations. But on the Egyptian frontier the panacea may not produce the same result. For the Gaza refugee bears no blood relationship to the Egyptian soldier on guard in the area. On Israel's southern frontier, therefore, sparring may prove much more difficult to eradicate.

It is not only in and around the frontier that the pattern of emotions is unvarying. In the United States there has been a small but sharp reminder that none of the modern changes in the Middle East—the birth of Israel, the reve-

lation of the extent of Arab oil reserves, the modern tempo of the cold war in Asia—has altered the pulls and counter-pulls that are exercised in the course of American domestic politics. On March 25th Mr Harriman, the Governor of New York State, addressing an important Jewish audience belonging to the largest single colony of Jews in the world, that of New York City, drew loud applause by attacking the Secretary of State, Mr Dulles, for his recent statement that Israel's behaviour at Gaza had made the Middle East more difficult to stabilise, and had "forced the United States to change its timetable on defence arrangements." Stability is elusive if one leading American speaks thus while another thunders, as Mr Harriman did, that Israel "will be defended if necessary with overwhelming help from the outside."

On Monday the House of Commons approved Britain's accession to the Turco-Iraqi pact after an acrimonious discussion during which the main point debated was whether or not this accession harmed Israel. Israel's champions put its point of view, which is that the pact is harmful. They say that it affords to an Arab state guarantees Israel does not possess, that Israel's enemies will get arms at cut rates, and that it will therefore make the Arabs even more unwilling to conclude peace than hitherto. They also voiced opinion that the pact, by being partisan, undermines the Tripartite Declaration of 1950 which provides for immediate action against a violator of the armistice line. Sir Anthony Eden countered these arguments with a reminder of his undertaking, given in November, that Britain upholds that Declaration and would "most certainly" go to the help of Israel if it were attacked by an Arab state. But it is clear that the Israelis and their champions are out for an even more specific guarantee than this. They are in no mood to take in the obvious point that both Britain and Turkey have long been countries Israel can count among its friends, and that both are far more likely to restrain than to provoke an Arab ally.



Herr von Bonin's Heresy

THE real moral of the case of Herr von Bonin is in danger of being lost in the debate about the merits of his plan for defending western Germany. Herr von Bonin is a former German staff officer with a distinguished war record who, until his recent dismissal, was head of the planning section of the embryo German War Office. He was dismissed for submitting to outside military experts a defence plan which did not accord with that of his chief, General Heusinger. Herr von Bonin believes that the defence of western Germany should not be left to a highly-mechanised Nato force which would conduct mobile warfare inside Germany, probably retreating through a devastated country and returning one day to liberate it. His own idea, which has been publicly advocated by former generals and staff officers, is to set up a national militia under German command which would be armed with anti-tank guns and would defend the zonal frontier to a depth of about forty miles.

This Bonin plan is the product of a school of thought which holds that Germany's interests are not properly protected by Nato and the Western European Union. It is a school that will undoubtedly grow in strength, and Herr von Bonin's ideas have been supported in newspapers close to the Democratic party. The Social Democrats liked the plan at first but have become chary of it, now that the rumour is being spread that the militia might be a new "Black Reichswehr" to be used against strikers. Its advocates say that, unlike the official plan, it does not presuppose the continued division of Germany and a civil war between east and west Germans.

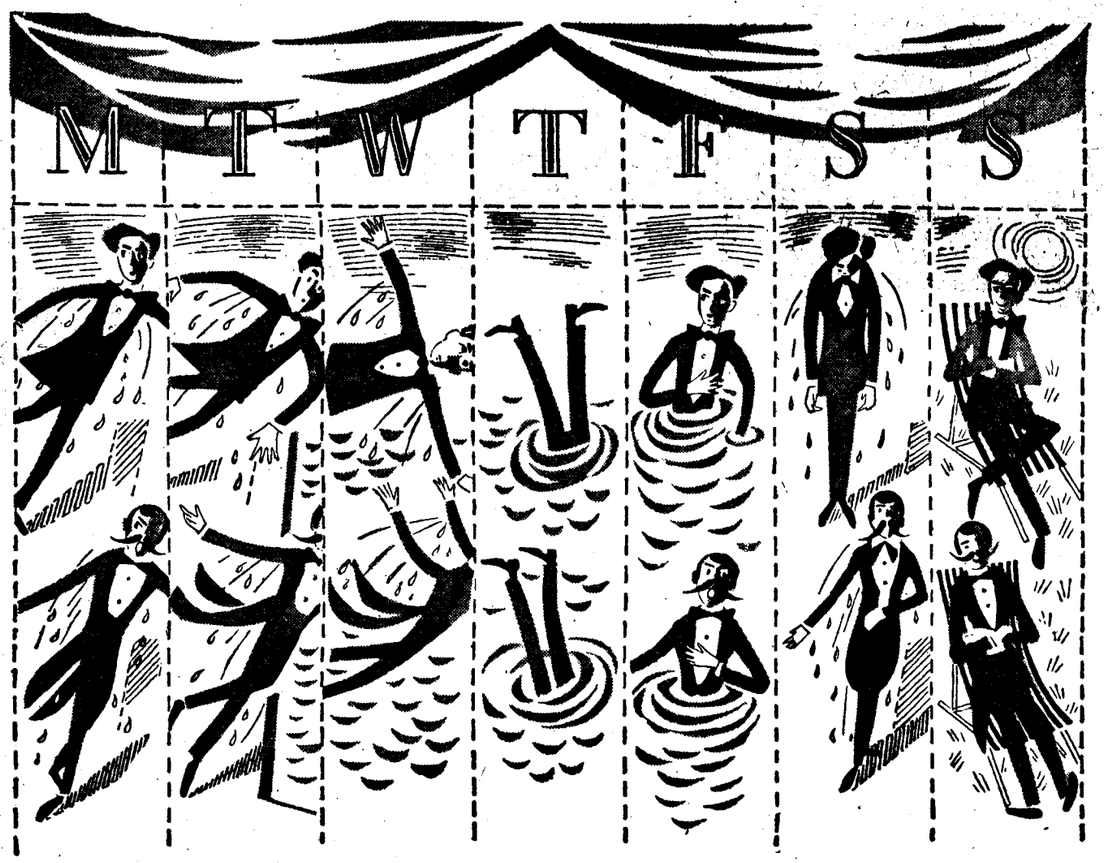
The incident shows that when the Germans are armed many of them are going to have awkward ideas of their own. But the important thing is that Herr von Bonin was dismissed. His plan was rejected by General Heusinger in favour of one drawn up by the European-Atlantic alliance and accepted by a body—the interim committee of the EDC—which included German generals. The affair demonstrates how right it is to rearm Germany within the framework of a western coalition; otherwise, Germans would one day have to set up a national army with an independent strategy.

More for the Health Service

THE brake applied to expenditure on the health service has been considerably eased for the new financial year. The net cost to the taxpayer is expected to be up by nearly £25 million, an increase of almost 6 per cent on estimated expenditure (including supplementaries) in the year just ended and of over 7 per cent on the original estimate. If the year 1952-53 is excluded, because it had to bear the back payments of the Danckwerts award to general practitioners, this is the biggest increase since the carefree years when Mr Bevan was at the Ministry of Health.

As will be seen from the accompanying table, all the main branches of the health service show some rise in

ANNUAL
GENERAL MEETING
20th APRIL 1955
Policyholders and Agents
are welcome to attend
at
29, LINCOLN'S INN FIELDS
ESTABLISHED 1844
EQUITY & LAW
LIFE ASSURANCE SOCIETY
HEAD OFFICE
20, LINCOLN'S INN FIELDS, LONDON, W.C.2
Policyholders and Agents, unless shareholders, are not entitled to vote.



Every week-night for 8 months,
two West End actors were pushed fully clothed into a swimming
pool on the stage. Strange as it may seem, the wardrobe mistress

Never wet on Sundays

was not a bit perturbed, because the men were clad from head to foot
in garments that did not shrink,
always retained their creases,
and were fully dried out and ready to wear
by the next performance. The secret was, clothes made entirely of 'Terylene' polyester fibre.
This new all-British fibre has a great future.
All sorts of things – from fishing nets to trousers, from curtain fabrics to women's underwear –
can be made from it, and every day brings an extension of its uses.
At Wilton, in North Yorkshire, I.C.I. has built a 'Terylene' plant
which started operations early this year,
and during 1956 production will
reach a rate of 22 million lb. annually.

Thus, and in a thousand kindred ways, I.C.I.'s research and production are serving the Nation.

ICI

their estimate. The sharp check to the cost of the dental service that was apparent when the charges to patients were first introduced is evidently weakening, and the gross cost is slowly climbing back to its earlier level of over £40 million. The pharmaceutical service needed a supplementary estimate in 1954-55, and a further tiny increase is expected this year. Similarly, more people are having

HEALTH SERVICE ESTIMATES
(£ mn: figures rounded off to nearest million)

	1952-53*	1953-54	1954-55	1955-56
Net total cost (excluding civil defence)	**429**	**414**	**437**	**462**
of which:—				
Advances to hospital boards	**296**	297	311	332
for maintenance	*286*	*287*	*299*	*320*
General practitioner service	**89**	58	59	62
Pharmaceutical service gross cost	**48**	52	54	55
less: patients' payments	*7*	*7*	*7*	*7*
	41	45	47	47
Dental service gross cost	**31**	29	34	36
less: patients' payments	*11*	*7*	*8*	*8*
	20	22	27	28
Ophthalmic service gross cost	**11**	10	14	15
less: patients' payments	*5*	*4*	*6*	*6*
	6	6	8	9

*Includes back payments under Danckwerts award to general practitioners.

their sight tested and being prescribed spectacles—or else many of those who obtained them in the early days of the health service are now being prescribed a new pair.

But, as usual, it is the hospitals that account for most of the increase. Over £4 million of the rise in their estimated maintenance expenditure is the result of the recent award to nurses, and "other" salaries and wages (excluding doctors' salaries) are expected to rise by about the same amount. The estimate for ordinary capital expenditure is only slightly higher; the promised grants for new hospital building and large-scale plant conversion schemes, announced in February, will not be forthcoming until 1956-57.

State Farming in Practice

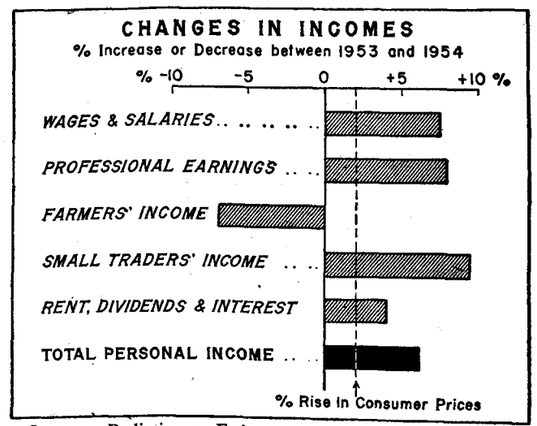
NATIONALISATION of the land was once regarded as a political issue, yet the modest experiment in state ownership of farmland since 1945 has gone its way with little comment—adverse or favourable. As a result of Crichel Down, it is now Government policy to sell off by stages most of the 225,000 acres for which the Agricultural Land Commission and its Welsh Sub-Commission were made responsible. Before this happens it is worth putting on record the lessons of this experiment, which have been underlined this week by the report of the Comptroller and Auditor General upon the commissions' latest accounts.

State farming lost £281,000 on current account in the six years 1948 to 1954. Admittedly, many of the properties taken over were semi-derelict, and the repairs bill was enormous; considerable capital improvements were also undertaken, especially during the period when it was Government policy to foster food production irrespective of economic return. Thus the state emerges as a conscientious landlord which has provided the financial backing that was a prime reason for its intervention. It has also, however, evidently been as conservative and afraid of its tenants as any private landlord. It has not raised rents to the levels which its repairs and improvements patently justify, nor has it followed the alternative approach of reorganising its holdings to experiment with new and possibly more economic forms of farming—for instance, large-scale cattle ranching in the Welsh hills. Administrative costs have been high—amounting, in the case of the Welsh Sub-Commission, to no less than 77 per cent of agricultural rents in 1953-4. Possibly there is scope for some state farming—if it is bold and experimental. But if the only difference is to be that the state can afford a loss which the private owner cannot, the experiment must be deemed a failure.

Federation Step by Step

THERE will be general relief that the conference on the control of inter-island migration in the British West Indies has found a workable compromise between the Trinidadian view that control should be left primarily in the hands of the islands, and the Barbadian view that it should be a Federation matter. Trinidadian fears of an influx of migrants from Barbados and the small islands threatened to set back all the progress so far made. The conference has now resolved that while migration shall be concurrently an island and a federation subject, the islands' present legislation will have to be revalidated at the end of five years, if the Federal government does not take the initiative earlier. This gives a period for settling down; after five years the Federal government might be able to use the growth of a sense of West Indian nationhood to bring about freedom of movement.

But difficulties lie ahead in Trinidad. An election is due in September and the prospects that the anti-Federa-



Source: Preliminary Estimates of National Income and Expenditure, 1948-1954 (Cmd 9423).

tion, East Indian section of the Legislative Council might gain power through the divisions in the other parties are not inconsiderable. The East Indians want, above all, to keep out migrants of African race. Before this form of Indian nationalism makes a bid for control of Trinidad, it is therefore highly desirable that Federation should be virtually signed and sealed, if not delivered. This can hardly be arranged until after the conference of plenipotentiaries which will decide upon the West Indian Federation Bill to be presented to Parliament in London; the earliest the plenipotentiaries can come to London is January. But it is possible that the discussions of a committee on Trinidadian constitutional reforms might be taken as a justification for postponing the elections. It is clear that the next six or nine months may be decisive for West Indian federation.

East Indian attitudes may also have something to do with the deepening split in the People's Progressive Party in British Guiana. Dr Jagan's main support is East Indian and rural, though he has some African allies. His rival, Mr Burnham, is mainly backed by Africans and a few urban Indians, and this section of the PPP is emerging as the slightly more moderate party; it is to have its own newspaper. Dr Jagan, on the other hand, is said to be anxious to declare himself as fully Communist. If this schism forces the PPP to re-examine the true aims of its ambitious leaders, and to see the constitutional crisis of October, 1953, in the light of them, much good may result for the colony.

Communists on the Building Sites

THE ratification of the Paris treaties was a great blow to the local Communist parties of Western Europe. Having doubtless received scorching rebukes from Moscow, they are now pledged, it appears, to frustrate the defence effort more effectively than hitherto. The Communist-led World Federation of Trade Unions (WFTU), with its individual industrial sections, exists to give a lead in such a campaign. Plans for organising trouble were discussed, for instance, at a recent meeting in East Berlin of the WFTU branch which covers the building and building-materials industries. One of the more interesting points from the speeches was a proposal from a French trade union leader that "it was necessary to uncover the speculations of finance companies which were exploiting small savers under cover of assisting them to build their own homes." There was general agreement that the organisers must be active on the actual building sites and must make their tactics fit local conditions. They must also put up programmes of "peaceful" work, to be undertaken instead of building for defence purposes. It is evident that the WFTU campaign is directed mainly against Federal Germany, where a shortage of builders is expected when the first barracks go up.

The WFTU's action programme is to consist of demands for more money for subsidised and state building; cuts in the "profits of trusts" and in building prices; a ban on speculation in building; and a cut in the rate of interest on borrowed money in order to stimulate building by private persons and small contractors. The conference also resolved to work harder inside other international organisations, particularly in the industrial committee of the International Labour Office. It will be interesting to see the results of the pledges undertaken by the earnest comrades in East Berlin—and whether they are also reflected in the careful tally which is kept in Moscow of man-hours lost in Britain and other "capitalist" countries.

Singapore Goes Left

SINGAPORE joins the lengthening list of colonies which, given adult franchise, promptly votes for the more extreme parties. Despite the warning from the West Indies and elsewhere this seems to have surprised many British residents in the colony. Mr David Marshall, noted for his trenchant socialist speeches, will become chief minister, heading the Labour Front which has ten seats in a House of 25. But the Government's majority will be secured by the three ex-officio ministers, the Chief Secretary, the Finance Secretary and the Attorney General, who, under the constitution, are bound to vote with the government. But the two other Left-wing parties, the splinter Malay-Chinese Alliance with two seats and the anti-colonial People's Action Party (PAP), should generally side with the Labour Front; the moderating influence of the opposition will probably be confined to six members, unless the ex-officio ministers are influential behind the scenes. The more usual form is for the officials to find themselves excluded from the inner cabinet of elected members. But Singapore evidently could go still farther left. It should have lively politics, which is what has been prescribed, and these should give Mr Marshall and his colleagues the training in practical politics that is the object of the exercise in developing local leadership.

Much of the programme on which the Left-wing parties were elected—it can hardly be called a true mandate—is more or less impracticable in an island-city based on the profits of entrepot trade, and not always on good terms with the mainland from which its importance is derived. The Labour Front in fact wants reunion with the Malayan Federation, repeal of the emergency legislation and a rapid advance to independence. The PAP bluntly asked the electorate to vote out colonialism, which it saddled with responsibility for slums, poverty, disease and insecurity—the very things the British have done more than any neighbouring Asian governments to remove.

Pakistan's Rule of Law

THE confused constitutional position in Pakistan was made no easier to understand by the declaration of a new state of emergency by the Governor General, Mr Ghulam Mohammed, on March 27th. But it did pave the way to a solution of the legal tangle, and there is at least a good chance that Pakistan is now back on the road to a more settled form of government. The need for a new state of emergency, may not seem apparent when it is recalled that the previous state of emergency, announced last October, was still in being. The Governor General's action, however, represented practically the only way in which the legal record could be got straight and the chain of Pakistan's constitutional procedure be retained unbroken. The calm with which Karachi has since accepted this fresh move indicates that it was less of a crisis measure than it appeared at first sight. While there are undoubted political pressures under the surface, the army is still in full and effective control.

What had happened was this. Although Mr Mohammed and his emergency cabinet were vindicated by the Federal Court in the Governor General's action of dissolving the Constituent Assembly last October, a further ruling also invalidated all the 46 laws which had previously been passed by the Assembly but had never been signed by the Governor General. This threw the country's legislation into such confusion that the further emergency had to be declared to end it.

Pakistan has done well to pay such attention to the rule of law. Admittedly, the little group of conscientious men now in power represents no popular movement and its rule depends on force. But the exercise of power is always a trust, and so far the present cabinet has not abused it. Several essential measures are being carried out during this period, including the amalgamation of the provinces of West Pakistan into a single unit and the passage of the budget. The government's big test, however, is yet to come. This will be in the drawing up of a constitution and its successful introduction without too much delay. Promises have been made. They have yet to be kept.

SHORTER NOTES

By 379 votes to 219, the French National Assembly has declared a "state of emergency" in Algeria. The vote followed a plea by Minister of the Interior, M. Bourges-Manoury, that the measure was essential on account of "persistent insecurity" in certain areas. The difference between a "state of emergency" and martial law is that the special powers entailed are put into the hands of the civil, as opposed to the military, authorities. The Governor-General of Algeria is from this month vested with powers to ordain forced residence, and local prefects can forbid the right of assembly or of movement from place to place. The measure, which will apply only to defined "zones of protection or security," is intended to stop recruitment for the rebels. But it is causing much misgiving among liberals in both France and Algeria, who have for months had good reason to criticise the excess of zeal, alias brutality, that has been shown by the local police.

★

The Labour Party Executive is understandably worried by a state of affairs now prevailing in many constituency parties that are choosing their candidates for the election. The latest instance of irridentism has been the decision of the Liverpool Exchange Divisional Party not to support Mrs E. M. Braddock, who has represented the constituency since 1945. Mrs Braddock was apparently asked two questions at her adoption meeting. How did she vote when the Parliamentary party withdrew the whip from Mr Bevan? And did she share the Bevanite views of her local party? As she does not share those views, and as there is internecine war in Labour's ranks in the Exchange Division, the local party want a new candidate. The Labour leaders will almost certainly have to take strong action to meet this sort of challenge; at the moment the main qualification required from a Labour candidate in some areas seems to be a promise not to follow the official Labour line.

★

The Government has, after all, made a third concession to those who fear that the Harmful Publications Bill comes dangerously near to censorship. When the Bill was considered on report last Monday the Under Secretary to the Home Office moved an amendment making it a defence for a newsagent or retailer to claim that he had not examined the contents of a publication claimed to be harmful, and that he had had no reason to suppose that it was so. This goes half-way to meet an amendment which was rejected last week—namely that the Bill should apply only to those who printed and published horror comics, and not to those who sold them. It is a welcome concession, for a poisonous publication could easily be contained within a harmless cover; and the aim of the Bill is to ensure that children do not read horror comics, not that newsagents do.

★

The Ministry of Education's estimates for 1955-56 forecast a net expenditure of £271.2 million, an increase of £16.7 million on the figure for last year. Almost all the increase goes in larger grants to local authorities, of whose expenditure on education the Ministry meets roughly 60 per cent. It is needed to provide, among other things, for the still growing school population and for last year's salary increases to teachers, including the bigger allowances now to be paid to those who teach advanced work. The estimates presumably do not allow for the small increase that will be necessary in the maintenance allowances for children who stay at school beyond the leaving age, on which an announcement is expected shortly. Nor do they include higher grants to teachers in training or more generous provision for university students, with—dare one hope?—a higher ceiling of parental income above which no grant is paid. But an announcement on these lines is also expected in the near future.

★

The Requisitioned Houses Bill has now passed its third reading with the amendment that the Minister will be able to require local authorities to establish a pool of vacant requisitioned houses, to operate between the passing of the Bill and 1960, when derequisitioning would be complete; this pool would be used to rehouse families who might be displaced by a court ruling that any particular owner should regain possession. This amendment is designed to deal with the Labour objection that such families would otherwise have to get council houses ahead of the queue. It may slow down derequisitioning meanwhile, but Mr Sandys insisted that by 1960 the pool would become unnecessary. He made an offer to extend the period of requisition by a further two years "in difficult cases," in response to an Opposition amendment extending the period to 1965, provided the Opposition did not vote against the third reading. The Opposition did vote against it, however, so it is to be hoped that the Minister will not fulfil his side of the bargain. The amendment could only encourage local authorities to treat the problem with less urgency than it deserves.

Letters to the Editor

Price Maintenance Defended

SIR—Mr Wiles being able to define "the whole *raison d'être* of trade associations" in half a dozen words will bring wry smiles to those learned colleagues at his own university, and in other universities and research stations up and down the country whose "whole *raison d'être*" is tied up with one trade association or another. The definition? . . . "to protect the average (firm) from the best." As a consultant to various trade associations, I cannot think of any association where the formation, driving force and encouragement to better standards of production and distribution did not come from the "best" firms and undertakings in the industry.—Yours faithfully,

J. FORDHAM SADLER

Woldingham, Surrey

★

SIR—In your issue of March 19th, Mr Collin Brooks suggests that Mr Harris (*vide The Economist*, March 5th) is somewhat in ignorance as to how a modern trade association works. Mr Brooks then proceeds to describe how a price ring functions but, unfortunately, he does not recognise the difference between the theoretical and practical operation. His arguments would not convince a professional industrial purchasing officer who is daily confronted with this problem of price maintenance.

I recall an order being placed a year or so ago for a piece of equipment with a ring member firm at an order price of approximately £140, the supplier invoking the protection of the price ruling clause. When the equipment was delivered a few months later a price of over £190 was charged and, when he protested, the buyer was informed a new ring price had been fixed. Even though he had been obliged to accept the price ruling clause, the buyer maintained that, in equity, this only permitted the price charged to include extra costs arising during the contract period and these could never justify the considerable increase represented by the new price. To do them justice, the suppliers accepted this reasoning and a figure approaching £160 was agreed, and at the same time the buyer was assured that this price gave the suppliers their usual margin of profit. If we accept Mr Brooks's explanation, then the price of over £190 would have been based on the average efficient cost figure set by the association, thus the highest cost producer might have found a price reasonable to him in the region of £240: given a liberal degree of inefficiency, that price seems hard to swallow. I admit this is only one example and could not be regarded as applying throughout price fixing, but it did happen.

Mr Brooks contends that any member of a price ring who cannot get down to the efficient cost figure set by the members may have to sell at a loss or go bankrupt. If Mr Brooks will give only one or two examples of ring firms which have suffered either of these indignities in recent times, say the last twenty years, one would be more ready to accept that he is not in such ignorance of real price fixing practice as it appears he would like us to believe. You will notice, Sir, I use the term "price ring" as opposed to Mr Brooks' "trade association." This is because the latter does not always imply price fixing and a trade association, which has no price fixing arrangements, is an eminently desirable industrial institution.—Your faithfully, A. ELLIOTT

Hale, Cheshire

Housewives' Choice

SIR—You have not got to the bottom of this imported beef business in your article of April 2nd. My butcher tells me that he will not stock frozen beef because it is practically inedible. The Ministry of Food, he says, has been keeping it for four years, and he will start selling this kind of meat again when the Ministry has made up its mind to throw its old stocks away.

In any case, even the best frozen beef is tough, and was hard to sell before the war. Ask the Australians. They have been trying for decades to get their beef to this country in a condition that will make it compete with chilled Argentine beef. It is all very well for you to cast doubts on the cooks. Your writer has perhaps not had to throw away the precious ration of beef during the rationing times, because it was still too tough to get the teeth into after hours of casserole cooking.—Your faithfully,

CORDON BLEU

Gas Pipeline Postponed

SIR—There is a small inaccuracy in the map accompanying your Note of April 2nd. The map shows the pipeline originating from two points in Alberta, one labelled Pincher Creek and the other Peace River. In fact the Peace River fields are in no way connected with the Trans-Canada project but are destined to be the source of supply for a completely independent pipeline, Westcoast Transmission. This will be built through British Columbia to Vancouver, and will connect at the International Boundary with a pipeline system to be constructed by US interests, to supply the Pacific North-West states and other parts of the USA. It is hoped that construction will start this summer, if the Federal Power Commission approves the application which is being filed by the US companies concerned.

The Peace River fields are not, as shown in your map, in the centre of Alberta, but on the northern boundary of Alberta and British Columbia—indeed, the greater part of the reserves in this field is in British Columbia.—Yours faithfully, ERLEIGH

Staplefield, Sussex

New Chance for Nepal

SIR—The article in your issue of March 19, 1955, contained some strictures on the Rana regime, which, if merited, must imply a remarkable deterioration during the past ten years.

When I visited Nepal with my wife in 1945, we found the people friendly and prosperous looking. The temples and palaces were in fairly good repair, and could have compared favourably with those in India. In the villages we found standposts marked Glasgow, 1892, with piped water from the hills around. We were told that, after a cholera epidemic, a much beloved Maharani had asked how to prevent another such epidemic. She was told piped water supplies, and so she arranged to have standposts with waste-not taps in half the villages of the central plain.

Altogether, in 1945, Nepal could compare not unfavourably with many Indian States, the best of which, again, could compare favourably with any British Province or Presidency. If the happiness of the great majority of the inhabitants is more important than so-called political development, the Rana regime in Nepal had much to be said for it.—Yours faithfully, A. C. MACNAB OF MACNAB

Killin, Perthshire

Keeping Europe Going

SIR—You lay down as one of two prime conditions of a settlement on Germany genuinely free all-German elections. What form of "free election" can accurately represent public opinion in a country where the State controls every man's economic future, and punishes opposition opinion? How many candidates in Eastern Germany would dare to offer themselves for election on a programme of re-union with Western Germany and a free economy? How many voters would dare to hold public meetings, or even talk to their friends, in support of such candidates? If candidates from Western Germany could be allowed to stand in the Eastern zone, the situation might be more hopeful but it would still be far removed from anything that could fairly be called a "genuinely free election."—Yours faithfully,

HENRY MEULEN

London, SW19

Books & Publications

The Sociology of Abundance

PEOPLE OF PLENTY.
By David M. Potter.
University of Chicago Press (London: *Cambridge University Press*). 246 pages. 26s.

NATIONAL character is a tricky concept; national characters are a topic wonderfully fertile in pernicious nonsense. Professor Potter handles the concept with extreme wariness and the topic with a remarkable blend of imaginative insight and scientific scruple. His thesis, at once simple and many-faceted, is that the distinctive American attitude to life, the distinctive American system of political and social relationships, the distinctive American tensions and dissatisfactions and the distinctive American role in world affairs, have been shaped above all by American "abundance"—by the existence in America, from its earliest days, of an unprecedented amount of economic elbow-room.

This has something in common with the well-known "frontier hypothesis," but Mr Potter convincingly argues, in a particularly brilliant chapter, that the frontier represented merely a special instance of a general environmental influence. The frontier was "the lowest threshold of access to America's abundance; it ceased to be primary when other thresholds were made lower, and not when the edge of unsettled land had ceased to exist." Abundance, he makes plain, should not be identified with potential resources alone; lacking the technological key, one may live as meagrely in the midst of locked-up wealth as did the Red Indians themselves. Given an initial combination, however, of potential resources and technical alertness, cumulative economic and psychological processes are set in train; and the tracing of these processes, their mutual repercussions, their relevance to political theory, their unsuspected place in the pedigree of this or that sacred cow, is the main task of his book.

The most important moral that he draws is an international one. Democracy, in the full American sense, is "one of the major by-products of abundance," and cannot take root when abundance is lacking. "Our message to the world has become involved in a dilemma; to other peoples, our democracy has seemed attainable, but not especially desirable; our abundance has seemed infinitely desirable but quite unattainable"—since it has been manifested to the world "primarily in the form of consumer goods which excite the international envy of those whose needs they satisfy, without in any way removing either the sources of envy or the sources of need."

The argument, however, is too close-knit and organic to be fairly rendered by odd quotations. It is not entirely free from ambiguity; abundance as standard of living and abundance as pace of progress, which are not the same thing, melt into one another here, leaving unanswered such questions as why the British masses today, enjoying much higher standards than the American masses of, say, forty years ago, display so little of the psychology of abundance which should, on the American analogy, go with those standards. Occasionally, too, Professor Potter teeters on the edge of the nineteen-thirtyish fallacy, "the problem of production is solved, we need only concern ourselves with the problem of distribution." But these questionable points count for very little beside the percipience, the originality (for all acknowledgments of indebtedness to anthropological scholarship) and the comprehensive organising power here displayed. "People of Plenty" deserves a wide audience on both sides of the Atlantic.

Nuclear Messages

EXPLAINING THE ATOM.
By Selig Hecht and Eugene Rabinowitch.
Gollancz. 224 pages. 12s. 6d.

THE MAN IN THE THICK LEAD SUIT.
By Daniel Lang.
Gollancz. 218 pages. 13s. 6d.

HERE are two books that belong inextricably to the nuclear age. Neither could have been conceived before 1945, or written in its present form before last year. When Professor Hecht wrote the first, he thought of it as a book that would guide the complete layman through the mysteries of atomic physics to their culmination in the explosions of Hiroshima and Nagasaki. Since his death in 1947, the mushroom clouds have become denser and their menace has gained in scope and viciousness; Dr Rabinowitch, the editor of an American atomic journal, has added four chapters encompassing the "progress" from A-bomb to H, from fission to fusion.

One finds it hard to avoid being suspicious of a recommendation of a layman's book by Einstein, and one suspects, in particular, that "attentive" must be

West Highland Survey
An Essay in Human Ecology
Edited by
DR. F. FRASER DARLING
A modern Domesday of a region about which little factual information has been available before and where a rapid cultural transition is now in process. This is a book which can be read with pleasure by the layman though it has the fullness and accuracy required by the specialist. 30*s. net*

Banking Systems
Edited by
BENJAMIN H. BECKHART
A complete yet concise description of the banking systems of sixteen different countries in Europe, Asia and the Americas. (Published for Columbia U.P.) £5 10*s. net*

Britain and the Tide of World Affairs
By SIR OLIVER FRANKS
The BBC Reith Lectures for 1954. 5*s. net*.

OXFORD UNIVERSITY PRESS

A GUIDE TO
Parliamentary Papers
by P. and G. FORD
What they are How to find them
How to use them
Now ready *Crown 8vo.* 7*s.* 6*d. net*

Industrialization of Backward Areas
By K. MANDELBAUM
2nd edition *Demy 8vo.* 16*s. net*
This book, which was first published in 1945, contains a model of economic development. A new and lengthy preface has been added to incorporate some of the results of more recent theoretical work and experience in this field.

Reprints of Economic Classics.

Studies in
The Theory of Economic Expansion
By ERIK LUNDBERG
Demy 8vo. 35*s. net*

The Theory of Interest
By IRVING FISHER
Demy 8vo. 566 pp. 63*s. net*

Broad Street, Oxford
BASIL BLACKWELL

the operative word in his comment that this one "can be understood by any attentive reader." At the same time, one does not need to be an Einstein to read the book from cover to cover with interest and a degree of profit that will vary with the amount of attention one is prepared to spare. There is a beguiling neatness and logic about the mathematical arrangement of the elements which does much to persuade the uninitiated that he is acquiring wisdom painlessly. And indeed this is a reasonable and incontrovertibly up-to-date course in lifemanship which will enable the man or woman whom physics had by-passed to hold his own in after dinner conversation, and perhaps to dazzle his intellectual superiors.

"The Man in the Thick Lead Suit" is, if he would permit the comparison, a horse of somewhat different hue. He stands guard over a collection of articles that first appeared in the "New Yorker." Mr Daniel Lang has called on Wernher von Braun, the man who built the V-2 and dreams of interplanetary flights; he has dropped in on the atom-conscious citizens of Las Vegas; he has sounded the opinions of people who claim to have seen flying saucers. He has driven in the rugged country of the Colorado Plateau in the company of men whose job is to seek uranium, and talked with the inhabitants of towns that would not exist if America had not decided to build atom or hydrogen bombs.

Mr Lang records conversations drily and factually, with a minimum of comment; his merit lies in faithful reporting rather than in literary elegance. One has difficulty, once having begun it, to put this book down; and it is hard not to feel a shock of revelation at the insight it gives into the transformation that has affected all our lives.

Story of Farming

THE ENGLISH COUNTRYMAN. *His Life and Work, AD* 1500-1900.
By G. E. and K. R. Fussell.
Melrose. 172 pages. 30s.

THIS book is basically a history of English farming and covers a great deal of ground already over-familiar to students of rural life. Indeed, the authors have themselves written several works of a similar character; thus to that extent this one is a pot-boiler, although there is no question about its authority. Mr G. E. Fussell helped to found the British Agricultural History Society, and there are few who can equal his knowledge and industry in this particular subject. Furthermore, the bones of the story are amply covered by a wealth of data and illustration which make the book informed and entertaining. It is divided into six main periods—each bulging with facts about the character, appearance, work and social habits of the countryman, be he rich landlord like Coke of Holkham or modest labourer of the kind dispatched from Tolpuddle to Tasmania.

It is evident that there is still much to be learned, not only from private records, but also from publications that never reached a wide public and are now out of print, and the authors have done useful research in this field. For example, we all know that George III was a keen farmer, reclaimed part of Windsor Great Park, and contributed to Arthur Young's "Annals of Agriculture." Much less credit is given to the Prince Consort, who did far more a century later. In twenty years he improved and added to all the royal estates in the most admirable fashion. He made Osborne and improved Windsor and Balmoral, built farmsteads and cottages, fenced, drained, reclaimed, afforested, and patronised and encouraged the leading agricultural societies. By contrast there are earthy anecdotes of humbler folk—the village parson who farmed his own glebe to supplement a tiny stipend, the shepherd so idealised in polite literature, and that indefinable person the yeoman, who might be a wealthy freeholder with 300 acres or a poor tenant with less than 50.

This, then, is the story of landlords, farmers and labourers. It is not the story of all countrymen: craftsmen are hardly mentioned, and yet at one time they made up the population of almost half the village. The title "countryman," therefore, has been given an arbitrary meaning, but, for all that, the book is a solid and reliable contribution to the history of the countryside.

Sudanese Pedigree

A HISTORY OF THE SUDAN FROM THE EARLIEST TIMES TO AD 1821.
By A. J. Arkell.
University of London: *The Athlone Press.* 267 pages. 21s.

ONCE upon a time, nationalist Britons must have felt about the Romans much what nationalist Sudanese now feel about the British—glad to see their backs. Yet after their exodus, as time rolled on, education mounted and tolerance set in, there grew to be an appreciation of the Roman share in forming British native tradition and character. The same change of heart may take place in the Sudan and this admirable little book will help it to do so.

For Mr Arkell has done for the Sudanese teacher and undergraduate a job of genealogy and history that the Sudan's own thin sprinkling of educated men will be far too overworked to do for years to come. He has told in simple but scholarly form the story of their roots, or what is known of them.

As Sir Harold Macmichael points out in a preface, the work is so well done thanks to a rare blend of talents. Mr Arkell is not only an archaeologist and historian (he holds the readership in Egyptian Archaeology in the University of London); he also has much practical experience of managing men. He spent the greater part of his working life as an administrator in the Sudan, and therefore knows and likes the various races whom he is providing with a pedigree. His book, though necessarily compressed, is a human document because he has probed their monuments and chronicles, tombs and quarries, not with the impersonal efficiency of a surgeon, but in the sympathetic role of family genealogist. The only criticism of a book that is beautifully printed, and is well illustrated with maps, line drawings and photographs, is that it is much too expensive for most Sudanese teachers to afford. It ought to be the Sudan's first Penguin.

The Salt Trade

ENGLAND AND THE SALT TRADE IN THE LATER MIDDLE AGES.
By A. R. Bridbury.
Oxford University Press. 216 pages. 21s.

LITTLE has been written hitherto on the salt trade, especially during the Middle Ages, though it was of great importance when the eating of fish was widespread for religious, nutritional and economic reasons, and when the autumn slaughtering of cattle made salted meat a staple article of the winter diet. The English salt trade can only be appreciated in its continental setting; indeed, Mr Bridbury's work deals rather less with the English and rather more with the continental trade than its title might imply. He sees a commercial revolution in the fourteenth century marked by the decline of salt production at Lüneburg, in the Low Countries, and in eastern England, and by the rise of production on the Atlantic seaboard of France, especially at Bourgneuf. This rising French production led to a great export trade in salt with England, the Low Countries, and the Baltic.

The details of these changes are often obscure, and Mr Bridbury's interpretation of the commercial revolution is sometimes very speculative. He assumes that salt production in eastern England declined in the fourteenth century through the diversion of resources into the cloth industry, and that the decline was followed by increased imports of French salt. That may be true, but it is not proved by quoting a single case of the high wages paid to a Lincolnshire salt-boiler in 1396. It is surely possible that English salt production, if it declined at all, declined because of competition from imported French salt. Similarly Mr Bridbury sometimes pushes his statistical interpretation much too far. His estimate of the value and volume of the salt carried by the Bay Fleet in 1449 is reached by a process that reduces statistical manipulation almost to the level of a parlour game: take a number, halve it, and so on.

It would be unfair to suggest that this book is wholly or even largely devoted to such speculative interpretations; it is, in fact, firmly based on a wide range of printed and manuscript material. On the whole that material has been handled judiciously, and has been made to yield an interesting picture of a very important aspect of medieval commerce.

EXCLUSIVE TO B.O.A.C.!

double-decked

Stratocruisers

for both First and Tourist Class across the Atlantic!

Whether you book First or Tourist Class by B.O.A.C. across the Atlantic, you can enjoy the double-decked spaciousness and unrivalled comfort of *Stratocruiser* travel! Nothing finer flies the Atlantic than these giant airliners, operated by B.O.A.C. *Fly First Class by luxury "Monarch"* direct to U.S.A. or Canada; and to the Caribbean. Normal First Class fare gives you more room, comfort and personal service... fully-reclining seats... silver trolley service; foam-soft private berths at slight additional charge. *Fly by "Coronet" services* at low Tourist fares: soon from London to New York or Montreal via Prestwick; to New York via Prestwick and Boston; To Chicago via Prestwick and Montreal. Relax in splendid B.O.A.C. comfort . . . delicious free meals . . . courteous service. Finest transatlantic Tourist travel ever!



Fly now—pay at leisure! Ask about the B.O.A.C. Ticket Instalment Plan!
10% down, the balance by monthly instalments!

Consult your local B.O.A.C. Appointed Agent or B.O.A.C. Airways Terminal, Victoria, S.W.1 (VIC 2323), 75 Regent St., W.1 (MAY 6611) or offices in Glasgow, Manchester, Birmingham and Liverpool (see your Telephone Directory for details).

B.O.A.C. TAKES GOOD CARE OF YOU

FLY B·O·A·C

BRITISH OVERSEAS AIRWAYS CORPORATION

Delicious meals are served from silver trolleys aboard the "Monarch". It's air travel with the accent on luxury!



A King's Ransom for the KIDNAPPERS

There's a price on their heads. It runs into millions. It will be paid in more than half a hundred currencies. The two small boys who play the leading roles in THE KIDNAPPERS are capturing the hearts of cinemagoers everywhere.

• 'BOX-OFFICE GEM'

A TALE of a Nova Scotia settlement during the early days of the century, THE KIDNAPPERS has an immediate appeal for the Canadian market. That means important dollar earnings. And it is being given a good showing in Canada helped by the Odeon circuit there—built up by the Rank Organisation to more than 100 theatres within seven years.

In Toronto THE KIDNAPPERS ran for 15 weeks, in Ottawa, for 17. In Vancouver province it created an all-time record—159 days against the normal playing time of 42 days.

Reports from Canada say that the film was 'the box-office gem of 1954 and is continuing to be the same thing in 1955'.



PAID IN DOLLARS

IN THE United States THE KIDNAPPERS appeared on 'ten best films of 1954' lists in New York's *Times, Herald Tribune, World Telegram and Sun*, as well as in *Time* magazine. America's National Board of Review of Motion Pictures placed it fourth in its list of the ten best foreign films.

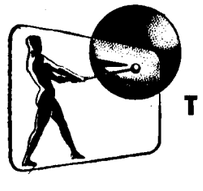
Yet this enchanting and highly successful film was created by a small cast of actors, an unassuming story, and the simplest of settings.

THE CHOICE IS THEIRS

THE pattern which the Rank Group has laid down for film exhibition in Canada is repeated throughout the Commonwealth: but nowhere are there hard and fast rules as to the films shown. The final choice is always with the country concerned.

That the British can make good films is proved by past and present successes in all parts of the world. But the making of films is only one aspect of a vast industry. Success in distributing and exhibiting them world-wide is clear from the fact that last year 50% of the Rank Organisation's film earnings came from abroad.





THE J. ARTHUR RANK ORGANISATION LIMITED

American Survey

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

Stock Market Goes Steady

Washington, D.C.

THE stock market, with lusty disdain, continues to hover near the record high levels it reached just before Senator Fulbright began his much-publicised inquiry into its operations over a month ago. It was made plain by practically every witness at the hearings, which have now been completed, that neither Senator Fulbright nor anyone else can say whether this steady refusal to be discouraged is because the market is inherently sound or because too much speculative buying is going on. Indeed Mr Fulbright and his colleagues on the Banking Committee were told so many times how impossible it is to analyse the market that any desires they may have had to buy stocks themselves must have been thoroughly dampened.

"He's Perfectly Healthy—Just Terribly Sensitive"



Herblock in the *Washington Post*

What Senator Fulbright hopes, of course, is that there may be the same reaction from a share-buying public which he fears has been unduly gullible. It became clear early in the famous hearings that his purpose in launching them was two-fold: to bring to light the degree of the stock market's feverishness during the winter, and to warn the public that the stock market is not a place where easy money is to be made. Neutral observers (and many Republicans) agree that the Democratic Mr Fulbright's purpose was not, as the intensely Republican Senator Capehart alleged, to undermine confidence in the national economy in order to bring on a slump and discredit the Eisenhower Administration.

The extent to which his true purposes were accomplished is of course as impossible to analyse as the market itself, but there was a strong feeling among many of the committee's witnesses that a hearing such as this one in 1928 might have prevented the 1929 boom and the subsequent crash. Assuming, as practically all the witnesses believed, that another 1929 is most unlikely, then it may be unlikely in part because the committee has injected a note of caution into a rather runaway situation.

It was brought out on the very first day of the inquiry—though scarcely emphasised by the witness, Mr Keith Funston, president of the New York Stock Exchange—that on two recent "sample days," when transactions were analysed no fewer than 52 per cent of all the trades by individuals were on margin. With the assistance of Senator Douglas, Mr Fulbright also carefully developed statistics on the sharp rise in "short term" trades—sales of stocks held less than six months—and the rise in daily turnover, to show that the market has been far more speculative in 1954 and 1955 than in the earlier postwar period. And Mr John Kenneth Galbraith, the articulate Harvard University economist who has just published a history of the 1929 disaster, added the necessary spice with his sharp remarks about the unchanged "capacity for self-delusion" of the American (and any other) public. Shortly after Mr Galbraith's testimony, in which for the first time doubt had been thrown on the market's good health, prices tumbled fairly sharply for a few days; but they have since recovered most of the losses.

Fully half of the testimony during the three weeks was devoted to such technical or statistical matters as the operations of "specialists" in a stock on the floor of an exchange, the regulations of the Securities and Exchange Commission, and the economic reasons for the scarcity of new equity issues in recent years. Unlike such eye-catching items as Senator Capehart's accusations and Mr Walter Winchell's market tips on television, these matters seldom found their way into the daily newspaper stories. Another large section of the time was devoted to such apparent irrelevancies as whether the General Motors Corporation prices its cars properly and whether the depressed level of farm income is a threat to the economy. Yet out of it all emerged at least a sprinkling of genuinely new information and analysis—enough to give the experts as well as the public reason

to re-examine some of the clichés that have grown up about the market in recent years.

The testimony cast doubt on the widespread assumption that "institutional buying" has been a major factor in pushing up share prices. A combination of purchases by insurance companies, pension funds, private trusts handled by banks, and investment companies (the so-called "mutual funds") was supposed to have injected a heavy new demand in the market over the past two or three years, to have reduced the "floating supply" of stocks, and at the same time to have constituted a stabilising influence in the event of a severe setback to the market. While the hearings brought out that these institutions now hold some $66 billion worth of equities, or 28 per cent of the value of all the stocks listed on the New York Stock Exchange (much less for other exchanges), it was also shown that their net annual purchases are surprisingly small. The value of institutional holdings has doubled since 1949, but about 80 per cent of this increase reflected merely the rise in market prices and only 20 per cent—or some $7 billion over a five-year period—came from net new purchases.

Net purchases of all the mutual funds on the New York Stock Exchange last year, for example, amounted to only $281 million, or 1.2 per cent of total purchases. Mr John J. McCloy, chairman of the board of the Chase National Bank, made the often forgotten point that institutions sell stocks as well as buy them; he said the various personal trusts and industrial pension funds for which his bank is trustee recently went through a period of sixteen months in which they were net sellers. With a few other witnesses, he concluded that the rise in the market simply cannot be attributed in any important sense to institutional buying.

★

What, then, is the cause of the rise? The answers—all preceded by the customary disclaimers of expertise—cited a range of factors, from the ending of the excess profits tax to inflation, from "confidence" to increased speculation. Whether or not, however, the rise has been "sound," as maintained by most of the witnesses from the securities industry itself, the hearings left no doubt that yields have sunk amazingly low for a wide range of "blue chip" stocks and others not so gilt edged, and that from here on the market can advance at the recent rate only at its peril. Even Mr Funston, whose staunch defence of the existing situation opened the hearings, conceded that a continuation of the upward pace of the past eighteen months

> might be a danger to the economy unless it were accompanied by a corresponding amount of expansion in earnings or business prospects which seems improbable at this time.

This rate of increase of some 50 per cent over eighteen months would, if continued, bring average stock yields down to about 2.7 per cent by the end of this year, or lower than the yield on high-grade debt issues; Mr Funston believed that "as a practical matter" no such rise would occur, and his analysis was supported by Mr Bernard Baruch and a number of others.

But that was really the central issue of the hearings. To Mr Galbraith, to Mr Fulbright, and to several other witnesses, the question was whether there is or will be anything at all "practical" about the market if once the speculative fever takes hold. Mr Galbraith, in an excursion into psychology for which his studies of 1929 presumably qualify him is convinced that there will not be, despite the important reforms of the past twenty-five years. A "flight from reality" seems to him just as possible now as then, and not one of the other witnesses was prepared to maintain that somehow human nature has been improved by the purge of depression. To Mr J. A. Livingston, a highly regarded financial columnist, it is cause for concern that last winter's activity has made large numbers of people "look at the stock market page before the comics."

And yet if Senator Fulbright was able to dispel some of the complacency emanating from Wall Street, Wall Street had its innings, too. The public was reassured—with no challenge from the committee—that the market is thoroughly honest today, in contrast to the widespread rigging of the earlier era. There was a great deal of impressive evidence that market prices today are in no way comparable to the excesses of 1929. To anyone who troubled to look or listen, the hearings undoubtedly supplied the most complete assessment to date of the invaluable place of the stock exchanges in a capitalist economy. And, after all, the market itself has proved much sturdier than the house of cards which was pictured in some of the testimony.

Guide to Anti-Trust

A COMMITTEE of sixty experts, lawyers, economists and government officials, has just finished a detailed examination of the whole network of anti-trust laws—the Sherman and Clayton Acts, the many subsidiary Acts and amendments, the court interpretations of the legislation—woven during sixty years of legal efforts to promote free competition in the United States. The 400-page guide to the present shape of the laws will be useful for years to students and businessmen, but for some time to come it will apparently be almost as useful to the Democrats in Congress. In their search for sticks to beat the present Administration with, they have snatched at a report which, to the unprejudiced observer, seems to have very little political strength. For the committee was appointed by the President only to study and advise; its 75 recommendations, some 12 of which would require legislation, have little practical meaning unless and until the Department of Justice decides whether to act on them.

But many of the legislative proposals deal with changes in legal procedures and penalties, for anti-trust violations, of a complicated technical kind. It is thus easy for the Democrats to argue, with little fear of any contradiction that will be understood by the general public, that the committee has shown the Republicans new ways in which they can favour big business at the expense of a competitive economy. This interpretation has been helped by the minority report from five professors of law, who claim that, if the views of the majority are accepted, the anti-trust laws will be weakened.

In particular the Democrats distrust the committee's failure to find any inadequacy in the laws controlling corporate mergers; the committee refuses to condemn such mergers in principle, but they have recently been increasing at a rate which many other people find alarming. Although the committee would have nothing to do with

proposals that trade unions should be brought under the anti-trust laws, it did rather vaguely suggest that union activities directly restraining commercial competition should be controlled—a suggestion out of which political capital will surely be made. Another question with which the committee dealt inconclusively, although at length, was the relationship between the American anti-trust laws and international cartels, foreign business agreements and government regulations in other countries.

The main criticisms of the committee centres round its generally negative satisfaction with the present state of competition in the United States, but its one really positive proposal for a change is also being widely criticised. The committee considers the legal immunity granted to "fair trade"—the American misnomer for resale price maintenance—to be an "unwarranted compromise of the basic tenets of national anti-trust policy." The committee recommends, with the support of the Department of Justice, that the federal laws permitting fair trade agreements be repealed. It has thus pulled down on its head the congressional spokesmen for small business and the well-organised lobbies of druggists and other retail trade groups.

Tale of Two Editors

LAST week died two of the most celebrated and contrasting figures in American journalism — Mr Joseph Pulitzer, editor of the *St Louis Post-Dispatch*, and Colonel Robert R. McCormick, editor of the *Chicago Tribune*. Both men were born into newspaper dynasties and acted as editors and publishers of their respective papers. Both men made the Middle West a centre for professional journalism and ran their papers with an eye to the nation as well as to the cities where most of their readers live. But that is where the resemblance between Mr Pulitzer and Colonel McCormick ends.

Mr Pulitzer, whose father created the famous Pulitzer Prizes awarded each year for outstanding achievements in the fields of American literature, entertainment and journalism, carried on the liberal traditions of the *Post-Dispatch*. His paper is famous for its crusades against corruption and racial discrimination on the national scene as well as in its own city, and for its extensive coverage of foreign affairs. Resolved "never to belong to any party," the *Post-Dispatch* has deliberately opposed the instincts of its midwestern and largely Catholic audience by being ferociously anti-Franco and extremely objective about Russia.

The *Chicago Tribune*, on the contrary, is the standard-bearer of right-wing Republicanism, isolationism and anti-liberalism of every shade. It has waged a decade-long campaign to convince its 900,000 readers that Roosevelt, Stalin and Sir Winston Churchill, usually in that order of diminishing villainy, have been the agents of a world revolution calculated to reduce the United States to servitude and socialism. Frequently pro-Nazi in sentiment, the *Tribune* tends to print "British" as "Brutish" and sees in the Rhodes Scholarships the first step towards America's re-integration into the Empire. Most of these doctrines, and the virulent style in which the editorial columns of the paper are written, have been due to the personality of Colonel McCormick. A brilliant showman, the colonel once flew an American flag with only 47 stars because an event in the state of Rhode Island had offended him. Nor would it be fair to overlook the fact that in its coverage of sports and local affairs the *Tribune* is one of the most competent papers in the country.

On its daily masthead, the *Post-Dispatch* carries a statement by its founder that the cardinal principles of the paper do not depend on the life of its editor. Whether the same will be true of the *Tribune* is uncertain, and it has been suggested that the paper may be given to its staff, many of whom are more liberal than the irascible colonel.

Admiral *versus* Commander-in-Chief

Washington, D.C.

THE story of Admiral Carney's war is a striking instance of the way news is frequently "made" in Washington, to the confusion of the American public and still more to the dismay of the rest of the world. It has long been the pleasant practice of senior American officials, helpful within limits both to them and to the press, to share their thoughts over dinner with selected groups of journalists, who may print anything they are told provided they do not identify its source. This explains the mysterious way in which authoritative analyses of the Administration's views on one particular topic, domestic or foreign, suddenly appear on the same day in all the leading newspapers and in virtually identical language.

This is all very well in cases where the policy of the Administration is firmly established and when the "leak" carries with it genuine authority. But it is a very different matter when the source represents one side of an unresolved conflict within the Administration and when the more unwary among the invited journalists become, by taking on themselves the responsibility for the views expounded to them, the auxiliaries of a faction. The appearance of Admiral Carney, the Chief of Naval Operations, at such a dinner party two weeks ago seems to have been a case in point. With varying degrees of self-assurance the papers announced the following day that there had been a hardening in the Administration's attitude to Communist China, that an attack on Matsu was expected on the eve of the meeting of the Afro-Asian conference at Bandung, and that American participation in the fighting could be regarded as certain. The opportunity would be used to smash Communist China's war potential with precision atomic bombing, with a calculated risk being taken that Russia would not intervene.

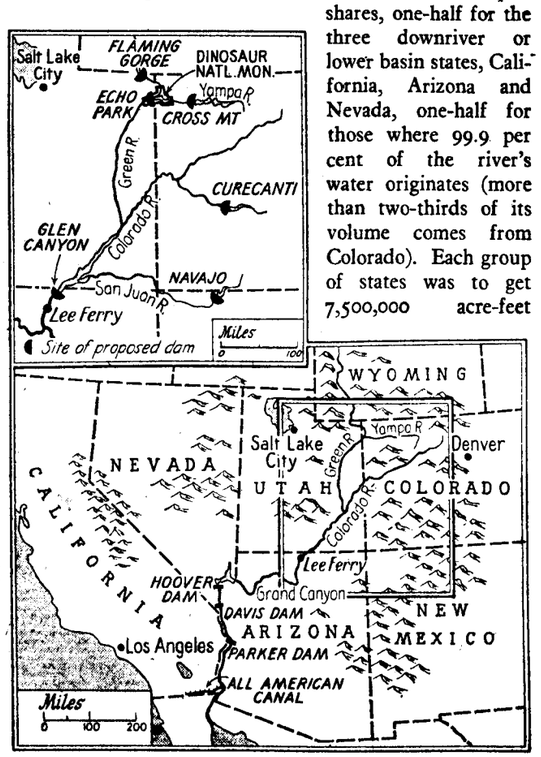
After that, tough noises were made in the American press throughout the weekend, with the Scripps-Howard organ, the *Washington Daily News*, perhaps taking the prize with its headline "War Showdown Date is April 15," and this seeped through to President Eisenhower. On the following Monday his press secretary, Mr Hagerty, arrived at another press dinner, at which he was supposed to discuss domestic political matters, bursting with presidential indignation at the Admiral's alleged indiscretion. Next day the authoritative analyses reversed themselves.

They explained that the President did not see any signs of a big Communist build-up opposite Matsu, thought the eve of the Bandung conference the last moment the Communists would choose to provoke war, and considered the Admiral's views "Parochial." And it is rumoured that the President has disciplined his Chiefs of Staff sternly.

Sharing the Waters

FROM A CORRESPONDENT IN COLORADO

THE Colorado River geologically is divided into two parts, above and below the Grand Canyon, and its development has been divided in the same way. The lower reaches of the river have been tamed to control floods, and put to work producing electric power, and water to irrigate millions of acres of land, while little or nothing has so far been done in the upper basin to make use of the water that is so badly needed there. The development of the river was undertaken under a bargain, or compact, arrived at in 1922, between six of the seven states that share the Colorado River Basin, under the benevolent sanction of Mr Herbert Hoover, then Secretary of Commerce. (Arizona was prevented by its historic distrust of California from joining until much later.) The flow of the river was estimated at more than 16 million acre-feet annually (an acre-foot would cover one acre one foot deep); this is only about one day's flow of the Amazon, but every drop is precious since the Colorado runs for virtually all its length through an arid region, where economic development is dependent on water. The 1922 compact divided these waters into two equal shares, one-half for the three downriver or lower basin states, California, Arizona and Nevada, one-half for those where 99.9 per cent of the river's water originates (more than two-thirds of its volume comes from Colorado). Each group of states was to get 7,500,000 acre-feet annually, plus one-half of any surplus there might be.



The symbol of the development of the lower basin was the Hoover dam, which backs up the world's largest artificial lake, Lake Mead, and produces 1,250,000 kilowatts of electric power. California has been the chief beneficiary of the scheme, which is largely responsible for Southern California's amazing growth. California was required to pass a self-limiting act restricting itself to 4,400,000 acre-feet annually, plus one-half of any surplus that might ultimately develop; but just before Mr Hoover left the White House in 1933, the state obtained a contract from the Interior Department purporting to give California 962,000 acre-feet more a year at once. In a suit at present before the Supreme Court, Arizona is claiming that California has exceeded even this extra allowance. Another and very vital aspect of the compact is that under it, in 1962, the river's waters may be re-divided and the "surplus" determined. Under western water-law the first beneficial user gets the water, and even water-lawyers of long experience are puzzled and disturbed as to whether this general rule of law might not supercede the compact's explicit provisions for division of the water. For this reason, it seems to be to California's advantage to delay development of the upper basin as long as possible, so that the four upper basin states, Colorado, New Mexico, Utah and Wyoming, have no chance to use their share of the water.

Hundreds of millions of dollars have been spent by the government Bureau of Reclamation on the downriver development, including the All-American Canal, an artificial river that supplies water for irrigation to southernmost California. But almost nothing has been spent on development upriver, partly because the upper basin states could not decide among themselves how to share their water. They did not settle this until 1949, in an agreement by which Colorado gets approximately half. But then the Korean war cut down internal development, and was followed by the Eisenhower Administration's drastic reduction of spending on reclamation. So Congress has not yet even authorised the so-called Upper Colorado Basin Storage Project which would both safeguard deliveries of water down river as promised under the compact, and would make it possible for the upriver region to use the water to which it is entitled.

The plan is an extensive and grandiose one which even the present Republican Administration admits can only be attempted under government auspices. Altogether there would be about six big dams and a number of smaller ones; about 300,000 acres of land would be irrigated for the first time and there would be more water available for another 450,000 acres, or even more, that is already irrigated. The first steps would cost something like $1.2 billion. They would involve first a high dam at Glen Canyon, just above the point (Lee Ferry) where the river flow is measured and divided between the two halves of the basin; this would cost nearly $500 million, would store up to 26 million acre-feet of water, and would provide 800,000 kilowatts of electricity. After that a second key dam, Echo Park, on the Colorado-Utah border far upriver, would cost about $175 million, would store up to 6.5 million acre-feet, and provide 200,000 kilowatts of electricity. But when President Eisenhower recommended this project to the last Congress two years ago, while it slipped through the Senate without opposition, it ran into trouble in the House and ultimately stuck there.

The trouble was in fact four-pronged. The Republicans

were pledged to cut federal expenses wherever possible. Some engineers doubted the feasibility and economic desirability of some of the projects. The scheme was openly opposed by Southern California, which is the natural heir to the benefits of the river should the upper basin project fail; that area calculates that it will need a million more acre feet of water by 1970 for the four million more people it expects to have by then. California has only two Senators to twelve from the other basin states, but it has thirty members of the House to their twelve.

Last, and by no means least, the wildlife societies and nature lovers of the United States have been aroused to a barrage of protest against the Echo Park dam, with the sympathy and aid of some of the nation's most powerful publications. About 25 miles downstream from the site of the dam one of the world's foremost deposits of dinosaur skeletons was long ago discovered. Originally an 80-acre area was set aside as the Dinosaur National Monument, with a museum, but in 1936 the protected area was extended upstream to include the junction of the Green and Yampa Rivers and the unique canyons of these rivers. Later the Bureau of Reclamation decided that the main stream just beneath the two tributaries was an essential site for a dam; it has refused to accept any alternative. In November, the massed wildlife groups decided again to oppose the whole project with all their might unless the Echo Park dam were taken out, on the grounds not only that it was unnecessary in itself but that it might set a precedent for further invasions of the national parks.

Since President Eisenhower again recommended the project, unchanged, to the Eighty-fourth Congress, a good deal of local activity is going on to publicise its advantages and its necessity to the country; "aqualante" groups (a term derived from the old western word "vigilante") have been organised and there have been ceremonial dances by the Navajo Indians, whose reservation would benefit from irrigation made possible by the big dams. Now the Senate Interior Committee, with only the Californian Mr Kuchel dissenting, has recommended a Bill which would authorise almost the whole of the Upper Basin Storage Project, not just the two dams with which the President wants to begin. A hot fight seems to be coming on to the floor after the Easter recess.

Dogfights in Albany

ON the eve of its adjournment, the New York State Legislature, controlled by Republicans, set up a "watch dog" committee to keep a sharp and hostile eye on the activities of Mr Averell Harriman, the state's Democratic Governor. This gesture of ill grace marks the close of a legislative session which accomplished more than had been expected, but far less than had been hoped for.

The Legislature's main action was the approval of a $75 million programme for highway construction to be financed by a state bond issue and by increases in the tax on petrol and diesel fuel. It also extended for another two years, and with only minor modifications, the present rent controls. Governor Harriman gained approval for a housing plan designed to combat racial discrimination and to encourage the construction of some 170,000 new housing units annually until 1965. The Governor disclosed that more than a seventh of the state's inhabitants lived in houses that did not come up to basic standards of safety and sanitation. Finally, a compromise agreement was reached between the Governor and the Legislature on state aid to schools. The amount for the education of non-English-speaking children was doubled, and the present grant of $13 per pupil per year was extended to 1956.

But many important measures were buried in committee or had to be left aside because of lack of time. Among them were revisions in the state's divorce laws, compulsory third-party automobile insurance and a genuine overhaul of "public employee ethics," a programme first sponsored by the Dewey administration when widespread scandals were discovered at the racetracks.

The session of the Legislature which has just adjourned proved to be the most expensive in the state's history. It voted appropriations totalling more than $1¼ billion, and yet it slashed $36 million off the Governor's initial request. Of all this money, the $75,000 voted for the committee to "keep watch" on Mr Harriman until the Legislature convenes again next year is probably the worst spent. But, at least, it will give Mr Harriman, who has spent most of his life in the world of high diplomacy, a real taste of low politics.

The Cost of Harmony

New York

WHEN a hundred-man symphony orchestra, once conducted by Maestro Arturo Toscanini and sponsored by the National Broadcasting Company, makes a courageous bid to stay alive without a permanent conductor, a sponsor or a home, its progress has more than passing interest. For in "The Symphony of the Air," as the orchestra is now called, the economics of American symphony orchestras are seen in the raw.

More Americans are listening to classical music than ever before. Twice as many people go to symphony concerts, it is even claimed, as attend first division baseball games. But the real growth is in the demand for "potted" music—the long-playing, "hi-fi," classical recordings that now account for over 30 per cent of total sales of gramophone records. Meanwhile attendance at "live" concerts has failed to keep pace with the growth of population, and those recitalists who can still fill New York's Carnegie Hall are a sadly diminished company. Scarcely one of the 26 major symphony orchestras in the big cities—those organisations with an annual budget exceeding $100,000—could survive without the help of their "friends of the orchestra." These non-commercial "angels" are relied upon to cover operating losses running frequently as high as 25 per cent of total costs.

To maintain one of the biggest symphony orchestras, such as the Boston Symphony or New York Philharmonic, costs over $1 million a year. Yet this year the New York Philharmonic expects to have a net operating deficit of $300,000. Musicians' salaries have nearly doubled, under trade union pressure, since 1940, and now cost the orchestra nearly $600,000 a year. In almost every case, both the

regular winter concert season and the long tours and festivals are a sure addition to the deficit. There is no question, therefore, of the one subsidising the other. The Boston Symphony Orchestra, for example, loses $235,000 on its winter season, $40,000 on its summer festival and an average of $1,000 on each of the thirty concerts given during its nation-wide tour. Only from broadcasting, television and occasional film fees, and—for the larger and better known orchestras—from recording royalties can net earnings be supplemented. The Symphony of the Air, indeed, regards these royalties as its greatest potential source of income.

Commercial sponsors for orchestras, whether desirable or not, are hard to find, and in practice, in America, unlike Britain, outside help comes mainly from private sources. Some cities provide assistance, either directly in the form of grants, or indirectly by providing a " home " or concert hall. Within the United States the only aid granted by the federal government to symphony orchestras is relief from taxes, although this adds, in effect, 20 per cent to box office takings. Some direct government assistance to music would have been provided in two Bills presented to Congress last year but neither Bill was strongly supported. The major orchestras, with one or two notable exceptions, are conservative bodies, with strong objections to any government interference in music or the arts. As long as voluntary contributions can be relied upon to fill the gap—however precariously—the spectre of a politician nominating the player of the French horn can be invoked in opposition to proposals for federal aid.

SHORTER NOTES

The Senate gave its almost unanimous consent on April 1st to the ratification of the Paris Agreements on German sovereignty and rearmament. The only dissenters to the accord were the Republican isolationists, Senators Langer and Malone.

★

To fill the vacancies on his three-member Council of Economic Advisers, the President has nominated Dr Raymond Saulnier, an expert on monetary policy, and Dr Joseph Davis of Stanford. Dr Davis's special knowledge of agricultural questions may mean that more attention will be given to what is today the country's most troublesome economic problem and one which the council has been accused of neglecting.

★

On his putting green behind the White House, President Eisenhower was recently being stymied by squirrels. Three of the offenders were trapped and exiled to the Virginia woods. Promptly, Senator Neuberger, Democrat of Oregon, where the protection of natural resources and wild life is a major political issue, invoked a law providing fines and imprisonment for squirrel-trappers in the District of Columbia. This protest brought happy responses from nature lovers throughout the land and forced the White House to rescind its policy.

Lines of money literally ran around Wall Street when the two biggest bank mergers of the year were completed on Monday. Because a New York law prohibits banks from having dual head offices, the Chase-Manhattan and National City-First National mergers involved a physical transfer of millions of dollars in cash and securities. To liven matters further, the Seaman's Bank for Savings also moved to a new site. In what must have seemed like a bank-robber's nightmare, hundreds of uniformed and plain-clothes guards raced around Wall Street carrying little bags and big guns.

★

By 283 votes to 132, the House of Representatives last week approved the sale of 24 government-owned synthetic rubber plants to private industry. The next day, the Senate followed suit by a vote of 56 to 31. Thus ended, surprisingly easily, a long struggle, first begun under a Democratic Administration, to get the government out of a wartime business undertaking. Actual transfers begin on April 21st.

★

The competition among the five major aircraft manufacturers for production of a jet tanker for the Air Force has been won by the Boeing Airplane Company, which was awarded a $460 million contract. This gives the Boeing Company a monopoly in this field and puts it well ahead in the race for the production of a commercial jet airliner.

★

The machine tool industry seems to be as well on the road to recovery as is the rest of American industry. In February new orders for machine tools reached their highest level for sixteen months, and in March did even better.

★

Motorists will soon be able to match their tyres to the upholstery of their cars. The US Rubber Company is hoping that its second experiment in marketing tyres with brightly coloured sidewalls will be more successful than its initial attempt in the nineteen-thirties; the hope seems likely to be fulfilled since now colour seems to be one of the most important factors in the American car owner's life.

★

The Post Office has returned to the Los Angeles book dealer who purchased it from a bookshop in London a rare illustrated copy of Aristophanes' *Lysistrata*, which it had seized under the authority of the postal censorship law. The book dealer, however, not content with merely recovering his " obscene, lewd and lascivious " purchase, proposes to test the constitutionality of the censorship law by offering the book for sale.

★

Correction.—The first sentence of the last paragraph on page 37 of the issue of April 2nd should read:—Nine states produce 97 per cent of the natural gas consumed in the 48 United States but of these only two—California and Pennsylvania—consume more gas than they produce.



Let Catesbys free your knees

A standard size desk is apt to be unaccommodating as well as unbecoming to a man of stature — cramping his legs, banging his knees and generally interfering with the smooth flow of the day's work.

Catesbys Contracts make it their business to provide desks and chairs of the dimensions and dignity that befit both the position and the proportions of men of importance. And they will just as readily make for you any other special piece of office furniture you need.

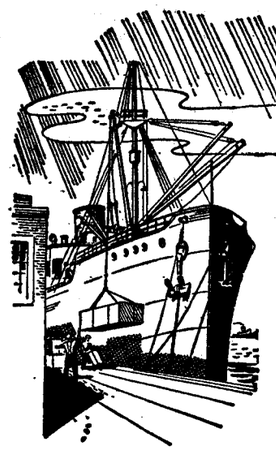
Tell us what you want and we will see that you get it without undue delay—or undue expense.

Catesbys

CONTRACTS & EXPORT LIMITED

TOTTENHAM COURT ROAD • LONDON W1 • MUSEUM 7777

LET CATESBYS PUT A NEW FACE ON THE PLACE



The long experience of The Hanover Bank offers important advantages to firms engaged in trade with the United States and other countries in the Western Hemisphere.

THE HANOVER BANK

(Incorporated with Limited Liability in U.S.A.)

LONDON . . . 7 Princes Street, E.C.2 / 15 Carlos Place, W.1

NEW YORK . . . 70 Broadway

AT NO EXTRA COST

Fly to Bermuda

ON YOUR TRIP TO NEW YORK

At no extra cost you can fly to Bermuda, via any international airline, on your first class fare to New York.

So when business is over in New York, enjoy a holiday in Bermuda. You can travel light—buy clothes, even rent or buy sports equipment in Bermuda. Remember, you'll be in the sterling area. Bermuda is only three hours from New York, and there are frequent daily flights. Bermuda's sunny days, sandy beaches for loafing, sports and pleasant social life will do wonders for you.

For Complete Information See Your Travel Agent or

BERMUDA TRAVEL INFORMATION OFFICE

Regent House, 89 Kingsway, London, W.C.2

The World Overseas

Fast Train to China

BY A CORRESPONDENT

THE coast of the Chinese mainland confronts the coveted island of Formosa like the arch of a bow pointing at a target. But, if the metaphors of archery are permissible in terms of modern warfare, the bow has hitherto lacked the logistic string from which missiles could be confidently launched. This is now to be supplied by the completion of direct railway communication from Siberia in the north to the Gulf of Tonkin in the south. At present Russian supplies for China have to be carried by slow boat around India and past Nationalist naval patrols, or else by the already overburdened Trans-Siberian railway. On reaching the Manchurian frontier, this line doubles back on itself in an enormous semi-circle, almost touching the coast between Mukden and Tientsin, and thus leaving rail as well as sea links between the two allies at the mercy of a superior enemy navy.



To remedy this, a new line is now being hastily constructed across the Mongolian Republic to Peking; and only a comparatively short stretch now remains to be laid. The track should be working before the end of this year. It will provide a shorter and safer supply route for the Chinese, and it will take a heavy burden from the Soviet railway system. For in view of the Communist habit of linking separate strategic areas with their own industrial sources of supply, it must be assumed that the Baikay industrial complex will be called on to satisfy a large proportion of China's needs. This would explain why Bulganin, Khrushchev and Mikoyan, on their way home from Peking last autumn, stopped on the way to observe progress and encourage the workers on the Angara River power scheme, near Irkutsk, a vast project which even in its early stages is to include the third largest hydro-electric power station in the Soviet Union.

The supplies promised by the Russian delegation were evidently substantial enough to induce the Chinese, whose section of the line reached the Outer Mongolian frontier last December, to announce in January that they intended to tear up the tracks they had only just laid in standard gauge and relay them in Russian broad gauge, which will thus reach a point within 300 miles of the Yellow Sea, compared with more than 600 at present. (It will in fact stop almost within sight of the northern face of the Great Wall of China.) The Chinese have recently set up a preparatory committee to arrange for international through traffic to Mongolia and the Soviet Union, and at the Harbin railway works locomotives and other rolling-stock are being altered for use on the broad-gauge line. While all this has practical advantages for both parties, it can hardly fail in the long run to simplify Russian penetration into Chinese Inner Mongolia; and it is a further step towards the attainment of the old Russian ambition of direct access to the ice-free seas of the Far East, perhaps in the neighbourhood of Taku.

The strategic importance of the Mongolian line is obvious, and its effects will be felt immediately; but it is not the only new link planned. A line is already under construction from Lanchow in China to Alma Ata in Russia, following and modernising the Silk Road of Roman and mediaeval times. This is a greater undertaking, for it will be about 2,000 miles long and pass through much mountainous country; but it is not being pressed forward with the same urgency. The Chinese have been adding to it at the rate of about 100 miles a year since 1952, and the Russians did not begin alignment work at their end until last autumn.

While this railway, too, will be strategically valuable in providing a new link, and one even less vulnerable to attack, its main importance will be economic. It will open up the mineral resources of Sinkiang and the oil of Kansu, and so will enable the Chinese to develop new industrial areas in the north-west. While it is being constructed, the Chinese are also linking up existing stretches of line southwards from Lanchow, so that eventually the railways from Alma Ata and Baikal will meet at Hanoi in northern Indo-China, thus forming a great logistic triangle, and permitting the Communist bloc, if it so wishes, to turn the Gulf of Tonkin into its principal naval base for the south Pacific.

While railways are the backbone of the emerging communications system in China, and a further 600 miles of them are to be added during 1955, roads are also being built with great speed. Two new roads, for example, each 1,300 miles long, converge on Lhasa, the capital of Tibet, one from central and the other from north-west China. It is now possible to reach Lhasa from Peking in three weeks instead of three months; and this result was thought to justify a truly frantic pace of construction. During the winter the supply system to the snow-bound mountains broke down, and the Chinese themselves admitted that some of their workers had to live on roots and rats and even return to the Neolithic Age for their artifacts, for they were forced "to make their own tools with their bare hands from materials available in the neighbourhood." At one period they had to be supplied from the Tibetan end of the project with rice bought at scarcity prices across the Himalayas.

The urgency with which these roads were built, like the dogged effort going into the Lanchow-Alma Ata railway, suggests that the Chinese are determined to extend their control as far and as fast as they can into the border lands where foreign influences—above all Russian and British—have often proved too strong for Peking in the past. But this does not mean that short-term needs are being sacrificed to long-term calculations. The way in which the Chinese have swallowed their pride over the gauge of the Mongolian railway is evidence enough of this; so too is the announcement of road building both on Hainan Island, where the Chinese Communist Navy is generally believed to have set up an operational base, and behind the Fukien coast, directly opposite Formosa and the Nationalist-held offshore islands.

The Chinese road and rail projects are, in fact, carefully thought out to serve both present logistic and future industrial needs; and they are presumably one of the new burdens that have induced the Kremlin leaders to turn the gaze of the Russian worker away from the shop windows and set his feet firmly back again on the treadmill of still higher output from heavy industry.

The Red German Army

THE Soviet government capped the announcement that the French Senate had ratified the Paris treaties with another reminder that it is planning an Eastern version of Nato. There have been many such warnings since the beginning of last December, when the Soviet bloc, including representatives of the Pieck Republic held a security conference in Moscow to decide on joint defence measures. The latest meeting, according to the communiqué, agreed on the principles of a treaty of "friendship, co-operation and mutual aid" and the organisation of a unified command. On both occasions, a Chinese representative was present to underline the military alliance between the Soviet Union and Mao Tse-tung's Republic. In December, the East German premier, Herr Grotewohl reported that the Peking spokesman had told the conference that China would render aid in a European war. And China's position was brought out officially in the declaration of March 22nd, which ended with the words: "The Government of the Chinese People's Republic, which expressed its full agreement with the measures outlined, took part in the consultations of the governments of the eight countries."

In between the full meetings of the bloc special gatherings of the East Germans, Poles, Czechs (and presumably Russians) have been held in Czechoslovakia. For this reason, among others, it is thought in Bonn that the Soviet plan is to set up a combined German-Polish-Czech force, which would be under the command of Marshal Rokossowski, acting on behalf of the Soviet army chiefs. This force would be something like the still-born European Army of the West, while the full Soviet coalition would be intended to resemble Nato.

An Embryo Air Force

The chief new element of the plan is the inclusion of the East Germany army as an ally. The whole Soviet bloc, without the East German Republic, has been linked by military pacts for years past, and the command has presumably always been unified in Moscow. But hitherto the Russians have not wanted to press the Czechs and the Poles to accept the Germans as allies, though they are constantly pushed forward by Moscow as reliable "democratic peace-lovers" and Herr Grotewohl a long time ago formally renounced all claims on the Oder-Neisse or Sudetenland territories. The first move to set up a German Communist army was made in 1948. Under the camouflage name of "barrack-based police," the force has grown slowly, and now includes an embryo air force, under the name of "Aero Club," and a small naval arm. It now totals about 110,000 men, of whom 85,000 are in the army. There are two army groups, "North" and "South," each of three divisions, one of them armoured, and an extra division garrisoned in Potsdam. The land forces have tanks and armoured vehicles, though not of the latest types, and the air force is not supplied with jet fighters. Young men are attracted by good pay and food to volunteer to serve for two years. After the revolt of June 17, 1953, a purge of unreliables took place and the gaps have only gradually been filled.

Desertions to the West are a good indication of the state of morale in the East German force. According to the Federal German Ministry of All-German Affairs, it is not bad and will improve with years of indoctrination. Less than 3,500 had deserted to the West up to the end of 1954, and of these only about 2,500 were still actually serving. The number of deserters has, moreover, been dropping. Most of them are under 21 and the officers—a mere 320—had left mainly because they could not stand the political intrigues and pressure. One of the chief reasons which drive all kinds of refugees to the West is the feeling that no one can talk freely for fear of being denounced.

The East Germans are commanded by various categories of officers. There are the German Communists who fought in the Spanish civil war and are Soviet citizens. Supreme Commander General Hoffmann is one of these. The second category consists of politically reliable Germans who have risen from the Wehrmacht ranks, as, for instance, the

supreme commander of the Soviet German navy, who was a petty officer during the war. The head of the air force represents the third kind of officer who held a commission in the Wehrmacht. Most of this group are men who were indoctrinated while they were prisoners of war in the Soviet Union. The chief of staff, Lieut-General Vinzenz Mueller, is one of them. He was actually a commanding general in the Wehrmacht; and there are several former divisional commanders now in the Soviet German service. Field-Marshal Paulus does not seem to have a command, but is very active in appeals to the former Wehrmacht officers in the West. Last but far from least among the men who control the German force are the Soviet officers who are attached to each regiment in Germany and in the satellite states. The Germans in higher ranks and the staff officers are trained in Soviet colleges, though in addition a staff college now exists in Dresden.

The question now arises—will conscription be introduced and the Soviet German force built up into a mass army? So far, the Russian intentions are not clear. Far more officers have been trained than are needed for 110,000 men; and preparations have been made for a call-up, but the indications are that attempts will be made to avoid open conscription. Increased efforts are being made by the para-military organisation called the "Company for Sport and Technology," which trains men under a German graduate of a Soviet war academy. This source will certainly be used to secure volunteers for the army and for the factory guards, and the young Communist party members are being urged to enlist. Herr Grotewohl, however, has given an assurance that any West Germans who come over to avoid conscription will not be forced into the Eastern army—which is one reason no doubt why conscription (by that name) will be avoided as long as possible. There are other obvious reasons for hesitation. They are distrust of the Germans as a whole, and the serious shortage of man-power on the land and in the factories. If conscription is adopted, it may be expected that many national servicemen will at once be drafted on to the farms, to sow maize, drive tractors and learn Marxism-Leninism in their spare time.

Diem Tackles the Sects

THE all-seeing eye of Caodai, the supreme being, sees more from its vantage point above the altar of the temple than do the curling dragons within the pink and blue interior. Beyond lies the residence of His Holiness the Superior, sometimes known as "the Pope," Pham Cong Tac, and beyond that the staff headquarters of the Caodaist army, the twin centres of power in the sprawling, overgrown village of Tay Ninh in Cochinchina. No government in Vietnam can afford to ignore this power; wisdom dictates that its alliance be sought, but not to the extent of allowing it to gain the upper hand.

In the latest crisis in southern Vietnam, as in last year's Army crisis, the "Sects" are playing a dominant role. Last September, when these politico-religious groups sided with the rebellious Chief of Staff of the Vietnamese Army, General Hinh, the Prime Minister, Mr Diem, was forced to offer half-a-dozen portfolios each to the most important of them, the Caodaists and the Hoa Haos. Last month, the direct challenge to his authority came from the sects, who formed a "United Front" and issued an ultimatum giving him five days to broaden his government or face the consequences. This time, he has been saved, at least in part, by the fundamental disunity between the members of the "United Front."

For the purposes of official tidiness, the sects are regarded as including the gang of former river pirates known as the Binh Xuyen (the name of a village near Saigon where the movement began), but only the Caodaists and the Hoa Haos can claim the religious basis implicit in the word "sect." Both describe themselves as "reformed" or "renovated" Buddhism, but whereas the Hoa Hao movement is a return to the simplest precepts of the original, Caodaism is an extravagant and baffling mixture of the world's major religions, borrowing from Taoism, Buddhism and Confucianism in equal measure, with elements of Christianity (particularly in the hierarchial pattern), Islam, spiritualism and Theosophy thrown in for good measure.

Caodaism grew out of spiritualistic seances conducted in the 'twenties by a Cochinchinese customs clerk named Chieu, who later became the sect's first Pope. It has an impressive and bewildering collection of saints, with the French poet Victor Hugo in an honoured place. The Caodaists claim that a reincarnation of the poet lives at Tay Ninh and the "posthumous" works of Hugo, dictated by spiritualist means, are still being collected. The Hoa Hao movement is roughly a contemporary growth. Its founder, originally a Buddhist priest, became known as "the Mad Bonze" after a spell of mental derangement. Later, stories of his miraculous cures brought disciples flocking to his side.

Tough Private Armies

The power of the sects is manifested in three directions—spiritual, social and politico-military. To its two million adherents, Caodaism clearly fulfils a deep-seated need, as does the smaller Hoa Hao sect among its followers, who number about half as many as the Caodaists. Among the Caodaists in particular, a kind of primitive Communism has made the area apparently immune to the virus of the international variety. But the power of the sects to make mischief rests on the more material foundation of their private armies. Both were associated with the Vietminh in the days when its Communist direction was less in evidence than its nationalist aims; both broke with the Vietminh when they became aware of the reality behind the façade. The Hoa Haos have particular reasons to hate their former associates who massacred thousands of them in punishment for their defection. General Tran Van Soai, the picturesque, moustachioed Hoa Hao commander-in-chief, led a mass uprising against the Vietminh and signed a pact of alliance with the Caodaists under which the two sects vowed war to the death against the Communists.

The French found this situation profitable and offered arms and subsidies to the sects, whose armies, toughened by guerilla fighting, ensured the safety of the areas under their control until the end of the Indo-China war. The pattern, however, was not as tidy as the French Union High Command might have wished, owing to the existence of dissidents from the main bodies of the sectarian armies. One of them was the fanatical Caodaist Trinh Minh The, once the Caodaist army's chief of staff, who broke with the official movement in 1950 and fought the Vietminh and the French with indiscriminate efficiency while terrorising his co-religionists in Tay Ninh province. Of the five or six dissident Hoa Hao groups, the most notorious is that of Ba Cut,

the driving force in the present challenge to the Diem government. When the Geneva agreements were signed, Ba Cut cut off the top of his right index finger and has since allowed his hair to grow in sign of mourning. A few months ago, he commanded only a thousand poorly armed men; since then his army has grown to 5,000, with a more than proportionate increase in armaments, apparently with the connivance of the Hoa Hao leader, General Soai, who, until the recent crisis, was a minister of state in the Diem cabinet.

In itself, the Binh Xuyen movement is of less importance, but its leader, General Le Van Vien, who enjoys the friendship of the Emperor Bao Dai, bought for his group the control of the Vietnamese *Sûreté* and of the Saigon-Cholon police during the premiership of Prince Buu Loc, the last pre-Geneva prime minister. This gave the Binh Xuyen a disproportionate voice in affairs of state which, however, has now been reduced by an imperial decree creating a new prefectural police for Saigon-Cholon and by the seizure of the police building by soldiers of the National Army. But General Vien still seems to control the *Sûreté*.

At the root of the present crisis is the threatened loss of their feudal autonomy and privileges by the sects. The French subsidies ceased last November and the sectarian armies are now faced with real incorporation into the National Army, instead of the paper integration which left them masters in their own houses. The irrational element in southern Vietnam makes any prophecy hazardous. But now that the Caodaists have rallied with some of their 25,000 men, including General The's 5,000, it seems doubtful whether the 10,000 Hoa Haos and the 5,000 Binh Xuyens can indefinitely defy the central government while it enjoys the complete support of the Americans.

Mr Diem's position is still extremely precarious, but in the long run, the scales are weighted on his side—if he can survive the initial shock of rebellion and if he retains Bao Dai's approval. Perhaps this was the inner knowledge the Caodaist Pope saw in the all-seeing eye when he ordered his men to march through the streets of Saigon to make their formal submission to Mr Diem in the Palace of Independence.

No Rest for M. Faure

SINCE the ratification of the Paris agreements, M. Faure has had no time to rest on his laurels. He had to turn at once from the Council of the Republic to the Assembly, to plead there for the extension of the special powers to act by decree that had been granted to his predecessor; in fact, this was really the sequel to the recent debate dominated by M. Poujade from the public gallery. Once again fiscal reform was the chief subject of discussion; but this time the government scrambled home and was finally empowered, by 303 votes to 268, to act by decree in the economic field. These powers were not granted without a battle, however, in which the government was compelled to carry out a further retreat on fiscal control and inspection. Indeed, the day was probably saved only by a promise that, under a new system, retail shops assessed at a turnover of less than £15,000 would not be resubmitted to tax inspection. This concession might well steal some of M. Poujade's thunder.

Although the present French government has therefore now inherited the wide decree powers granted to M. Mendès-France, together with special limited powers to reform the fiscal system, both are valid only until the end of this month and no major changes may be expected. At the same time, for the specific task of alleviating the growing pains of the underdeveloped regions of France, the Assembly has authorised the government to act by decree until the end of June. On paper, assistance to these regions is the natural complement to an equitable reform of the fiscal system. Yet it is doubtful whether, with the motley coalition supporting him, M. Faure can do very much in either of these fields. There is, in fact, an increasing tendency to revert to the Third Republic practice by which wide powers were granted to the government to act by decree, but the government did not then use to the full the very powers for which it had asked.

In Paris, the two chambers have now recessed, and, with local elections in the offing, M. Faure can rely on a parliamentary respite till the beginning of May. He has, however, another important date, an April *rendezvous* with workers and civil servants for the revision of their wages. The government, burdened with a substantial budgetary deficit, has decided not to increase the statutory minimum wage, but to raise the bonus payable with the lowest wages by Frs. 4.5 an hour. Although the unions are quite pleased with one of the government's other proposals—aimed at a reform of collective bargaining—they regard the new award as ridiculously small. M. Faure is likely to find the wage-earners no less of a problem than the shopkeepers behind M. Poujade.

Mr Holland Talks About Defence

FROM OUR WELLINGTON CORRESPONDENT

THE chief reaction to the new defence proposals announced two weeks ago by the Prime Minister, Mr Holland, is that a lot of fuss has been made about comparatively little. It now appears that New Zealand's immediate contribution to strengthening the ground defences in Malaya is to be a special commando unit of 100 to 120 men recruited as volunteers. Fiji, it has already been pointed out, is already providing a battalion in Malaya. Apart from this, New Zealand is to transfer the fighter aircraft it was maintaining in Cyprus (one squadron), to return half of a transport squadron which had formerly served in Malaya, but which had been brought back to New Zealand and to transfer from Fiji half of a reconnaissance squadron. It is also to make two naval frigates available for service in Malayan waters. It already has one serving off Korea. Mr Holland's only other immediate proposal was that New Zealand will accept the transfer of another cruiser from the Royal Navy and undertake its modernisation at an estimated cost of £4 million. The cruiser already on loan to the New Zealand navy from the Royal Navy is well overdue for replacement and New Zealand would have had to obtain another replacement in any event.

There is a strong feeling that these proposals fall considerably below the contribution this country could make and which many New Zealanders expected it to be asked to make. There is also a strong feeling that Mr Holland

talked unnecessarily about the cost of these commitments and that, in view of their modest dimensions, he might have made less parade of the financial aspects. There is, moreover, some feeling that the addition of a modernised cruiser is not the best means of strengthening New Zealand's naval defences. It is possible that better value could be obtained for the money by obtaining light modern frigates and corvettes to act in co-operation with land based torpedo and bomber aircraft. One cruiser, however much it is modernised, has a limited radius of activity against what is held to be the most probable naval threat to New Zealand—long-range submarines and fast surface raiders.

Mr Holland's announcement that New Zealand has now been released from its previous commitment to provide troops for service in the Middle East in the event of hostilities in that area and that, in future, the country's defence effort will be directed towards the Far East, was not unexpected. There has been a growing feeling that New Zealand's responsibilities as a signatory to the Anzus Pact made it essential to revise this Middle East undertaking. This country has every desire to remain within the British orbit but it is felt that as a Pacific country it must concentrate its defence effort in that area. There are some misgivings, too, about the wisdom of continuing to base the training of the New Zealand Air Force upon British machines on the grounds that if trouble occurs in the Pacific, the Air Force will be forced to rely for its supplies upon the United States.

In his speech, Mr Holland placed considerable emphasis upon the need for New Zealand to cultivate good trading and general relations with Japan. Though many New Zealanders concede the soundness of this argument it is not likely to receive a very sympathetic hearing. There is still more residual antipathy to Japan than there is to Germany. There is also considerable fear of Japanese trade infiltration though no reluctance to sell New Zealand wool or any other exports to Japan if it can find the sterling to buy them.

Though he devoted some time to talking about the threat of atomic weapons, Mr Holland said nothing on this subject that has not been said before, and said better. There was little real urgency in his speech and his assertion that New Zealand's chief role in any future conflict would be that of a food producer was simply a concession to those who very willingly accept this as the basis of any contribution to Commonwealth defence that New Zealand should be called upon to make.

Burying the Hatchet in Schleswig

FROM OUR SCANDINAVIAN CORRESPONDENT

LAST week, in Bonn, declarations of principle on the treatment of minorities were exchanged by Dr Adenauer and the Danish Prime Minister, Hr H. C. Hansen. The declarations are the outcome of Danish-German talks which began in Copenhagen early last month (see *The Economist* of March 5th, page 802). They reaffirm the political, cultural and educational freedom of the Danish and German minorities in South and North Schleswig and supersede the Kiel Declaration and Copenhagen Note of 1949. In addition, they contain a series of important provisions designed to redress specific grievances.

The Germans have gone far to meet Danish wishes on both the form and content of the declaration, and it is they who have made the main concessions. The German minority in North Schleswig enjoys a relatively privileged position, and 9,700 voters return a member to the *Folketing*. By contrast, the "hard core" of 42,000 Danish electors is unrepresented in the Schleswig-Holstein *Landtag*. The Federal government undertakes to support modification of the Schleswig-Holstein electoral law which, unlike the Federal law, does not except national minorities from the so-called "five per cent clause." (This clause, intended to eliminate splinter parties, robbed the Danish South Schleswig party of its four seats in the *Landtag* at last autumn's provincial election.) Among other things, both governments will support equal status for minority schools, and recognise their right to hold examinations. *Land* subsidies to Danish schools in Schleswig-Holstein, which were cut last year, will be fully restored. The Danes will look sympathetically on higher education schemes in North Schleswig.

Regrets in Kiel

The concessions to which the Federal government subscribes lie outside its competence, as *Land* electoral legislation and education are matters for Kiel. The Kiel government was, however, represented at the Copenhagen talks; and the Christian Democrat Prime Minister, Herr von Hassel, attended the concluding stages in Bonn. As the Social Democrats in Kiel also support the minority's claims, the Danish South Schleswig party should be able to secure representation at the 1958 *Landtag* election. Meanwhile the Danes will be allowed to join committees set up by the local government authorities in proportion to their numbers. Herr von Hassel has been more conciliatory than his predecessor, Herr Lübke, but he is not satisfied with the agreement. On his return from Bonn, he expressed regret that the Danes had not finally acknowledged the frontier and had, indeed, refused to discuss the question. They had also rejected the German desire that the rights of minorities on both sides should form part of a State treaty.

Since 1945 the fortunes of the Danish minority have fluctuated. Before the currency reform, they polled 100,000 votes. They then hoped to re-draw the frontier on the Eider, and to re-incorporate South Schleswig in Denmark. But as the Federal Republic regained prosperity and prestige minority support decreased. The continued presence of 150,000 refugees in South Schleswig swamps the native population; and since 1947 10,000 Danes have emigrated. The disastrous operation of the electoral law last autumn caused much bitterness. *Programm Nord*, an ambitious scheme for land reclamation and refugee resettlement immediately south of the border, constitutes a further grievance. On the other hand, the Danes' lavish "cultural offensive"—they have 91 schools and 20 kindergartens—is a source of irritation to Germans.

The extreme demands of Danish nationalism—administrative separation of South Schleswig from Holstein; removal of all refugees; and eventual self-determination for South Schleswigers—remain unsatisfied. Nevertheless, the accord marks a new and encouraging phase in relations between future Nato partners, which should please all but "professional patriots" on both sides of the border.

Telephone: Trafalgar 9060

CHRISTIES

Telegrams: Christiart, Piccy, London.

CHRISTIE, MANSON & WOODS, LTD.

8, KING STREET, ST, JAMES'S, S.W.1.

Sales commence at ELEVEN O'CLOCK PRECISELY. Catalogues may be had price 3d. per copy (prepaid) post free.

ON THURSDAY, APRIL 14.
ENGLISH and CONTINENTAL FURNITURE, PORCELAIN, OBJECTS OF ART, EASTERN RUGS and CARPETS, from various sources.

ON FRIDAY, APRIL 15.
MODERN PICTURES and DRAWINGS, mainly of the 19th century British and Continental Schools, from various sources.

ON WEDNESDAY, APRIL 20.
OLD ENGLISH and CONTINENTAL SILVER and PLATE, the Property of MRS. LOUIS FLEISCHMANN and others, including an Elizabeth I Ostrich Egg Cup with silvergilt mounts, 1591, a Charles II plain Tankard, 1682, and a German Tankard, Hamburg, circa 1680.

ON THURSDAY, APRIL 21.
OLD ENGLISH and CONTINENTAL FURNITURE, OBJECTS OF ART, ASTERN RUGS and CARPETS, from various sources.

ON FRIDAY, APRIL 22.
At 11 a.m. ANCIENT and MODERN PICTURES and DRAWINGS, the Property of the EARL OF DERBY, M.C., and others.
At 2.30 p.m. ANCIENT and MODERN PICTURES and DRAWINGS, the Property of L. C. WALLACH, ESQ., and others.

ON MONDAY, APRIL 25.
EUROPEAN and ORIENTAL CERAMICS and OBJECTS OF ART, from various sources.

ON TUESDAY, APRIL 26.
OBJECTS OF ART AND VERTU, MINIATURES and COINS, the Property of the late MARY, LADY COLMAN, the late H. S. GUINNESS, ESQ., and others, and a Collection of Old English Watches, the Property of JOHN VINCENT, ESQ., J.P., and including an Italian Violin by Tononi circa 1700, works by Carl Faberg, and a German gold filigree box, circa 1600.

ON WEDNESDAY, APRIL 27.
FINE JEWELS, the Properties of MRS. B. DONALD, MRS. A. MARTIN and others, including an Old English Diamond cluster Ring, circa 1780, and a Diamond cluster Half-hoop Bracelet.

ON THURSDAY, APRIL 28.
OLD ENGLISH and CONTINENTAL FURNITURE, OBJECTS OF ART and EASTERN RUGS AND CARPETS, from various sources.

ON FRIDAY, APRIL 29.
OLD PICTURES and DRAWINGS, the Property of P. J. WESTWOOD, ESQ., and others, mainly of the 17th and 18th centuries, British and Continental Schools.

ON MONDAY, MAY 2.
FINE ENGLISH and CONTINENTAL PORCELAIN, the Properties of The VISCOUNTESS BERTIE OF THAME, ROBERT VON HIRSCH, MISS M. SAUNDERS STEPHENS, MRS. M. A. RASH, MRS. M. FALCONI, including an Important "Flying Fox" pattern Meissen Dinner Service, fine Meissen groups modelled by J. J. Kaendler, J. F. Eberlein and others, fine Chelsea porcelain including a red anchor set of the Seasons, and Worcester porcelain from the MISSES GARWOOD, formerly in the Collection of the late Frank Lloyd. Ill. Cat. 5/-.

ALL SALES MAY BE VIEWED AT LEAST TWO DAYS PRECEDING.

PLYMOUTH
HAS
SITES · LABOUR · HOUSES
FOR
INDUSTRY
THE ESTATES & DEVELOPMENT VALUER
5 WINDSOR VILLAS, LOCKYER STREET, PLYMOUTH
WILL SUPPLY PARTICULARS



The seat-of-your-pants test

FILL up with Shell with I.C.A. Find an open stretch of road. Press hard on the accelerator, without looking at the speedometer. When you feel that you're doing (say) fifty-five, look at the dial.

You will be going several m.p.h. more.

Try it the other way round, too. Accelerate to fifty. Then feel how much less fast you seem to be travelling than you usually feel at this speed.

These tests mean that Shell with I.C.A has made your car accelerate more rapidly and more smoothly than you're used to. It means that on Shell your engine reaches and maintains a fast cruising speed with less fuss and less strain.

There are several reasons for this.

The I.C.A in Shell smooths out your engine's performance, and lets it develop its full power with the least possible effort. (If you haven't used Shell before, I.C.A may take a little time to work.) At the same time Shell's perfectly balanced volatility gives it the most vigorous pulling-power. And Shell's anti-knock quality is high enough to satisfy every car on the road.

SHELL WITH I.C.A

the most powerful petrol you can buy

ICFC

Finance for Industry and Commerce

ICFC provides finance in the form of long-term loans on fixed terms, or share capital, to industrial or commercial enterprises established in Great Britain. Amounts range normally between £5,000 and £200,000.

The Corporation is ready to consider applications for capital to purchase additional buildings, plant and machinery, or to provide increased working capital to further the expansion of business. Consideration will also be given to new ventures which are soundly conceived and adequately sponsored.

Please ask for our new booklet—"Capital for Business and Where to Find it".

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

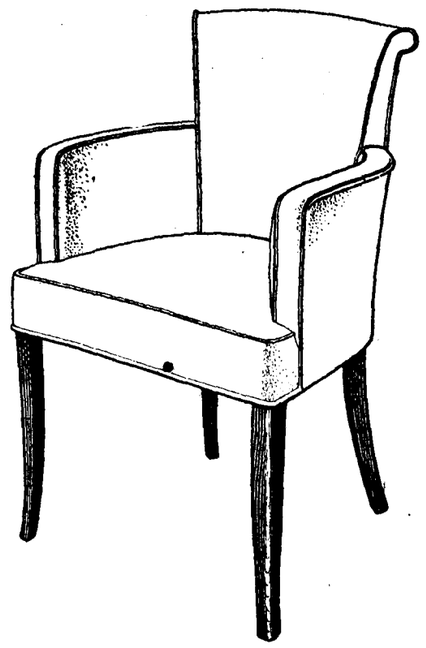
Subscribers: The English & Scottish Banks.

HEAD OFFICE:
7, DRAPERS' GARDENS, LONDON, E.C.2
Tel: NATional 8621/5

BRANCHES:
BIRMINGHAM—214, HAGLEY ROAD. Edgbaston 4181
MANCHESTER—73, WHITWORTH ST. Central 5429
EDINBURGH— 33, CHARLOTTE SQ. Edinburgh 30212

G1a.

Well-padded Cell



Senior executives condemned to spend long hours sitting on committees should consider this new Heal chair, especially designed for conference and boardrooms. The well-padded arms and well-sprung seat will see you through even an all-day meeting in a very high degree of comfort indeed. There is a choice of covering materials—though we particularly recommend hide for long wear—and a special high-backed version to preserve the dignity of the Chair. Come and try out this chair in our Contracts Showroom, where you can always see a wide selection of Heal furniture for boardrooms and offices. Your visit will show you just why so many of today's leading and most progressive companies—both in Britain and abroad—bring their furnishing and decorating problems to Heal's. If you cannot call, please tell your secretary to write for our booklet, *Furniture for Special Needs.*

HEAL'S
CONTRACTS LTD.

196 TOTTENHAM COURT ROAD, LONDON, W.1
TELEPHONE: MUSEUM 1666

THE BUSINESS WORLD

Balance of Payments

ONCE again the balance of payments has proved to be the Achilles heel of the British economy. That fact has been acknowledged in all discussions of the recent deterioration of the economic position and in the measures taken to remedy it. It dominated the Economic Survey published last week. More details about the directions from which the threat has developed and about the damage that has been inflicted are provided in the White Paper on the United Kingdom Balance of Payments 1946 to 1954 published last Tuesday.

Seasonal factors upon the balance of payments normally make the second half of each year less favourable than the first half, but the pressures that developed in the latter part of 1954 make it more than ever necessary to scrutinise the two half years separately. The differences between them, and the out-turn of the year as a whole by comparison with 1953, are shown in the table opposite. It should be emphasised that the estimates for the second half of 1954 are provisional and may have suffered more distortion than usual—partly because of the sharp changes that were then taking place in the flow of Britain's international payments and partly because of the impact of the dock strikes on the normal rhythm of both export and import trade. But any such distortions cannot have destroyed the main outlines of the picture. These are all too starkly apparent. In 1954 as a whole the surplus on the balance of payments was £110 million, only £5 million smaller than the 1953 surplus. But between the first and second halves of 1954, the balance of payments of the United Kingdom deteriorated by no less than £186 million, while there was a swing of £337 million in the balance of the sterling area as a whole with the rest of the world —changes that go far beyond the differences that may be shown between "provisional" and "final" estimates.

The deterioration in the second half of last year was partly accounted for by the full-year interest payments, totalling £38 million, on the US and Canadian loans that fall due in December, and also by the seasonal tendency for the exports of the rest of the sterling area to decline in the late summer and autumn. But much more important quantitatively were non-seasonal influences: the increase in imports (in Britain largely on account of higher prices but in the overseas sterling countries as a result of a sharp increase in volume); the fall of just over 2 per cent in Britain's exports; and the fall in Britain's net invisible income on private account. The deterioration in the balance of payments between the first and second halves of 1954 was divided almost equally between the visible and the invisible balance. It is disturbing to find that

TABLE I
UK CURRENT BALANCE OF PAYMENTS
(£ million)

	1953	1954		
		Jan.-June	July-Dec.	Year
VISIBLE TRADE:				
Imports (f.o.b.)	2,889	1,471	1,536	3,007
Exports and re-exports (f.o.b.)	2,671	1,423	1,392	2,815
Visible balance	−218	− 48	−144	−192
INVISIBLES (NET):				
Shipping	+124	+ 77	+ 55	+132
Interest, profits and dividends	+ 59	+ 20	+ 15	+ 35
Travel	− 1	+ 4	− 10	− 6
Migrants' funds, etc.	− 4	− 1	− 8	− 9
Other	+310	+170	+149	+319
Invisible balance, excluding Government	+488	+270	+201	+471
Government	−155	− 74	− 95	−169
Current Balance	+115	+148	− 38	+110
Defence aid (net)	+102	+ 24	+ 26	+ 50

the steady fall shown in recent years in net earnings from interest, profits and dividends, primarily in consequence of a steep rise in out-payments, continued last year. In 1954 as a whole gross earnings from this source increased by £8 million, to £293 million; but the corresponding payments rose more sharply, namely from £226 million to £258 million. This was a combined result of the increases in dividends distributed by British companies and of the substantial stake of

TABLE II
GOLD AND DOLLAR ACCOUNTS OF STERLING AREA
(£ million)

	1953	1954 Jan.-June	1954 July-Dec.	1954 Year
Transactions with Dollar Area:				
United Kingdom:				
Imports (f.o.b.)	519	240	325	565
Exports (f.o.b.)	443	205	214	419
Invisibles (net)	− 34	+ 30	− 35	− 5
Current balance	**−110**	**− 5**	**−146**	**−151**
Defence aid	102	24	26	50
Repayment of Govt. loans	− 43	− 6	− 31	− 37
Other capital transactions	+ 61	+ 37	+ 78	+115
UK net balance	**+ 10**	**+ 50**	**− 73**	**− 23**
Rest of Sterling Area:				
Net balance of UK Colonies	+101	+ 54	+ 45	+ 99
Other sterling countries	− 15	− 28	− 44	− 72
Gold sales in UK:				
UK Colonies		+ 3	+ 6	+ 9
Other sterling countries	+ 79	+ 64	+ 66	+130
Total RSA net balance	**+165**	**+ 93**	**+ 73**	**+166**
Transactions with non-dollar areas	**+ 65**	**+ 36**	**− 92**	**− 56**
Net change in gold reserves	**+240**	**+179**	**− 92**	**+ 87**

overseas investors in the equity of these companies. The United Kingdom's net overseas investment income thus reached only £35 million—compared with £59 million in 1953 and £154 million in 1950.

Another disturbing feature is the swing in the regional balance. More than five-sixths of the increase of 6 per cent in Britain's exports in 1954 as a whole went to sterling countries, while virtually the whole of the increase of £118 million in imports came from non-sterling countries. The distinction between currency areas is less important than it was; but it is plainly an unfavourable omen that Australia, which has this month been forced to make substantial cuts in import quotas, bulked so large in the increase in Britain's exports last year. British exports to western Europe rose too, but sales to North America fell by 5½ per cent. Britain's current deficit with the non-sterling world increased in the full year from £58 million to £159 million—before crediting defence aid totalling £102 million in 1953 but only £50 million in 1954.

The surplus of the rest of the sterling area with the non-sterling world fell from £281 million in 1953 to £116 million in 1954—of which all but £3 million was earned in the first half. Yet, as Table II shows, the overseas sterling area's contribution to the central gold reserves actually rose slightly over the year as a whole—totalling £166 million, against £165 million in 1953. There were two principal reasons for this. In the first place, the surplus of the colonies with the dollar area was all but maintained—at £99 million. Secondly, whereas the dollar balance of the independent overseas sterling countries financed through London deteriorated from a deficit of £15 million to a deficit of £72 million, gold sales in Britain rose almost sufficiently to offset that deterioration—from £79 million in 1953 to £130 million in 1954. This represents for the most part the diversion of gold sales to London following the reopening of the gold bullion market in March of last year and the disappearance of the premium that had previously been quoted on gold in the overseas "free" markets. The gold producing countries (particularly South Africa) which used to finance some of their dollar imports from gold sales in the free markets accordingly now have greater recourse to the dollar pool in London. On balance there may be little net gain or loss arising from the diversion. What is surprising is that the deterioration in the rest of the sterling area's current account with non-sterling countries appears to have been almost fully covered by a larger inflow of dollar capital.

The current deficit of the United Kingdom itself with the dollar area, excluding defence aid, increased from £110 million in 1953 to £151 million in 1954. But the deterioration would have been much greater but for the marked increase in special indirect military receipts, which are included in the commercial balance. Offshore sales to the United States were more than doubled, at £37½ million, and receipts from spending of American and Canadian forces in Britain rose from £55 million to £62½ million. Together these receipts now bring in more than one-quarter as much as the proceeds of all commercial exports and re-exports to the dollar area combined.

The out-turn on capital account is shown in Table III. Britain's current surplus for the year, including aid, provided it with £160 million (compared

TABLE III
UK CAPITAL ACCOUNT
(£ million)

	1952	1953	1954 Jan.-June	1954 July-Dec.	1954 Year
Available for financing*	+259	+217	+172	− 12	+160
Change in sterling liabilities to countries	−376	+271	+117	+ 78	+195
Change in liabilities to EPU, IMF, etc.	+ 28	− 48	− 27	− 89	−116
Change in gold reserves	−175	+240	+179	− 92	+ 87
Overseas investment†	+ 86	+200	+ 83	+ 69	+152

* Current surplus plus defence aid. † Calculated as a residual.

with £217 million in 1953) available for external financing or strengthening of reserves. The increase in the gold reserves absorbed £87 million of this (compared with £240 million) and repayments to the

European Payments Union and to the International Monetary Fund absorbed £113 million. Sterling liabilities to countries, however, rose by £195 million (of which only £80 million represented non-sterling balances), suggesting that all other capital transactions resulted in a net outflow of funds totalling some £150 million—compared with some £200 million in 1953. This figure for "balance of investment, borrowing, etc.," includes a large residual item that is subject to a considerable margin of error. But, after allowing redemptions and sales of investments, the Economic Survey concluded that "over the last few years gross [private] long-term investment abroad has averaged a little over £200 million a year, of which much the greater part has been in the sterling area."

In its financing transactions Britain therefore still appears to be borrowing "short" in the form of sterling balances, principally from the sterling area, in order to lend long. Although sterling balances held by non-sterling countries rose by £80 million during 1954, they are still, at £852 million, £216 million smaller than they were at their peak at mid-1951. Total balances held by the rest of the sterling area, however, at £3,049 million, are no less than £368 million above their level at end-1952, and are only some £50 million below the peak reached at mid-1951. Moreover, in this past year the whole of the increase has been concentrated upon the balances of dependent territories; these may have taken a substantial part of Britain's exports of long-term capital, but in return they have accumulated an additional £124 million of funds on deposit or in liquid assets in London—bringing their balances to the extraordinary total of £1,226 million.

Business Notes

Markets Ride Ahead

ALMOST to a man market experts have supposed that when an election approached doubts and fears in the markets would grow. That may still come about, but at the moment the reverse is happening. This week as the intention of the Prime Minister to resign became an accomplished fact, as the County Council elections showed a moderate swing away from Labour, and as the probability of an early general election increased, markets have taken events in their stride. It has not been an active market. Deprived of their normal sources of news, investors have operated little and the jobbers have kept small books. It was not until Tuesday, when the number of Stock Exchange markings rose to 8,750, compared with 7,583 a week earlier, that there was a clear sign that the volume of business was broadening. Even that modest increase found the jobbers with uncomfortably short books. But the trend of prices has been steadily upwards through this quiet period. The *Financial Times* industrial index reached 186.4 on Tuesday, compared with 178.9 a week earlier. The rise springs from a steady and slightly increasing volume of investment buying in which the pension funds continue to play a big part. Nearly the whole industrial list advanced. Steel shares, despite their political risk—or perhaps because of it—have led the rise. The strike seems to have restricted business less than it did in its first week. For instance, it has been possible for Philip Hill in conjunction with Joseph Sebag to place, subject to permission to deal, a £3 million loan stock issue for United Drapery Stores.

In the gilt-edged market the rise has been less pronounced, and conflicting currents underlie it. The rise has affected the long dated stocks, but by no means all the shorts. The market experienced a steady but not impressive flow of investment buying for the pension funds. It was also encouraged by the sharp reduction in the monthly gold loss to the comparatively modest figure of $14 million, and it had some bear closing to push it on. War Loan 3½ per cent is an example. There were known to be some bears of War Loan in the market. The stock is due to be quoted ex-interest on April 25th and the interest is paid without deduction of tax. Even the hardiest of bears could hardly relish the prospect of paying out £1 15s. per cent in interest if he did not close before that day. But with short-dated stocks the picture is different. Some selling of these by banks has continued. The banks need to restore their liquidity ratios by turning investments into cash, and the shortest of all their stocks, the 3 per cent Serial Funding Stock 1955, is the obvious choice. It is equally obvious that official funds ought not to absorb those sales, for if they did so the working of the normal Bank rate corrective would be vitiated. Therefore some of the sales have gone outside normal market channels and the stock has probably found homes with industrial companies seeking a temporary repository for surplus funds.

The Exchequer's £430 Million

THE Exchequer surplus for the fiscal year 1954-55 has matched the very best of the hopes raised in recent weeks. Ordinary revenue exceeded ordinary expenditure

(including sinking fund) by £433 million. This contrasts with a realised surplus of £94 million in 1953-54 and with the mere £10 million that was envisaged in the budget estimates for 1954-55. To this abnormally wide divergence between expectation and performance revenue and expenditure contributed almost equally. Revenue had originally been expected to rise by £165 million, but has actually risen by £370 million. Expenditure had been expected to rise by £249 million, but has in fact risen by only £30 million—actually by less than the decline in the portion of defence expenditure that is debited against "counterpart" receipts from dollar aid (these receipts were estimated at £85 million, compared with £125 million in 1953-54). Although details of supply expenditure are not yet available, there is no doubt that the bulk of this shortfall of £218 million in total expenditure has been attributable to lags and changes in the defence programme.

SOURCES OF THE SURPLUS
(£ million)

	Expectation		Out-turn		
	Original estimates 1954-55	Expected change from 1953-54 out-turn*	1953-54	1954-55	Actual change*
Ordinary revenue	**4,533**	**+165**	**4,368**	**4,738**	**+370**
Ordinary expenditure:					
Debt service (inc. sinking fund	606	— 9	615	606	— 10
Other Cons. Fund.	61	+ 2	59	59	—
Total supply services	3,856†	+256	3,600	3,640	+ 40
Total	**4,523**	**+249**	**4,274**	**4,305**	**+ 30**
Above-line surplus ...	**10**	**— 84**	**94**	**433**	**+339**
"Below-line" net expenditure*	407	— 16	391	501‡	—110
Overall deficit	**397**	**—100**	**297**	**67‡**	**+230**

* Increases in deficit or net expenditure shown *minus*; decreases shown *plus*
† Revised to £3,981m. by supplementary estimates. Estimates compiled after crediting sterling "counterpart" receipts of defence aid—£125m. in 1953-54 and £85m. in 1954-55.
‡ Includes £45·1m. of capital expenditure of Post Office—financed until end-September, 1954, indirectly through the Savings Funds. Excludes net receipts of £5m. from Civil Contingencies Fund (£10m. in 1954) and £2m. received on account of war risk insurance.

Expenditure "below-line," however, rose rather sharply —from £573 million to £692 million, instead of by the originally expected amount of only £25 million. Below-line receipts, as officially shown, exclude certain credits that are taken into account in the customary tabulation in *The Economist* (see the table on page 153 and the footnote to the table above); and on the official basis the net below-line deficit is £500.6 million, compared with £391 million in 1953-54 and with an original estimate of £407 million for 1954-55. Roughly half this difference between estimate and out-turn is due to the fact that since last September the below-line account has been burdened by the capital expenditures of the Post Office, which can no longer be financed indirectly from Savings Funds (and which absorbed £45 million during the half-year). The remainder of the increase is explained by the heavier reliance by local authorities upon the Public Works Loan Board during the latter part of the year. Net outgoings from the Exchequer on this account rose over the year from £278 million to £328 million, whereas they had been expected to fall to £275 million. The upshot of the whole account is an "overall" deficit of £67 million—a deficit roughly £230 million smaller than that for 1953-54 and £330 million smaller than the original estimate for 1954-55.

Revenue—Past and Prospective

ALMOST all the normal revenue items contributed to the gain in revenue. The greater part of the improvement upon estimate was divided almost equally between income tax on the one hand (£93 million above estimate and £162 million above 1953-54) and customs and excise on the other (£90 million above estimate and £108 million above 1953-54). Stamp duties and death duties also far surpassed estimate, thanks to the rise in prices and activity on the Stock Exchange. The only decline in tax revenue occurred in Profits Tax (including EPT), but this fall was almost precisely in accordance with the budget forecast. EPL, on the other hand, contributed £10½ million more than in 1953-54 (the first effective year for this shortlived tax), at £76½ million, surpassing estimate by £17 million. The one big shortfall occurred in miscellaneous receipts, from which an additional yield of no less than £109 million had originally been expected, in consequence of the liquidation of stocks by the Ministry of Food on the cessation of trading. But sales have lagged and have also secured lower prices than had been hoped. Total receipts under this head, though £59 million larger than in 1953-54, fall short of original estimate by £49 million.

TREND OF REVENUE

	Actual receipts 1954-55	Change on 1953-54	Deviation of out-turn from budget estimate
Income tax	1,893	+162	+ 93
Sur-tax	135	+ 2	+ 3
Death Duties	188	+ 23	+ 24
Stamps	75	+ 19	+ 20
Profits Tax and EPT	173	— 16	+ 1
Excess Profits Levy	77	+ 11	+ 17
Other Inland Revenue ..	1	—	—
Total Inland Revenue...	**2,541**	**+201**	**+157**
Customs and Excise:			
Customs	1,100	+ 58	+ 37
Excise	772	+150	+ 53
Total Customs & Excise ...	**1,872**	**+107**	**+ 90**
Motor Vehicle Duties ...	79	+ 6	+ 2
Post Office (net receipts) .	5	+ 5	+ 5
Broadcast Receiving Licences	22	+ 6	+ 1
Receipts from Sundry Loans	23	— 15	— 1
Miscellaneous Receipts...	196	+ 59	— 49
Total Ordinary Revenue...	**4,738**	**+370**	**+205**

The big surplus achieved above-line in 1954-55 makes it certain that existing tax rates promise a substantial prospective surplus for 1955-56. But it is also certain that the surplus in sight will be much less than the surplus realised in the old year. Estimated expenditure, if the estimates for Consolidated Fund Services are put at no more than the original estimates for 1954-55, will be some £220 million more than was actually spent last year. The yield from direct taxation, on the other hand, will be substantially increased both by the rise in incomes and profits that has already taken place and by the higher level that will rule in the coming twelve months. But the Exchequer will face the first effects of the ending of EPL and the full effect of the restoration of initial allowances two years ago (plus the additional cost, small as yet, of the substitution of investment allowances for most of them under the terms of last year's Finance Act). In addition, the revenue will suffer from the loss of last year's non-recurring receipts from liquidation of stocks.

Gold Loss Lower

THE measures taken last month to check the outflow of gold and dollars from British reserves and to strengthen sterling have, as a whole, had immediate results. Last month the fall in the gold and dollar reserves was reduced to $14 million, compared with the loss of $82 million in February. During March $21 million was received from the United States in defence aid and $3 million from the European Payments Union in respect of the February surplus; on the other side of the account $8 million was paid as the quarterly instalment on the Canadian wartime loan. The residual deficit was thus $30 million (of which $2 million comprised the usual payment to EPU creditors). This compares with a residual deficit of no less than $103 million in February. This deficit is still heavy for a seasonally favourable month; but Britain's payments difficulties are not piling up, as so often happened in earlier crises.

TREND OF DOLLAR BALANCE
($ million)

	Gold payments (—) or receipts (+)		U.S. Aid	Reserves	
	Month's balance	E.P.U. settlements*		Change in month	Total
1954					
January ..	+ 14	— 4	+ 15	+ 25	2,543
February .	+ 2	+ 7	+ 31	+ 40	2,583
March	+ 86	+ 2	+ 14	+102	2,685
April	+119	+ 7	+ 9	+135	2,820
May	+120	+ 39	+ 6	+165	2,985
June	+ 14	+ 15	+ 3	+ 32	3,017
July	+ 76	+ 4	+ 15	— 4§	3,013
August ...	— 5	+ 11	+ 11	— 95‡	2,918
September	— 14	— 12	+ 9	— 17	2,901
October ..	+ 10	+ 8	+ 17	+ 35	2,936
November.	— 32	+ 7	+ 14	— 11	2,925
December .	+ 15	+ 3	+ 8	—163†	2,762
1955					
January .	— 2	— 10	+ 13	+ 1	2,763
February .	—103	+ 6	+ 15	— 82	2,681
March	— 30	+ 3	+ 21	— 14‖	2,667

* E.P.U settlements depend on balance with Union in previous month. † After payments totalling $189 million on United States and Canadian loans. ‡ After payment of $112 million to IMF for "repurchase" of sterling. § After payments totalling $99 million to E.P.U. creditors in initial settlement of part of UK's overdraft with the Union. ‖ After paying $8 million in quarterly instalment on Canadian wartime loan.

The gold figures were accordingly received with satisfaction by the City and the Treasury alike. Spot sterling topped $2.79½ on the news for the first time this year. It is recalled that in the early days of March both transferable and official sterling were still in need of sizeable supporting operations—operations that must have been considerably greater than the residual dollar deficit for the month as a whole, though towards the end of the month the Exchange Account was recouping some of its earlier losses.

Another cause of satisfaction is the substantial surplus, of £9 million, earned by the United Kingdom with the European Payments Union last month. This will be settled next week 50-50 in gold and in reduction of debt to the Union. Taken in conjunction with the current movement of the exchanges, this is a good augury for the gold and dollar figures in April. It does not appear that the improvement in the European balance—or in the dollar balance as a whole—was to any large degree the result of capital movements, which appear to have had little net effect in the month as a whole.

The Cost of Labour

AT the end of October last year the average earnings for a man working in British industry—that is, in manufacturing and the main non-manufacturing industries—were £10 4s. 5d. a week, which was 8 per cent more than a year before. Earnings for all workers—including young men, women and girls—averaged £8 11s. 9d. a week, a rise of more than 7 per cent in the twelve months. Wage rates had risen in almost exactly the same proportion during the period. Last week's *Economic Survey*, attempting some assessment of changes in costs in British industry, estimated the year's "change in average wage and salary earnings in manufacturing industry" as a rise of 6 per cent, and deduced that since output per man-year rose probably as much, labour costs probably changed little during the year.

CHANGES IN EMPLOYMENT, OUTPUT AND EARNINGS, OVER TWELVE MONTHS: SELECTED INDUSTRIES

Industrial Group	Numbers Employed		Index of Output	Men's Weekly Earnings	
	Jan., 1955	Change since Jan., '54	Change 1953-54	Oct., 1954	Change since Oct., '53
	'000	%	%	s. d.	%
Colliery wage-earners....	708	...	...	264 11	+ 6
Other mining and quarrying.....	160	...	+ 1	194 5	+ 7
Gas, electricity and water	378	+ 1	+ 7	187 4	+ 7
Chemical trades	511	+ 3	+10	206 0	+ 7
Metal manufacture.....	569	+ 2	+ 7	228 6	+ 9
Vehicles	1,219	+ 5	+13	225 9	+ 9
Other engineering*.....	2,731	+ 6	+ 8	215 7	+ 9
Textiles	997	— 1	+ 2	196 9	+ 7
Clothing	685	— 2	+ 2	184 3	+ 5
Food, drink and tobacco.	894	+ 4	+ 2	185 6	+ 8
Other manufactures.....	1,595	+ 3	+11	214 8	+ 7
All manufacturing	9,206	+ 3	+ 8	212 3	+ 8
Building and contracting	1,419	...	+ 2	198 7	+ 8



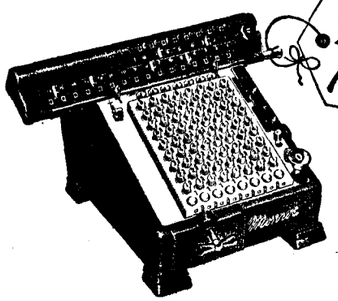
An essential contribution to



the art of gracious living

PERFECTOS FINOS 50's 14/8 100's 29/4
PERFECTOS No. 2 50's 11/8 100's 23/4

JOHN PLAYER & SONS, BRANCH OF THE IMPERIAL TOBACCO CO. (OF GREAT BRITAIN & IRELAND), LTD. (PF30A)



one of the *Monroe* range

The Monroe range of Adding-Calculators consists of nine models — progressively increasing in capacity from a neat hand-operated portable at £95 to a high-powered fully automatic at £398. One of these Monroes, with one of these price tickets, is precisely the machine *you* need. Why not send today for full particulars of the comprehensive Monroe range — and make your choice according to your known requirements.

Head Office: Monroe Calculating Machine Co., Ltd., 10-11 Albemarle St., W.1. GROsvenor 7541.

The "GP" model, a general-purpose adding calculator which has been described as the best value in the world at £175.



MONROMANTIC EQUATION No. 2

Miss Monroe's so witty,
So piquant and pretty,
You'd never believe she could multiply too!
The true explanation's
A simple equation . . .
There's nothing a Miss plus a Monroe can't do!

Panton

Now! Luxury Air Service TO KARACHI via Cairo in 16* HRS

P.I.A. Super Constellations Fly Fastest to the East

At last! Pakistan International Airlines have extended their domestic routes serving West and East Pakistan, India and Burma. Now you can fly to Karachi via Cairo in 15.50 hours air time*—fastest ever—*and* enjoy a trans-Atlantic standard of luxury aloft. P.I.A. Super Constellations leave London every Friday and Karachi every Tuesday. Ask your travel agent. First Class and Tourist accommodation. The First Class section is fitted with special de luxe seats to ensure perfect comfort during the day *and* night.



CAPTAIN N. HEMSWORTH
It's comforting to know that the man 'up front' is a man like Captain N. Hemsworth. Australian by birth, he brings to P.I.A's crack international air service a brilliant war record and experience of three airlines.

PAKISTAN INTERNATIONAL AIRLINES

SALES AGENTS: AIRWORK LTD.

CONTACT YOUR LOCAL TRAVEL AGENT *or P.I.A., Brompton Air Station, 249 Brompton Road, London, S.W.3. Telephone: Knightsbridge 4371*

Glayva

SCOTCH LIQUEUR



A sight to gladden the heart of man!

RONALD MORRISON & CO. LTD., EDINBURGH

The autumn census of industrial earnings, published this week by the Ministry of Labour, puts the rise in manufacturing earnings at 8 per cent. The accompanying table draws together figures showing the movement of manpower between industries, changes in industrial output, and increases in earnings. The twelve months' periods are not exactly the same, and the earnings census, in particular, is based on a sample (though a very large one); nevertheless, these three indicators of industrial change offer some interesting comparisons.

The Ministry of Labour Gazette, in publishing its census figures, duly notes that earnings show an increase of 201 per cent since October, 1938 (men's earnings have multiplied rather less, with an increase of 174 per cent). On the basis of the prewar index of industrial production recently compiled by Mr B. C. Brown of the Board of Trade, it can be calculated that industrial output in 1954 (building and contracting excluded) would have been perhaps 70 per cent higher: and output per man-year perhaps 35-40 per cent more than in 1938. This would imply that labour costs of production may now be, on the average, about 115-125 per cent higher (in money terms) than before the war.

Prelude to Atomic Agreement?

SIR WILLIAM PENNEY and the other British, Canadian and Nato observers who went to Nevada this week were the first visitors invited to see an American atomic explosion since the Bikini trials in 1946. Their journey is one outcome of the revised MacMahon act, which permits the Americans to give information about the effects of atomic explosions to selected allies. Sir William and the other visitors, most of whom come from the Services, will be shown the effects of the atomic weapons likely to be used in Europe, and the demonstration is of considerable practical importance. Data about the effects of explosions is the main reason for staging atomic trials.

Nothing official has been said about the talks that will follow the demonstrations, but both Sir William and Sir John Cockcroft, who is also in the United States, are expected to sound the prospects for a fuller exchange of atomic information between Britain and America. As matters stand, the Americans can give some data about civil developments such as the design of reactors and some about the effects of atomic weapons, but they can give no details about the weapons themselves. Missiles like Corporal which are being bought for training purposes by the British Army will be shipped without their atomic warheads and fitted and fused in this country. There is doubt and much speculation on both sides of the Atlantic about how much British scientists could tell Americans that they do not know already. The coming talks may show Britain's bargaining strength. This country is stockpiling its own atomic weapons, working on its thermonuclear weapons and pressing ahead with atomic power faster than the Americans. When the United States is so generous in sharing information about its work on guided missiles and on aircraft, on a strictly practical basis the continued secrecy about atomic weapons is rapidly losing its point. Atomic weapons are becoming the "conventional" high explosives of modern forces and the American legislation is creating such anomalies as the delivery of short-range army weapons without warheads. The American atomic scientists are reasonably well disposed towards a fuller exchange of data with Britain, but the American government, to carry Congress with it, may want some assurance from them that the traffic in information will not all be one-way. The American scientists' talks with the visiting British members of the Atomic Energy Authority may have considerable influence on how this expert sector of American opinion advises its government.

Profits in the Air

THERE were profits in the air last year for both the air corporations. British Overseas Airways Corporation has broken even for the fourth year in succession, with a net surplus of £260,000, and an operating profit of £1,360,000 before paying interest. This is smaller than in 1953-54, but is a very creditable performance considering that it was achieved in spite of the grounding of the Comet.

The full figures for British European Airways are not yet available, but there are signs that the corporation has made a net surplus for the first time ever. Figures for the 12 months up to the end of February show a 14 per cent rise in revenue, to £17 million, and a 10 per cent fall in operating costs. The total load factor, that is the proportion of space sold to the amount offered for sale, went up to 64.7 per cent, which is about the level at which air lines usually manage to break even. In its last financial year, BEA had a deficit of £1.8 million. It seems probable that when the full year's figures for 1954-55 are available, this deficit will have been wiped out by the combined rise in revenue and fall in costs.

Hire Purchase Flouts Control

THE Finance Houses Association, the body that represents the more substantial houses in hire purchase finance, has protested that it was not consulted by the Board of Trade when controls on hire purchase were brought back. The National Caravan Council has protested that caravans have been included in the scope of the new order, though they were outside the previous one. HP Information meanwhile has produced its monthly figures of numbers of contracts, and the dispassionate reader may be pardoned if after

NUMBER OF HP CONTRACTS

	Mar. 1954	Jan. 1955	Feb. 1955	Mar. 1955
Cars	25,627	24,095	29,261	38,308
Commercial Vehicles	4,858	6,106	6,049	7,258
Motor cycles and side-cars	14,457	9,624	15,155	19,715
Caravans	1,059	573	904	1,428
Tractors	1,015	718	1,005	1,433
Farm Equipment	499	327	448	630

Source: HP Information.

reading them he wonders what is the necessity for so much protesting. Under control, hire purchase has continued to bound ahead. The number of contracts in March was 69,256 compared with 53,322 in February and with 48,354 in March last year. This is partly a seasonal movement. The limited range of goods over which HP Information collects figures contains both motors and caravans. The holiday demand springs up in the weeks before Easter.

The hard fact is that the seasonal demand has not been curtailed and that in all groups, without exception, hire purchase contracts in March this year remain well ahead of March, 1954. Caravans provide a useful example. Before control was suddenly imposed the normal contract was around 36 months, though the deposit was far higher than the minimum that has now been imposed. Vendors like to keep monthly payments down to a quarter of the purchaser's income. Forcible shortening of the length of contract therefore places the caravan out of reach of some of the less wealthy customers. Yet last month's number of hire purchase sales of caravans has only once been exceeded —in July last year.

A New Goldfield Tested

A STATEMENT by the South African Minister of Mines at the end of last week pointing to an early start on mining operations around Bethal has moved the focus of interest in the gold share market from the far west of the known gold bearing area to the far east. Bethal is 100 miles east-south-east of Johannesburg and 65 miles east of East Daggafontein, the most easterly of the existing mines. It has been known since long before the war that a little gold existed there. In the early days most of the big groups took an interest, direct or indirect, in the area and most of them decided that the values were just a shade too low to justify major development.

Much work has since gone on elsewhere and rich new mines have been found and financed at the very opposite end of the gold-bearing strata, but a few of the Bethal protagonists have stuck to their hunch. Union Corporation is prominent among them, and with it a number of smaller groups including Anglo-Rand. The last Union Corporation statement showed that drilling operations had found the Kimberley Reef with payable values over a limited area. Kimberley Reef suggests uranium as well as gold ; it suggests, though it is a matter of surmise, that uranium accounts for the difference between the disappointment of the prewar years and the promise of today. Union Corporation, which seems to be the most promising of the prospectors in this limited field, has worked so far through its internal company, Capital Mining Areas.

Becalmed on the Baltic

OWNERS of tankers and cargo ships have had a good winter, their best for two years ; but their good fortune has now come to an end. Tramp shipping rates began to ease off in the middle of last month and spot tanker rates have been dropping like a stone for four weeks now. The Chamber of Shipping index of tramp freight rates climbed from 79.7 in July last year (1952 = 100) to 115.5 in December. There was a slight pause in January, but the index reached 120 in February and rose still further in early March. Then the decline set in. Owners, however, have little early tonnage for offer, and have thus been able to resist the efforts of charterers to hold out for still lower rates.

All the main props to the market during the winter have now weakened. The grain market is very quiet ; owners expect to carry bigger shipments later this year following the poor European harvests in 1954, but there is no sign of this traffic yet. The coal trade has also fallen away. Much tonnage was fixed well forward and the remaining fixtures for the planned import programme have now been completed. Again, however, there should soon be a revival in chartering for the heavy shipments that Europe will need to buy from the United States this autumn and winter. Ore freights have kept up after some fluctuation ; but the curtailment of United States scrap supplies will cut this useful standby for tramp owners. A slight revival in grain chartering last week stemmed the slide in North Atlantic rates, but elsewhere there has been little new business and the slow decline has continued. There is no reason why the summer should be an unusually bad season this year ; and a resumption of chartering for grain and coal should revive the market by the autumn, if not earlier.

But the prospect for owners of tankers on voyage charter is less warming. They were prepared for a fairly normal summer off-season, but not for the sharp depression that has swept spot rates from the two-year peak last December to the present level, which is the lowest at this time of the year since before the Korean war. Earlier this year there were some wide fluctuations between Gulf and Caribbean rates, but they are now more or less in balance. Few of the major oil companies have appeared in the market recently, which has had to depend upon desultory inquiries from smaller charterers. The time charter market is still dead, although some period fixtures have recently been made by private arrangement. The winter will bring the usual seasonal increase in oil shipments to Europe and the Atlantic seaboard of the United States, but this seems a very long way off to tanker owners with idle tonnage piling up.

Splitting the BIF

FROM 1956 onwards, the British Industries Fair is going to be held in two stages. One exhibition for consumer goods, including textiles, will be held at Earls Court in February ; the balance of the Fair will be held as usual in April and May, divided between light industries like chemicals and packaging at Olympia, and heavy industry, at Castle Bromwich.

The new BIF management, which took over the administration of the London sections from the Board of Trade last year (Castle Bromwich has always been privately run) has made this radical break with the tradition of 40 years to win back support for the Fair. The consumer goods which do most of their business in the winter, not the spring, have deserted the BIF wholesale in favour of specialised trade fairs ; their main complaint has been the inconvenient timing of the BIF. Some of the capital industries have found the bazaar-like atmosphere of the old Fair undignified and the chemical industry agreed to support last year's BIF only when its section was moved from London to Castle Bromwich.

The split in the Fair, as well as the change in its timing, should meet both points of view, but the specialised trade fairs have become strongly established during the period of the BIF's decline. The trade papers play a big part in their organisation, and have been largely instrumental in drawing away the textile industries that were by tradition the bulwark of the London sections of the BIF. It will take all the blandishments of Mr Horne, the new Fair's managing director, to woo these back from the Festival Hall to the concrete acres of Earls Court.

CDFC and Tasman Pulp

THE Tasman Pulp and Paper Company of Kawerau, New Zealand, is an obvious outlet for the investment funds of the Commonwealth Development Finance Company. By producing 75,000 tons of newsprint and 38,000 tons of pulp it will cut the dollar import bill of New Zealand and Australia. That full capacity rate will not be reached until 1957, but the company should soon earn profits, for its new machines will begin to run later this year. The project has already gained the support of the New Zealand Government, of local investors and of a British company, Albert E. Reed. The Commonwealth Development Finance Company is thus in good company.

The company has lent at an attractive rate, for it is subscribing for £2½ million of 5¼ per cent 15 years debentures at par. That is a higher rate than that on the 10 years 5 per cent debentures, totalling £2 million, offered by Tasman Pulp and Paper to New Zealand investors last August. But the terms are unavoidable, for CDFC has to borrow at prevailing rates in London, and those are now higher than in New Zealand. Another £1 million of debentures will be issued in New Zealand this year, bringing the total issue of debentures up to £5½ million out of an authorised amount of £7 million. The new debenture easily fits in the category of investments that CDFC may one day pass on to the institutions.

In addition, CDFC will subscribe for 500,000 of £1 ordinary shares at par ; in the next few weeks another 500,000 of these shares will be offered to New Zealand investors. The authorised ordinary capital of £6 million will then be fully subscribed, with the New Zealand Government holding two million, Fletcher Holdings one million, New Zealand investors one million, Albert E. Reed 1,500,000 and CDFC 500,000 shares. Thus most of the new money will have been provided towards the estimated total of £17½ million needed to build the plant and to provide the initial working capital. The ancillary cost of about £13 million to provide housing, railways and port installations in the Murupara area around the mill will be met entirely by the New Zealand Government.

The Paper Bulletin

This is a new bulletin service for paper users and makers. It deals with the supply, demand and price trends for paper, paper products and raw materials. The first quarterly issue will be available at the end of April. Full details from :

THE ECONOMIST INTELLIGENCE UNIT,
22 Ryder Street, London, S.W.1. Whitehall 1511, Extension 144.

Course of Commodities

COMMODITY prices continue to fluctuate within narrow limits. Tin is a little cheaper, owing to the prolonged uncertainty over the future of the Texas smelter, and copper has weakened on the news that the strike at the Chuquicamata mine in Chile had been settled, and that the American government would release 17,500 tons of copper to the market in the second quarter ; lead and zinc prices are firm. Cotton futures in Liverpool have rallied slightly, mainly because American interests have bought futures on the expectation that the American government will not introduce an export subsidy on the new crop, and that prices in Liverpool, therefore, will gradually rise nearer to parity with the New York market.

	March 31	April 5
Copper, prompt, per ton	£364	£351 10s.
Tin, " "	£717	£715
Lead, " "	£104	£105
Zinc, " "	£88 5s.	£90
Rubber, spot, per lb.	27d.	26¼d.
Wool futures, May, per lb.	121d.	120½d.
Cotton futures, May/June, per lb.	30·66d.	31·03d.
Jute (mill firsts), April/May, cif per ton	£106/108	£105/108
Sisal (1 E. African), April/May, cif per ton	£83/85	£83
Wheat (1 Manitoba), May, cif per ton	£29 12s.	£29 12s.
Barley (Canadian 2 feed), May, cif per ton	£23 17s.	£23 5s.
Cocoa (Accra); April/June, per cwt.	295s.	295s.
Coffee (Santos extra prime), cif per cwt.	475s.	475s.
Tea (plain broken pekoe), per lb.	4s. 11½d.	†
Sugar (Cuban raw), cif per cwt.	31s. 3d.	31s. 3d.

† No auctions in London.

Tea prices have fallen sharply at Colombo (the London tea auctions are closed until April 18th). Prices of raw sugar have been held at the higher level established by purchases by Russia and East European countries. Prices of Canadian and other barley have weakened in face of a slack demand.

Changes in Air Freight Charges

SUBSTANTIAL changes will be introduced into air freight charges in the North Atlantic in July in a bid to attract new traffic to the air. There has been some difference of

opinion among the air carriers on this route about how the bid should be made. One group, led by Pan-American, has argued for considerably more than a year for a cut of about 30 per cent in the basic freight rate, and twelve months ago it won a concession of a 30 per cent general discount on consignments of 200 kilos and over. At the most recent meetings, however, these airlines have been outvoted by carriers who favoured a scheme of special rates for different cargoes. There already exist several thousand "commodity" rates introduced over the years for this purpose; they have been created on application by individual carriers, but once filed with the International Air Transport Association are observed by all the airlines.

The new rate scheme cancels the 30 per cent bulk discount introduced last year, and in its place gives the airlines greater freedom to make special concessions for new traffic. The commodity rates, which are themselves bulk discounts, are being consolidated into about 50 broad classifications, and the airlines are allowed to offer additional specially low "development" rates. The airlines which support this system have argued that the cuts proposed in the basic cargo rates would have halved existing revenue without any guarantee of fresh traffic; the new system leaves present revenue untouched and allows them to make concessions where they will give the best results. The difference between this and the old commodity rate system is first, that by putting commodities into broad classifications it cuts out fiddling little differences in rates for slightly different types of goods and, secondly, that it gives the airlines a new freedom to negotiate with shippers. It is probable that the new development rates will work out at around the lower-level of the existing commodity rates, that is, at about 25d. per short ton mile, at present most of the commodity rates are nearer 30d. per short ton mile. The change comes in time to help the British independent all-freight services, which should be able to bid for the kind of traffic that does not fit into the freight hold of a passenger aircraft. Compared with the freight volume carried by BOAC, Airwork's capacity is small, but it has this advantage of special loading doors and a whole fuselage devoted to freight. It is curious to see the airlines adopting a charges scheme that the railways are just abandoning, but when the railways were young there was probably the same justification for making special concessions to lure freight from the roads and canals.

Growth of United Drapery

THE growth of the multiple empires, which have been pushing out into many sorts of trades, began long before the boom in hire purchase reached its height and is still continuing under the present regime of hire purchase restrictions. United Drapery Stores has just provided a prime illustration of this trend. It is placing through Philip Hill & Partners, subject to permission to deal, £3 million of 4¾ per cent unsecured loan stock dated 1966-75, at 98½. United Drapery's recent purchases have left the company short of cash, but the £3 million issue cannot be simply a plan to restore liquidity: it hints that growth must continue.

The biggest accretion to the strength of United Drapery, the absorption of Prices Trust, has only just been revealed in full—in the accounts for the year to January 29th. Those accounts are still subject to audit. The dividend, as forecast when the group purchased Alexandre Limited, is 50 per cent, compared with the equivalent of 25 per cent. The absorption of such a large unit as Prices Trust makes any comparison of one year's figures with another an indication of a trend rather than a precise arithmetic measure. At the end of January the book value of the group's fixed assets was £10,094,692, compared with £5,616,396. That expansion does not seem to be simply a reflection of the itemisation of the "shares at cost" of Prices Trust (£4,686,851) into physical assets in the latest balance sheet. Partly balancing that increase, which is accompanied by a sharp expansion in stocks (from £1,931,277 to £6,127,190) and in debtors (from £3,573,155 to £4,796,399), are the reinforcement of revenue reserves (up from £2,671,596 to £3,745,240), the growth in preference capital owned by outside shareholders (from £1,211,353 to £2,896,170) and by much bigger mortgages on fixed assets. "Mortgages and debentures secured on certain land and buildings" have risen from £114,500 to £1,484,420. About £700,000 was outstanding on other loans and the group was left with under £250,000 in cash.

There are two elements in those figures: the absorption of new subsidiaries and a straightforward expansion in trade. That expansion cannot be measured in these accounts but the growth in stocks and debtors—and in creditors from £1,027,099 to £2,804,738—points to its existence. Similarly the upsurge in trading profits from £2,781,541 to £4,545,587 must be largely a reflection of the earnings of Prices Trust in a full year, but there, too, an expansion in trade over the whole of the business must have played its part. Growing, growing but never fully grown seems to be the motto.

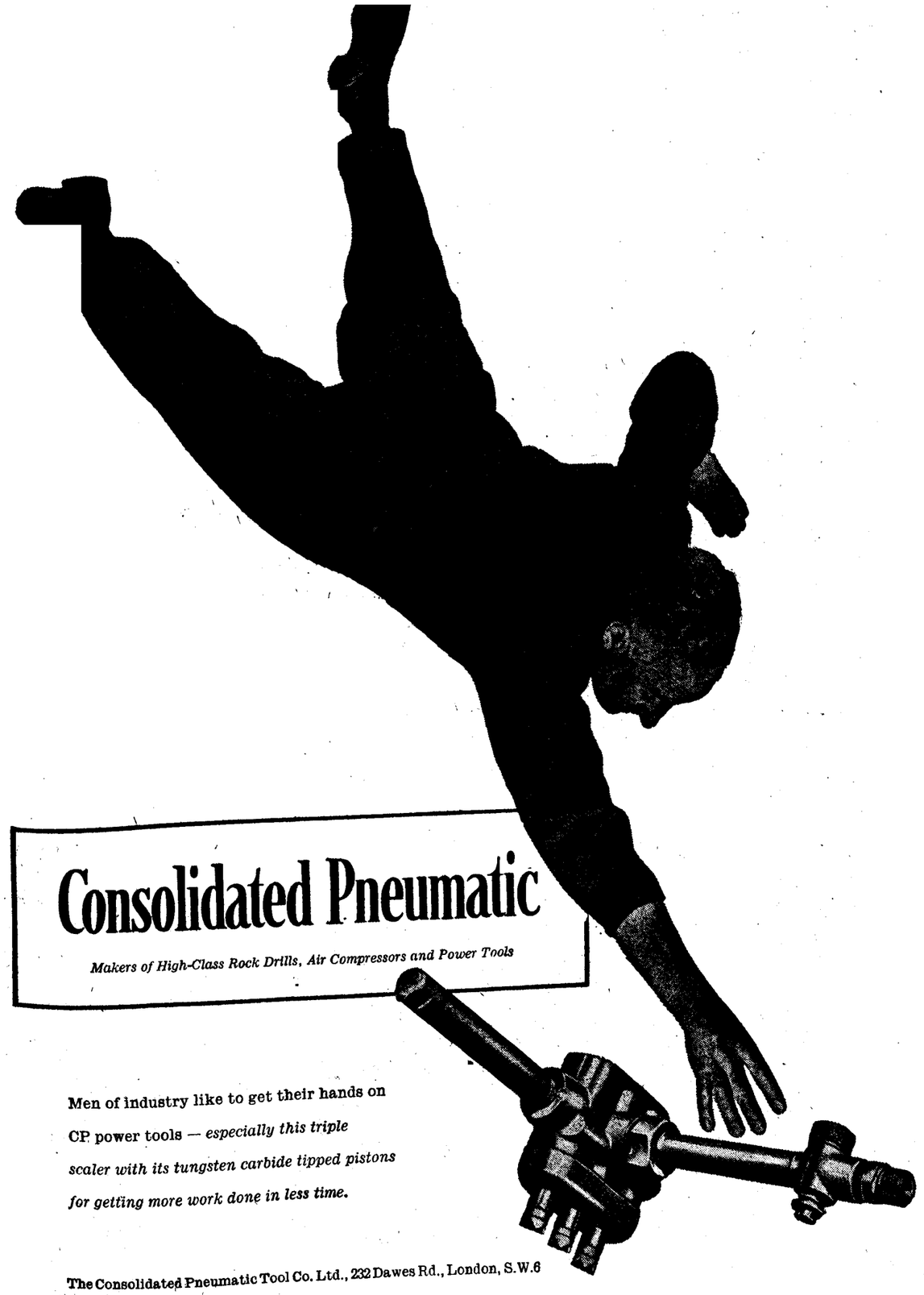
Record Sales of Diamonds

THE world diamond market is a fickle maid: in the last six months it has been busily disproving the authoritative forecast that the boom had come to an end. In the fourth quarter of last year sales by the Central Selling Organisation recovered to £16.1 million, and this week

SALES BY THE CENTRAL ORGANISATION
(£ million)

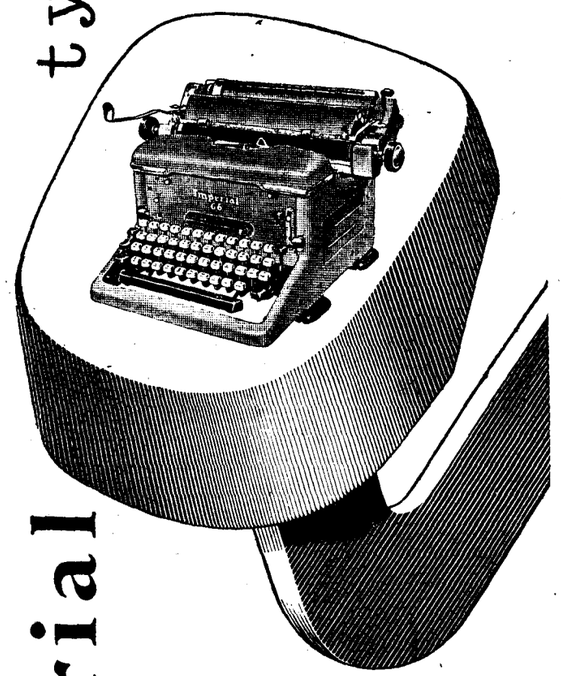
	Gem	Industrial	Total
1954, 1st quarter.....	11·8	4·9	16·7
,, 2nd ,, ...	11·8	3·3	15·0
,, 3rd ,, ...	11·2	3·1	14·4
,, 4th ,, ...	10·9	5·2	16·1
1955, 1st ,, ...	15·2	6·9	22·2

De Beers Consolidated Mines Ltd. announced that sales in the first quarter of 1955 rose by no less than £6.1 million to a record of £22.2 million. Sales of gem stones were inflated by the 2½ per cent advance in prices at the end of last year, and by the shipment of about £1 million worth to the United States to replace the diamonds that



typewriters

Quick work—well done



Imperial

There are 2,400 hand assembled parts in every Imperial '66' typewriter. A precision instrument, yes. But a tough customer, too. Has to be, to remain a precision instrument for many years of hard use.

Imperial Typewriter Co. Ltd., Leicester and Hull

THE BRITISH METAL CORPORATION LTD

BMC

LONDON · BIRMINGHAM · SWANSEA · MONTREAL · TORONTO
VANCOUVER · SYDNEY · PERTH · MELBOURNE
CAIRNS · CALCUTTA · BOMBAY · KARACHI
LAHORE · DACCA · JOHANNESBURG · SALISBURY · BULAWAYO

ASSOCIATES:
C. TENNANT, SONS & CO. OF NEW YORK, NEW YORK, SAN FRANCISCO, BRAZIL, AND PERU
HENRY GARDNER & CO. LIMITED, LONDON, CANADA AND MALAYA
VIVIAN YOUNGER & BOND LIMITED, LONDON AND NIGERIA

The Group trades in and markets non-ferrous ores, metals and minerals, many kinds of produce, timber and other materials; it provides ventilation plant for mining and other purposes and other specialised engineering equipment; and it furnishes shipping, insurance, financial, technical and statistical services.

THE BRITISH METAL CORPORATION LIMITED
PRINCES HOUSE, 93 GRESHAM STREET, LONDON, E.C.2

Telephone: *MONarch 8055* Telegrams: *Brimetacor London* Telex: *London 8408*



"SELF-PORTRAIT" *Oil Painting by John Minton*
No. 9 in a series of advertisements showing the work of contemporary artists.

A BIG NAME IN THE CHEMICAL WORLD
Brotherton
One of the world's largest manufacturers of hydrosulphites, liquid sulphur dioxide and hexamine. Makers of an extensive range of Metachrome dyes for dyeing wool in all its forms.
Brotherton & Co. Ltd., City Chambers, Leeds, 1.
Telephone: Leeds 2-9321 • Telegrams: "Brotherton, Leeds."

were temporarily lost in the air crash last December. But the "net" rise of some £3 million leaves in no doubt the strength of the market for gem diamonds; as stocks are said to be at a minimum, it also indicates that production has increased. Sales of industrial diamonds have benefited not only from the recovery in American industry, but more particularly from the revival of purchases for the American strategic stock that began in the fourth quarter. Whatever the remainder of 1955 may bring, the year has opened extremely well.

Sugar Above the Minimum

PURCHASES of sugar by Soviet countries have put new life into the "free" world market. Russia has been the largest buyer. Counting the original purchase of 200,000 tons of Cuban raw sugar last February, Russia has now bought nearly 400,000 tons, the latest purchase being 100,000 tons of refined sugar from Cuba. Other Soviet countries which, like Russia, are normally exporters, have also bought refined as well as raw sugar. Doubtless these imports reflect the poor beet harvest in Eastern Europe last year, smaller perhaps than the published figures disclosed; though it may also be that consumption of sugar is being deliberately encouraged. Thanks to these unexpected purchases, and to a better demand from other countries, the world price has risen in the past month from 3.17 to 3.31 cents a lb fas Cuba—six points above the minimum of 3.25 cents in the International Sugar Agreement (the maximum is 4.35 cents).

The Cuban Sugar Institute is understood to have made its sale of refined sugar to Russia, at 4.20 cents a lb fas, conditional on a relaxation of the international restrictions on exports. A short time ago the Institute sold to Cuban operators all the sugar remaining under its quota for the world market; the price was not more than 3.20 cents a lb. If the Institute now had to buy back sugar at a higher price to meet the Russian order, its refining margin would be squeezed. Instead, it hopes to persuade the Sugar Council to increase the effective export quotas, so that it could use its surplus sugar. At present export quotas are fixed at the minimum of 3.7 million tons, and Cuba's at 1.8 million. The danger is that if export quotas were increased the price, which languished below the minimum for so long, might fall below it again. The executive committee of the Sugar Council will meet again shortly, and will probably decide to call a full meeting of the Council to review the prospect in May.

Savoy Pays Out

ALL is quiet now on the Savoy front, but from the controversies of last year one fact clearly emerged: the directors could not fail to liberalise their dividend policy. The preliminary figures for 1954 show that they have done so. The dividend is to be 10 per cent and the bonus 5 per cent. This is the same nominal rate as in the previous year and, allowing for the previous scrip issue, is equivalent to an increase from 13⅓ per cent in all to 15 per cent. It is by no means all that shareholders are to receive. There is in addition to be a cash capital distribution of 6s. per share (30 per cent) that does not attract tax. There is also to be a free scrip issue of one new 5s. "B" ordinary stock unit for every 10 ordinary £1 stock units now held. Finally, the existing £1 ordinary stock units are each to be split into two "A" units of 10s. each.

High profits have been earned to support the increased distribution. Trading profit was up from £525,684 to £654,438. A net profit of £151,648 compares with £99,960. There was in addition a surplus on the sale of a property (mainly offices) of £267,000. The new proposals are none the less unusual. The new "B" stock ranks equally with the "A" except that the "B" carries 10 votes per 5s. unit. All other stock of any class at present holds one vote per £1 stock. Thus control can be maintained with a much smaller investment if the majority holders who took over Mr Samuel's and Mr Clore's purchases concentrate their investment in the new "B" stock.

SHORTER NOTES

The Government has not found it possible to announce before the Easter recess its policy on imports of Indian cloth and other matters raised by the cotton industry.

★

Montague Burton, the multiple tailoring company, has sold its business in Southern Ireland consisting of 16 retail stores and a clothing factory in Dublin to the Cussins group of Sheffield. It is understood that Great Universal Stores now has a substantial investment in the Cussins group.

★

One of the last acts of the old government was to announce that it would abolish the Road Fund. This was one of several minor amendments that the government intends to table to the Road Traffic Bill, which is now beginning its passage through the Commons. The Minister described the fund as "no more than an accommodation address for a good many years." In fact this name has been an anachronism ever since motor taxation became part of the general revenue in 1937. It had, of course, been raided by Chancellors of the Exchequer before then, the first to do so, in 1926, being Mr Winston Churchill.

★

In a further attempt to stabilise coffee prices, representatives of the Brazilian and Colombian governments have agreed on minimum prices based on 57 cents a lb (spot, New York) for Brazilian coffee and 60 cents a lb for Colombian; to withdraw 7 million bags of coffee from the current crop on June 30th (Brazil 5 million, Colombia 2 million); and to invite Central American producers to co-operate in the withdrawal of 3 million bags from the 1955/56 crop.

Company Notes

F. PERKINS. F. Perkins, Ltd., the manufacturers of lightweight high speed diesel engines, is one of the products of hard work and small beginnings to which the Finance Corporation for Industry lent its support. It has succeeded admirably. In 1951, when the company was made a public one and its capital structure reorganised FCI converted part of its prior charge into ordinary shares. Subsequently it sold off most of its holding on a rising market and now has only about 60,000 of the 10s. ordinary shares left. For those who bought the shares from FCI the preliminary report for 1954 makes good reading. Trading profits have gone up from £778,645 to £1,169,340 and those figures understate the real improvement for the 1954 surplus is struck after charging £200,000 for exceptional depreciation. The tax charge is much heavier, up from £451,872 to £736,862, but net profits are £105,705 higher at £432,478. The directors have given reserves the first bite of the cherry, leaving the ordinary dividend unchanged at 20 per cent. But the 100 per cent free scrip issue, even though it is accompanied by the usual warning that it carries no implication as to future dividend rates, must surely contain a hint of assurance about the future.

The company led the way in the development of diesel engines for lorries and tractors and recently, when fuel taxes helped to create a good market for diesels, the company's enterprise has received its reward. Like an opening batsman on a good wicket Perkins has knocked up a high score, but there are other batsmen coming in—the motor manufacturers making their own diesel engines. They may be able to collar some of the bowling at some cost to Perkins's rate of run-getting.

★

COURAGE AND TAYLOR WALKER. A further fall in beer sales has aroused fresh anxiety among many brewers. Beer output fell by about 4½ per cent last year, but the fall makes an even sharper decline in draught beer sales throughout the country and notably in the London area. Hence it is that two London and Home County brewers, Courage and Taylor Walker, have reported little change in profits in 1954 and no change in their ordinary dividends. Courage and Company experienced a slight drop in trading profits from £1,223,856 to £1,209,132 and has left the dividend at 22½ per cent while Taylor Walker reported a slight increase in gross profits—from £1,213,052 to £1,228,064—and a maintained dividend of 8½ per cent. The apparent stability of profits in both companies owes something to bigger sales of wines and spirits.

The two chairmen single out the boom in hire purchase as the competing factor that kept the shillings out of the public houses last year (nor did the bad weather help matters). Both spokesmen also see the housing drive not only as an opportunity for expanding trade but also as an adverse factor, for house rents and the costs of furnishing attract the shillings away from the publicans' tills. Behind these immediate concerns both Mr J. H. Courage and Mr W. H. Kingsmill seem to recognise a change in social habits that they must meet. Naturally both of them urge a reduction in the beer duty. On that score brewers can only make representations. In concentrating more heavily on bottled beers, in making the public houses more comfortable whenever trade justifies, and in redeploying and re-equipping the brewing plants they can make the best of the world as they find it. They have done so, and Courage has taken logic one step further by agreeing in principle to an amalgamation with Barclay Perkins.

★

PRESSED STEEL. The preliminary report of Pressed Steel for 1954 presents a paradox. For a year when the motor companies were nearly all earning bigger profits and when the industry produced over a million vehicles, Pressed Steel, one of the major motor body manufacturers, reports a slight dip in profits before tax, from £3,176,510 to £3,115,485. These profits are presented after unspecified provisions for depreciation, so that the apparent decline may be due to a higher depreciation charge. But may not this decline in profits also signify the pressure of rising costs on margins? But all's well that ends well for the equity shareholder in Pressed Steel. The happy ending has been brought about by the death of EPL. The tax charge has been reduced from £2,121,962 to £1,714,154; last year there was no charge for EPL, whereas in 1953 the levy absorbed £348,000. Hence net profits, after the repetition of the appropriation of £250,000 to replacement reserves, have risen from £804,548 to £1,151,331. That handsome though fortuitous increase has its sequel in a bigger ordinary dividend, which has been raised from 17½ to 22½ per cent. A bigger payment had been discounted in the market, because investors had seen that EPL was dead and that the motor industry was booming. Thus the 5s. ordinary shares gained only 4½d. to 22s. 3d. on the dividend announcement; at that price they yield just over 5 per cent.

★

HADFIELDS. This year Hadfields has again paid its dividend of 17½ per cent to its single shareholder, the Iron and Steel Realisation Agency. But its directors have sent a copy of the annual report to the company's employees and its former stockholders as well as to the Agency. That seems to be a preliminary step to the offer of the company's shares to the public. In his report, Lord Dudley Gordon anticipates the day by saying: "a revised capital structure of the company will in any case have to precede the devesting operation which will take place in due course."

Such a reconstitution of the company's capital is made the more necessary by the fact that the development and modernisation programme is now almost completed. That programme has been financed by advances from the Agency; at their peak these loans totalled £3,205,000, but by the beginning of this month three-fifths of them had been repaid. The chairman reports that the heavy expenditure has been "fully justified by the results." But the savings in costs that can be expected from new equipment do not seem to have worked their way through to the profit and loss account by October 2nd last. That account shows a slight decline in trading profits, from £1,344,155 to £1,157,708, although the total value of sales remained almost unchanged. The chairman attributes this result to the higher cost of wages and materials and to fluctuations in loading in certain sections of the works.

★

REYROLLE. The boom in the electrical engineering industry continues apace. Investors have been looking for bigger dividends from many of the companies that make up the industry. Reyrolle, the switchgear specialists, was one of that number. On the eve of the company's dividend announcement the £1 ordinary stock units rose 1s. to 92s. 6d. The bigger dividend duly came; the payment for 1954 is to be 15 per cent on a capital of £3,052,941. In 1953, an interim of 6¼ per cent had been paid on a capital of £2,035,294 before the "rights" issue and a final of 7½ per cent on a capital of £3,052,294 after that issue, the proceeds of which enabled Reyrolle to take up its quota of shares in C. A. Parsons.

The bigger dividend is backed by a rise in net profits; from £1,159,105 to £1,647,107. Much of that improvement is simply due to the demise of EPL, which in 1953 took £420,000 away from profits. The provision for all taxes is down from £1,888,153 to £1,519,294, so that the real increase in profits before tax was only £119,143. At the current price of 92s. 6d. the £1 ordinary stock units offer a yield of 3¼ per cent, which suggest that investors are still hoping for something more.

★

ALUMINIUM LIMITED. Aluminium is a metal that has been making great strides and conquering many new fields, yet the big producers have recently suffered some growing pains. British Aluminium has just announced a striking recovery from a period of reduced earnings. Aluminium Limited, the big Canadian producer, announces slightly reduced earnings for 1954 which was a year of rapid expansion and voracious demand. Net earnings for 1954 were $34,970,025, equal to $3.87 per share. The comparable figure for 1953, if depreciation had been calculated on the same basis, would have been $38,178,053, equal to $4.24 per share. Two factors seem to have entered into this drop in net revenue. Far the most important was the £3 million starting up cost at Kitimat in British Colombia, for the year marked the completion of the first stage of the Kitimat project. A secondary cause was the need to hold larger stocks outside Canada to meet the needs of various markets. Thus the group's sales from all sources amounted to 592,318 tons, compared with 597,779 tons in 1953, even though the group's production of primary aluminium in Canada advanced from 545,800 tons to 560,900 tons and although in the words of the president, Mr Nathanael W. Davis, "all the company's available output was marketed and in the later months of the year the company was unable to satisfy all the demands made upon it."

The company's long-term plans are not at all disturbed by the minor setback in earnings. With 74 per cent of its Canadian output hypothecated to long-term commitments to customers mainly in Britain and the United States the company is re-examining the adequacy of its expansion plans—at a time when the great Kitimat programme is still only up to one-sixth of its ultimate capacity.

★

CANADIAN PACIFIC. Three small items catch the eye in the massive annual report of Canadian Pacific Railway for 1954. (1) There was a net deficit of $2 million on shipping operations. The directors explain that the tonnage of westbound cargoes was reduced, while eastbound cargo rates, particularly on grain and flour, were at a low level. More passengers were carried but there were less patrons for cruising and total passenger revenue declined.

(2) Dividend income increased by $1.3 million. That increase was the natural sequel to the rise in the dividends paid by Consolidated Mining and Smelting from $1.20 to $1.35 a share.

(3) Gross receipts from petroleum rents, royalties and reservation fees rose by $1.1 million to $8.4 million. The company earned royalties on 13.6 million barrels, compared with 9.9 million in 1953.

Those items look small when set against railway receipts but they are of the greatest importance, for they largely provide the true element of equity in "Canpacs."

★

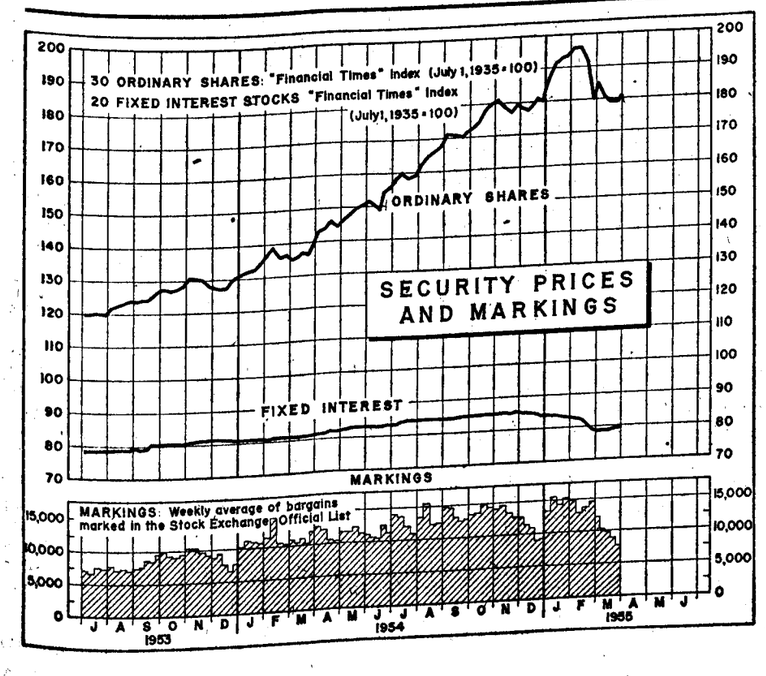
VAN DER BERGHS. Two members of the Unilever group, Van der Berghs and Jurgens and John Knight, have reported higher profits and have paid bigger dividends to the parent company. Reporting an increase in net profits from £975,170 to £1,209,299 in 1954, Van der Berghs has declared a tax-free dividend of 15 per cent, compared with 10 per cent in 1953. John Knight has raised its tax free dividend from 20 to 30 per cent, following an increase in net profits from £167,487 to £203,885.

★

BRITISH ROLLMAKERS. British Rollmakers has raised its ordinary dividend from 13 to 15 per cent though its profits before tax were slightly down, from £538,323 to £532,107, in 1954. Thanks to smaller taxes, however, net profits have risen from £210,207 to £275,101, of which the ordinary dividend absorbs £81,765.

★

WHITEHEAD IRON. The directors of Whitehead Iron and Steel have declared a final ordinary dividend of 11¼ per cent, thus fulfilling the forecast in the offer for sale to pay the equivalent of 17½ per cent, following an increase in net profits from £334,254 to £390,943.



LONDON STOCK EXCHANGE

Next Account begins: April 20th
Next Contango Day: April 20th
Next Settlement Day: April 26th

MARKETS as a whole have continued to rally strongly this week. Long-dated gilt-edged and industrial ordinary shares have joined in the upward movement which has never been abrupt. But it has been steep because jobbers were short of stock and markets narrow. In the gilt-edged market the feature has been the rise in the long-dated stocks. War Loan 3½ per cent which reached 85¾ at the end of last week touched 86¼ on Tuesday. The bears were obviously squeezed by the knowledge that the stock will go ex dividend on April 25th. Short-dated gilt-edged stocks did not rise with the longs. There the influence of some bank selling to restore liquidity ratios was still being felt. The whole gilt-edged market however drew fresh support from the end of March gold and dollar figures, showing that the measures to support sterling were having some effect.

Almost as a whole the industrial share market rose. The volume of business remained small despite some increase in volume on Tuesday when the number of markings rose to 8,750 compared with 7,583 a week earlier. Steel shares made particularly sharp advances, following the announcement of the County Council Election results. Stewarts and Lloyds gained 2s. 9d. on Tuesday to 53s. 3d. The stores group was also well supported although the hire purchase figures had not up to the middle of the week been made public. Although some market optimists had hoped for a larger dividend from United Drapery than the 50 per cent that was in fact declared as forecast, the shares rose 3d. to 43s. 3d.

Strong features appeared in the electrical manufacturing and engineering groups. Lancashire Dynamo rose 2s. 3d. to 59s. on Monday, following the dividend announcement and Associated Electrical Industries, which were standing at 66s. a week ago, touched 71s. Hoover Ordinary, which were 45s. at the end of last week, touched 47s. 6d. on Tuesday. The *Financial Times* ordinary share index has risen steadily to 186.6 on Tuesday, compared with 178.9 a week earlier. Coppers were supported.

FINANCIAL TIMES INDICES

1955	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
Mar. 29	178·9	109·67	3·94	4·90
„ 30	179·9	109·86	3·92	4·87
„ 31	181·9	109·89	3·92	4·82
April 1	183·0	109·88	3·94	4·79
„ 4	185·0	109·94	3·93	4·74
„ 5	186·4	109·97	3·93	4·70
1955, High.	197·5 (Feb. 3)	115·97 (Jan. 7)	Total bargains 1955 Mar. 29	7,583
„ Low.	175·7 (Mar. 15)	107·61 (Feb. 24)	„ 30	7,219
1954, High.	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 31	7,023
„ Low.	131·1 (Jan. 1)	111·78 (Jan. 5)	Apr. 1	7,500
			„ 4	9,707
			„ 5	8,750

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Apr. 5 High	Prices, 1955 Jan. 1 to Apr. 5 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Mar. 30, 1955	Price, April 5, 1955	Net Yield, April 5, 1955 §	Gross Yield, April 5, 1955
					£ s. d.	£ s. d.
97⅛	94 31/32	Exchequer 2% 1960	95⅛	95⅛	2 2 8	3 1 10
99 1/16	92⅜	Exchequer 2½% '63-64	93⅜	93 3/16	2 4 6	3 9 2
104⅛	98¼	Exchequer 3% 1960	99⅜	99⅛	1 16 2	3 3 10
102⅛	97	Exchequer 3% '62-63	98⅜	98 11/16	1 17 10	3 6 4
100⅛	96⅛	Serial Funding 2½% 1957	97⅛	97 1/16	2 3 0	3 6 9
100 31/32	99⅜	Serial Funding 3% 1955	99⅜	99 13/32	1 15 0	3 19 10
100⅛	98⅛	War Bonds 2½% '54-56	98⅜	98 3/16	2 6 10	3 12 0
100 1/16	98	Funding 2½% '52-57	98 3/16	98⅛	2 0 9	3 9 4
100 11/16	97⅛	War Loan 3% '55-59	98⅛	98⅛	2 0 1	3 7 2
100 13/16	93⅛	Savings Bonds 3% '55-65	95⅛	95⅜	2 3 6	3 11 9
100⅜	94⅜	Funding 2½% '56-61	95⅜*	95⅜*	2 2 6	3 5 5
97	89⅜	Funding 3% '59-69	91 3/16*	91 5/16*	2 7 0	3 15 4
98⅛	90⅜	Funding 3% '66-68	93⅛	93⅜	2 5 7	3 14 3
95 11/16	88	Funding 3½% 1999-2004	91⅛	91⅜	2 4 3	3 18 2
103 1/16	98⅛	Funding 4% '60-90	100⅜*	100⅛*	2 1 3	3 16 7
96⅜	87	Savings Bonds 3% '60-70	91⅛	91⅛	2 6 10	3 15 7
95 1/16	87⅛	Savings Bonds 2½% '64-67	89⅜*	89⅜*	2 7 2	3 10 11
105⅛	98	Victory 4% '20-76	101⅛	101⅛	2 2 0	3 18 1
94 1/16	85⅛	Savings Bonds 3% '65-75	88⅜	88⅜	2 7 5	3 16 10
97⅛	90⅛	Consols 4% aft. Feb. '57	95⅞	95⅞	2 6 3	4 4 5
89 1/16	79⅛	Conv. 3½% aft. April '61	84⅞*	85	2 5 4	4 2 5
103⅜	94⅞	Conv. 3½% 1969	97⅛	97⅛	2 2 9	3 15 0
99 11/16	95	Conv. 2½% 1958-59	96⅛	96 1/16	2 2 9	3 2 4
66⅛	59½	Treas. 2½% aft. April '75	62⅛*	62⅛	2 3 9	3 19 7
78⅛	70⅛	Treas. 3% aft. April '66	74*	74⅛	2 4 4	4 0 7
98⅜	91	Treas. 3½% '77-80	93⅛	93⅛	2 5 7	3 19 1
99 1/16	91	Treas. 3½% '79-81	93⅛	93⅛	2 5 9	3 19 0
88⅛	78	Redemption 3% '86-96	83*	83⅛	2 5 7	3 16 2
88 1/16	79⅛	War L'n, 3½% aft. Dec. '52	85⅛	85 1/16	2 5 3	4 2 9
66⅛	60	Consols 2½%	63⅛*	63⅛	2 3 3	3 18 7
94 1/16	86	Br. Elec. 3% '68-73	89⅛*	89⅜	2 7 8	3 16 6
93 1/16	85⅛	Br. Elec. 3% '74-77	88⅛	88⅜	2 6 9	3 15 11
109 1/16	100⅛	Br. Elec. 4½% '74-79	103⅜	103 1/16	2 1 11	3 19 4
98 1/16	91	Br. Elec. 3½% '76-79	93⅛	94 1/16	2 5 8	3 19 5
88 1/16	79⅛	Br. Trans. 3% '78-88	84⅛	84	2 7 4	3 18 2
94 1/16	86⅛	Br. Trans. 3% '68-73	89⅛*	89⅛*	2 7 8	3 16 6
105 1/16	98⅛	Br. Trans. 4% '72-77	101	101⅜	2 3 0	3 19 8
88 1/16	79⅛	Br. Gas 3% '90-95	83⅛*	83⅛*	2 5 9	3 16 2
102⅛	94⅛	Br. Gas 3½% '69-71	96⅛	96⅛	2 3 3	3 15 7
105⅛	99	Br. Gas 4% '69-72	102	102⅜	2 0 9	3 16 10

(e) To earliest date. (f) Flat yield. (l) To latest date. (§) Net yields are calculated after allowing for tax at 9s. 0d. in £. * Ex dividend. † Assumed average life 11½ years approximately.

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan. 1 to Apr. 5 High	Prices, 1955 Jan. 1 to Apr. 5 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Mar. 30, 1955	Price, April 5, 1955	Yield, April 5, 1955
							£ s. d.
97⅛	90⅜	94⅛	87⅛	Aust. 3½% '65-69	90⅛	90⅛	4 3 0
101⅛	97⅛	101⅛	95⅛	Ceylon 4% '73-75	96⅜	96⅛	4 5 3
106⅛	98⅛	103⅜	98	N. Zealand 4% '76-78	98⅛	98⅛	4 2 3
79⅛	71⅜	75⅜	66⅛	L.C.C. 3% aft. 1920	70⅜	71⅛	4 3 11
99⅛	95	99	91	Liverpool 3% '54-64	92⅛	92⅛*	4 0 0
87⅜	80⅛	84	75	M.Wtr.'B'3% '34-2003	76⅛	77⅛	4 1 6
104⅛	100	102	100	Agric. Mort. 5% '59-89	101⅛	101⅛	4 11 6
109⅛	71⅛	102⅛	91	German 7%	98⅛	99⅛	...
168⅛	102	164	149	German 5½%	154⅛	160	...
170⅛	132⅛	171	160	Japan 5% 1907	170	170⅛	...
198⅛	167	194⅛	190	Japan 5½% Conv. 1930	194⅛	194⅛	...

Prices, 1955 Jan. 1 to Apr. 5 High	Prices, 1955 Jan. 1 to Apr. 5 Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Mar. 30, 1955	Price, April 5, 1955	Yield, April 5, 1955
		%		%				£ s. d.
					BANKS & DISCOUNT			
58/6	48/9	5	a	7	b Barclays £1	52/6	52/6	4 11 5
76/7½	64/–	7	a	8	b Lloyds 'A' £5, £1 pd.	65/–	65/6	4 11 7
89/3	79/9	8	a	10	b Midland £1, fully pd.	81/–	81/–	4 8 11
87/–	78/3	8½	a	9½	b N. Prov. 'B' £5, £1 pd.	79/6	79/–	4 11 2
96/10½	87/–	8	a	8	b Westmstr'B'£4,£1¼pd.	89/6	89/6	4 9 5
69/–	52/–	7	a	8½	b Alexanders £1	52/6	52/6	4 15 3
58/6	49/6	5	a	7	b Nat. Disc. 'B' £1	52/–	51/–	4 14 1
60/–	51/3	5	a	7½	b Union Disc. £1	52/–	52/–	4 16 2
48/10½	39/6	4	a	4	b Barc. (D.C.O.) £1	40/6	42/–	3 16 2
51/9	43/3	7	a	7½	b Chart. Bk. of India £1	44/–	44/–	6 16 4
					INSURANCE			
17 1/16	14⅛	50	a	110	b Leg. & Gen. £1, 5/- pd.	15⅞	15⅞	2 10 4
23⅛	20⅛	20	a	45	b Pearl £1, fully pd.	22⅛	22⅛	5 3 11
46⅛	41⅛	112½	f	117½	c Prudential 'A' £1	43½	44	4 17 1
					BREWERIES, ETC.			
141/–	128/6	10	a	33	b Bass £1	130/–	132/6	6 9 11
29/0½	22/–	25	c	10	a Distillers 6/8	24/9	25/6	3 18 5½
49/6	40/3	8	a	15	b Guinness 10/-	44/–	46/10½	4 18 2
93/9	81/–	15½	b	7	a Whitbread 'A' Ord. £1	83/9	88/9	5 2 2

* Ex dividend. † Free of tax. Gross yield. • (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 14·4%. (h) Also 4% tax free bonus and 50% tax free from capital profits; on 24·8%. (i) On 13½%. (j) On 11½%. (k) On 8%. (l) To latest date. (m) On 10%. (n) On 9½%. (o) On 9%. (p) On 8½%. (q) On 22% gross. (r) On 37½%. (s) On 22·7% gross. (t) On 12·6%. (u) Interim for 15 months. On 12%. (v) On 7½%. (w) On 17½%. (x) On 12½%. (y) On 11%. (z) On 8½%. (§) On 20%. ‡ On 15%.

Prices, 1955 Jan. 1 to Apr. 5 High	Prices, 1955 Jan. 1 to Apr. 5 Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Mar. 30, 1955	Price, April 5, 1955	Yield, April 5, 1955
		%		%				£ s. d.
					STEEL & ENGINEERING			
42/9	35/9	15	c	15	c B.S.A. £1	37/3	38/–	4 12 1
13/10½	10/–	h15	c	3½	a Cammell Laird 5/-	12/–	12/6	5 18 5
...	27/–	...		...	Colvilles £1	27/–	28/–	...
8	c	Dorman Long £1				26/9	27/–	5 18 6
5	a	Guest Keen N'fold £1				65/3	68/9	4 7 3
12½	c	Stewarts & Lloyds £1				46/10½	52/6	4 15 3
6½	b	Summers (John) £1				30/6	34/6	5 14 0
6	b	United Steel £1				31/9	35/–	5 14 3
43/10½	35/9	15	c	2½	a Vickers £1	39/3	40/3	3 14 6
					TEXTILES			
6	b	Bradford Dyers £1				23/–	24/3	8 4 11
3	a	Brit. Celanese £1				28/3	29/9	6 1 0
2½	a	Coats (J. & P.) £1				24/–	25/–	6 0 0
4	a	Courtaulds £1				37/9	39/–	4 2 1
10	a	Lancs Cotton £1				28/6	30/6	8 3 11
2½	a	Patons & Baldwins £1				28/6	29/–	6 17 11
					MOTOR & AIRCRAFT			
3½	a	Bristol Aeroplane 10/-				19/7½	19/7½	5 1 11
8½	b	British Motor 5/-				10/7½	11/–	5 13 8
7½	c	De Havilland £1				25/3	25/6	5 17 8
10	b	Ford Motor £1				76/3*	78/1½*	3 16 10
7½	b	Hawker Siddeley £1				50/3	52/3	3 19 7
25	c	Leyland Motors £1				38/9	40/–	5 0 0
12½	b	5	a	Rolls Royce £1		75/–	78/9	2 19 3
12	c	Standard Motor 5/-				7/3	7/3	8 5 6
					SHOPS & STORES			
10	a	Boots Pure Drug 5/-				26/9	27/6	4 1 10
20	b	Debenhams 10/-				40/3	40/–	6 17 6
15	a	Gt. Universal 5/-				50/–	50/6	3 14 3
17½	b	5	a	Lyons (J.) 'A' £1		102/6	102/6	4 7 10
15	a	Marks & Spen. 'A' 5/-				63/6	67/–	2 16 0
36½	b	Woolworth 5/-				58/6	60/6	4 2 8
					OIL			
5	a	British Petroleum £1				73/9	75/–	2 5 4
7½	a	Burmah £1				108/9	113/1½	3 1 11
2½	a	B.I.C.C. £1				47/6	48/6	4 2 6
8	b	Brit. Aluminium £1				42/6	42/6	5 12 11
5½	a	Brit. Amer. Tob. 10/-				54/–	55/3	4 18 8
3	a	Canadian Pacific $25				$53½	$53½	5 4 0
1½	b	Decca Record 4/-				32/6	32/6	4 12 4
4	a	Dunlop Rubber 10/-				28/6	30/6	4 11 10
8½	b	English Elect. £1				63/9	63/9	3 18 5
4½	a	General Elect. £1				53/9	55/–	4 10 11
4	a	Imp. Chemical £1				41/6	42/3	4 0 6
12½	b	Imp. Tobacco £1				61/6	63/–	6 13 4
$2·35	c	$2·90	c	Inter. Nickel n.p.v.		$115⅜	$117	4 8 6
10	b	London Brick £1				62/6	62/6	5 12 0
15½	b	MonsantoChemicals5/-				28/6	29/–	3 17 7
14½	b	Tate & Lyle £1				63/3	64/4½	4 9 6
10	b	Tube Investments £1				77/6	77/6	4 10 4
17½	b	Turner & Newall £1				101/3	105/–	4 5 9
6	a	Unilever £1				79/–	81/–	3 2 3
†7½	b	†4	a	United Molasses 10/-		36/–	38/–	5 15 9
10†	c	2½	†a	Cons. Tea & Lands £1		40/6	40/6	8 19 6
10	c	London Asiatic Rbr. 2/-				2/–	2/–	10 0 0
15	b	7½	a	United Sua Betong £1		43/1½	43/1½	8 2 4
					MINES			
20	a	50	b	Anglo-Amer. 10/-		7 15/16	7 17/32*	4 8 11
80	a	120	b	De Beers 5/- Bearer		116/3*	116/3	8 12 0
...	...			Free State Geduld 5/-		90/7½	83/9	Nil
10	b	Randfontein £1				65/7½	63/9	4 14 1
22	c	24	c	London Tin 4/-		7/6	7/6	12 16 0
200	b	50	a	Rhokana £1		37½	38½	6 10 9

New York Closing Prices

	Mar. 30 $	Apr. 4 $		Mar. 30 $	Apr. 4 $		Mar. 30 $	Apr. 4 $
Balt. & Ohio	42⅛	43½	Am. Smelting	45⅛	48	Inter. Paper	87½	87⅛
Can. Pac.	29	29⅛	Am. Viscose	45½	46⅛	Nat. Distill.	21	21⅛
N.Y. Cent.	37⅜	36⅜	Col. of Am.	22	22⅛	Sears Roebuck	81	80⅛
Pennsyl.	26⅛	26⅜	Chrysler	72½	72⅝	Shell	60⅛	61⅛
Amer. Tel.	179⅜	179⅜	Gen. Elec.	49½	51⅛	Std. Oil of N.J.	112	113⅛
Stand. Gas	10⅛	10⅛	Gen. Motors	93⅛	94⅛	U.S. Steel	78⅛	79⅛
United Corp.	6⅜	6⅜	Goodyear	58⅜	58	Westinghouse	76⅜	78⅛
W. Union Tel.	95⅛	95⅛	Inter. Nickel	63⅞	64⅜	Woolworth	49⅜	49⅜

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	April 2nd	Western Europe:	
Production and Consumption	This week	Production and Trade	April 2nd
Manpower	Mar. 19th	British Commonwealth	This week
External Trade	Mar. 26th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Mar. 19th
Industrial Profits	Jan. 15th	United States	Mar. 26th
		World Trade	Jan. 15th

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages 1952	Monthly averages 1953	Monthly averages 1954	1953 Dec.	1954 Jan.	1954 Feb.	1954 Nov.	1954 Dec.	1955 Jan.	1955 Feb.
INDUSTRIAL PRODUCTION												
Index:												
All industries		1948=100	114	121	128	121	127	130	139	129	133	137-138 [a]
Mining and quarrying		"	109	109	110	108	117	118	118	107	114	...
Building and contracting		"	103	110	112	108	110	111	113 [b]	113 [b]	...	...
Gas, electricity and water		"	127	132	142	148	162	166	158	161	175	...
Manufacturing, total		"	115	123	132	123	129	133	144	134	137	...
Engineering, shipbuilding, electrical goods		"	127	129	138	132	136	139	154	146	...	...
Vehicles		"	124	138	155	138	150	153	168	162	...	...
Chemical trades		"	132	151	166	151	164	167	177	165	...	...
Textiles and clothing		"	99	114	117	105	119	124	121	107	...	...
Food, drink and tobacco		"	108	114	116	114	108	108	122	115	...	...
BASIC MATERIALS												
Production of:												
Coal [1] [3]	W	'000 tons	4,332	4,300	4,298	4,251	4,591	4,605	4,586	4,132	4,408	4,518
Pig-iron	W	"	202	215	229	225	230	222	235	234	236	242
Steel, ingots and castings	W	"	310	339	356	339	360	357	377	355	381	394
Sulphuric acid	M	"	125·5	156·3	170·2	178·5	174·8	166·1	163·0	181·3	...	...
Newsprint	W	"	10·32	11·60	11·77	10·99	11·92	12·53	12·97	11·62	...	...
Electricity [2]	M	mn. kwh	5,166	5,459	6,075	6,533	7,122	6,609	6,984	7,354	7,988	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	14·82	17·97	19·17	18·63	19·80	20·05	20·79	18·25	19·10	19·43
Worsted yarn	M	"	14·84	18·40	18·80	18·85	19·27	18·19	20·46	18·46	18·43	...
Rayon and synthetic fibres, total	M	"	23·59	34·94	37·30	34·86	37·24	34·80	37·99	36·04	38·18	37·10
" " " " staple fibre	M	"	10·59	16·85	19·00	16·69	18·68	17·18	19·50	17·97	19·25	19·00
Cotton cloth, woven	W	mn. yds.	32·5	35·2	38·3	36·5	39·1	39·5	41·8	36·6	39·3	40·7
Wool fabrics, woven	M	mn. sq yds	31·5	34·3	34·5	33·4	36·8	33·4	39·2	34·9	37·5	...
Engineering production:												
Passenger cars and chassis	W	'000s	8·62	11·44	14·79	12·11	13·38	14·03	15·77	15·20	17·29	...
Commercial vehicles and chassis	W	"	4·65	4·61	5·17	4·71	5·00	5·06	6·12	5·58	6·33	...
Metal-working machine tools	M	'000 tons	12·58	12·63	...	10·86	10·09	10·94	12·10	...	...	...
Internal combustion engines	M	'000 BHP	331	311	356	303	330	326	407	516	...	...
BUILDING ACTIVITY												
Permanent houses completed: [1]												
Total	M	'000s	19·99	26·56	28·97	33·51	24·60	19·79	29·32	30·66	20·97	23·35
For private owners	M	"	2·86	5·24	7·55	6·80	5·60	4·73	8·29	8·77	6·76	6·71
For local housing authorities	M	"	16·11	19·91	19·58	24·42	17·14	13·97	19·67	20·20	13·37	15·63
Other	M	"	1·03	1·41	1·83	2·29	1·86	1·09	1·36	1·70	0·84	1·01
WHOLESALE SALES [1]												
Textile houses:		Av. value										
Total home sales		1950=100	90	95	95	87	53	86	115	94	56	86
Women's and children's wear		"	90	96	96	85	52	92	110	90	56	90
Men's and boys' wear		"	82	91	90	86	48	69	111	94	52	70
Piece-goods		"	68	66	63	57	46	79	58	52	40	77
RETAIL SALES [1]												
Large retailers:		Weekly										
All merchandise		av. value	117	124	132	162	118	115	141	179	127	...
Clothing and footwear		1950=100	110	113	125	175	99	89	136	200	105	...
Household goods		"	102	110	125	133	112	99	149	160	128	...
Independent retailers:												
Clothing and footwear		"	95	94	97	131	90	72	101	138	93	...
Household goods		"	109	120	132	149	120	115	156	177	141	...
STOCKS												
Basic materials:												
Coal, distributed [1]		'000 tons	15,801	17,614	15,670	17,614	15,441	13,457	17,275	15,670	12,902	11,377
Steel		"	817	1,112	899	1,112	1,027	984	973	899	...	...
Copper [4]		"	131·9	55·3	61·5	55·3	60·4	60·1	61·6	61·5	...	...
Sulphur		"	211·8	66·8	67·2	66·8	53·8	87·1	68·5	67·2	...	...
Newsprint		"	189·7	110·6	97·5	110·6	111·6	108·4	103·0	97·5	...	...
Textiles:		Av. value										
Wholesale houses, total [1]		1950=100	74	89	95	89	101	118	106	95	104	116
Large retailers, clothing and footwear [1]		"	92	102	107	102	95	114	125	107	99	...

[1] Great Britain. [2] Provisional estimate. [3] 1954 figures exclude all screening losses normally amounting to around 5,000 tons a week. [4] Excluding government stocks from August, 1953. [5] Figures for fourth quarter.

British Commonwealth

PRODUCTION OF FUEL AND POWER (1)

Monthly averages or calendar months	Coal				Crude petroleum		Electricity				
	Australia	Canada	India	S. Africa	Canada	Pakistan	Australia	Canada	India	N. Zealand	S. Africa
	'000 tons						million kwh				
1938	973	805	2,362	1,526	72	...	363	2,168	...	...	478
1953	1,534	1,031	2,987	2,335	889	19·3	1,079	5,457	552	286	1,112
1954	...	947	3,064	2,404	1,062	...	...	5,761	...	312	1,220
1954, August	1,746	641	2,958	2,406	1,213	21·8	1,321	5,447	635	353	1,299
„ September	1,831	958	3,171	2,432	1,176	20·5	1,255	5,510	648	331	1,219
„ October	1,724	1,035	2,921	2,484	1,155	22·0	1,243	6,131	627	320	1,252
„ November	1,752	1,196	3,323	2,500	1,100	...	1,212	6,206	654	304	1,229
„ December	...	1,098	3,503	2,557	1,278	...	...	6,556	...	302	1,221

PRIMARY PRODUCTION (2)

Monthly averages or calendar months	Copper		Rubber		Tin	Steel				Gold		
	Canada	N. Rhodesia	Ceylon	Malaya	Malaya	Australia	Canada	India	S. Africa	Australia	Canada	S. Africa
	'000 tons									'000 fine ounces		
1938	17·7	17·7	4·2	30·0	5·31	100	96	78	25	132·7	394	1,013·4
1953	16·0	28·4	8·2	47·9	5·20	170	306	126	106	89·7	338	994·7
1954	19·5	28·8	7·8	48·7	5·93	183	237	...	117	...	...	1,102·3
1954, October	21·8	29·9	7·5	50·3	6·10	200	249	143	116	88·7	380	1,157·6
„ November	20·9	28·8	9·9	54·8	5·94	178	256	146	119	95·4	...	1,163·1
„ December	21·2	28·8	11·2	54·6	5·72	178	246	...	137	...	...	1,191·8
1955, January	22·0	7·1	9·6	57·2	...	...	...	...	...	...	...	1,162·3
„ February	...	...	4·5	48·9	...	...	...	...	...	...	...	1,115·0

EXTERNAL TRADE (3)

Monthly averages or calendar months	Australia		Canada		India		New Zealand		Pakistan		S. Africa	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	mn. £A		mn. C$		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1938	10·6	11·8	56	71	...	...	4·62	4·76	...	...	7·97	2·71
1953	42·5	70·9	365	348	471	442	16·01	19·60	112·7	125·8	35·45	27·93
1954	56·5	68·1	341	329	...	...	...	...	92·8	107·2	...	...
1954, September	70·3	55·0	325	337	485	505	24·8	19·2	79·2	74·6	34·7	23·4
„ October	64·6	73·9	333	318	542	475	21·4	14·9	88·5	90·4	34·0	29·9
„ November	54·9	50·9	372	369	604	656	...	12·3	112·3	103·0	31·3	29·2
„ December	64·4	85·0	337	391	490	604	...	...	91·0	124·6	...	...
1955, January	...	...	307	310	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES (4)

Monthly averages or calendar months	Gold and Foreign Exchange Holdings					Cost of Living						
	Australia	Canada	India	New Zealand	S. Africa	Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1948 = 100						
1938	281	220	485	41	259	69	66	35	72	...	68	71
1953	1,361	1,826	1,765	204	295	178	120	108	134	112	130	136
1954	...	1,955	1,782	238	414	180	121	104	141	110	133	137
1954, October	...	1,908	1,770	273	365	180	121	104	141	111	134	136
„ November	...	1,931	1,761	245	373		121	101		110	135	136
„ December	...	1,955	1,782	238	414		121	100		109	135	136
1955, January	...	1,946	...	229	395	...	121	...	...	...	...	136
„ February	...	1,852	...	...	403	...	...	...	...	...	...	...

(1) Petroleum production in Canada in 1938 includes natural gasoline. 1938 figure of electricity production in Australia is for 12 months ended June 30th; figures for New Zealand represent about 87 per cent of total generation. (2) Copper and tin refer to metal production. (3) General trade (including re-exports) except for Canada, which is special trade only. Imports are c.i.f. except for Australia, Canada and S. Africa which are f.o.b.; exports are f.o.b. Trade for India and Pakistan includes that going by land; annual figures for India are for 12 months beginning April 1st of year stated and for Australia and Pakistan 12 months ended June 30th. (4) Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia include holdings of commercial banks. Cost of living for Pakistan is based on 12 months ended March, 1949, as 100; for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. Annual figures for Australia are for year ended June 30th. (5) Including foreign investments.

Financial Statistics

EXCHEQUER RETURNS

For the five days ended March 31st there was an "above-line" deficit (after allowing for Sinking Funds) of £21,346,000 compared with a deficit of £1,546,000 in the previous week and a deficit of £56,654,000 in the corresponding period of last year. This brought the cumulative account to a surplus of £433,166,000 (compared with a surplus of £93,638,000 in 1953-54).

£'000	Estimate, 1954–55	April 1, 1953 to Mar. 31, 1954	April 1, 1954 to Mar. 31, 1955	4 Days ended Mar. 31, 1954	5 Days ended Mar. 31, 1955
Ord. Revenue					
Income Tax	1800,000	1730,991	1892,965	9,118	41,309
Sur-tax	132,000	132,400	134,700	1,500	2,600
Death Duties	164,375	164,500	187,900	1,800	2,100
Stamps	55,000	56,600	75,100	800	1,830
Profits Tax & EPT	172,000	188,400	172,800	2,000	2,400
Excess Profits Levy	60,000	65,850	76,500	300	1,150
Special Contribution and other Inland Revenue	1,000	1,390	1,280	...	...
Total Inland Rev.	2384,375	2340,131	2541,245	15,518	51,389
Customs	1062,500	1042,396	1100,049	4,451	14,832
Excise	719,000	721,975	771,637	2,210	4,620
Total Customs and Excise	1781,500	1764,371	1871,686	6,661	19,452
Motor Duties	77,000	73,115	78,980	...	392
PO (Net Receipt)	...	...	5,100	*Dr.* 4,820	*Dr.* 2,720
Broadcast Licences	21,000	16,400	22,300	1,350	2,200
Sundry Loans	24,000	38,014	23,024	...	...
Miscellaneous	245,000	136,099	195,558	196	2,243
Total	4532,875	4388,130	4737,892	19,405	72,956
Ord. Expenditure					
Debt Interest	570,000	579,760	569,723	*Cr.* 2,409	*Cr.* 807
Payments to N. Ireland Exchequer	51,000	50,064	50,191	...	...
Other Cons. Fund	10,000	9,324	8,812	187	209
Supply Services	3859,739	3599,719	3639,933	78,211	94,140
Total	4490,739	4238,867	4268,659	75,989	94,042
Sinking Funds	36,000	35,625	36,067	70	260
"Above-line" Surplus or Deficit	+ 93,638	+ 433,166	— 56,654	— 21,346	
			Cr. 54,120	*Cr.* 10,427	
"Below-line" Net Expenditure*	379,401	493,647	—	—	
Total Surplus or Deficit*	285,763	60,481	2,534	10,919	
Net Receipts from:					
Tax Reserve Certificates	54,764	18,704	8,813	15,112	
Savings Certificates	19,050	45,850	...	...	
Defence Bonds	— 38,088	21,290	...	...	

* Since end September the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at March 31st this item stood at £45,100,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
Mar. 31	4,491·4		327·9	...	4,819·4
Dec. 31	3,420·0	1,823·5	263·4	...	5,505·9
1955					
Jan. 8	3,400·0	1,771·4	264·7	...	5,436·0
„ 15	3,350·0	1,719·2	260·4	...	5,330·0
„ 22	3,310·0	1,662·7	262·3	...	5,235·0
„ 29	3,270·0	1,642·2	243·2	...	5,155·4
Feb. 5	3,240·0	1,575·9	236·8	...	5,052·7
„ 12	3,190·0	1,557·1	251·8	...	4,998·9
„ 19	3,160·0	1,674·1	286·4	...	5,120·4
„ 26	3,150·0	1,691·5	268·0	...	5,109·5
Mar 5	3,160·0	1,709·4	286·2	...	5,123·9
„ 12	3,170·0	1,710·8	274·6	...	5,155·4
„ 19	3,180·0	1,731·3	297·4	...	5,208·7
„ 26	3,180·0	1,741·5	329·1	...	5,250·6
„ 31	4,931·4		315·2	...	5,246·6

THE MONEY MARKET

The offer of Treasury bills at the tender on Friday last was down by £10 million, to £270 million; and total applications remained high—falling by less than £2 million, to £408.5 million. But the firm hand maintained by the authorities in the money market dissuaded the discount houses from raising their bid of £99 1s. 0d. per cent, which has remained unchanged at every tender since the increase in Bank rate on February 24. The market's allotment fell from 51 per cent to 48 per cent. At the tender on Thursday the offer was further reduced to £250 million.

The market was again "in the Bank" on Monday, despite a fair amount of official aid. As on most occasions in recent weeks, only one or two houses were affected and only for small amounts. On Tuesday conditions were more comfortable, though some official help was still needed. May and June maturities changed hands at 3⅛ per cent and 3⅛ per cent.

In the foreign exchange market spot sterling rose on Monday to $2.79½, the highest of the year. The rate for transferable sterling in overseas markets however fell back slightly, to $2.76⅞-$2.76¾.

Following the reduction in the New York price of silver from 88½ cents to 87 cents an ounce after the week-end, the London price fell on Tuesday by 1½d. an ounce to 75¾d. an ounce. On account of uncertainty over future movements in New York however few dealings took place.

LONDON MONEY RATES

	%		%
Bank rate (from 31/%, 24/2/55)	4½	**Discount rates**	
		Bank bills: 60 days	3⅝
		3 months	3⅝
Deposit rates (max)		4 months	3⅝–3¾
Banks	2½	6 months	3¾–4
Discount houses	2½*		
Money Day-to-day	2½–3½		
Short periods	2½–3	Fine trade bills:	
Treas. bills 2 months	3⅛	3 months	4⅛–4¼
3 months	3⅛	4 months	4¼–4½
		6 months	4½–4⅝

*Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	Mar. 31	Mar. 23	Mar. 30
Issue Department:			
Notes in circulation	1,576·9	1,683·3	1,696·3
Notes in banking dept.	48·5	42·1	29·1
Govt. debt and securities*	1,621·7	1,721·3	1,721·2
Other securities	0·8	0·7	0·8
Gold coin and bullion	2·9	3·4	3·4
Banking Department:			
Deposits:			
Public accounts	30·6	19·1	11·7
Treasury special account	1·0	3·0	4·1
Bankers	262·7	271·3	275·7
Others	72·9	65·4	66·4
Total	367·2	358·8	357·9
Securities:			
Government	303·4	308·8	312·7
Discounts and advances	15·2	8·6	16·1
Other	15·9	15·6	16·2
Total	334·5	333·0	345·0
Banking department reserve	51·3	44·5	31·5
	%	%	%
"Proportion"	13·9	12·3	8·8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced from £1,775 million to £1,725 million on January 20, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment: s.	d.	Allotted at Max. Rate* %
1954						
April 2	270·0	399·0	270·0	42	4·01	58
Dec. 31	260·0	373·5	260·0	37	3·82	68
1955						
Jan. 7	230·0	575·5	230·0	38	4·29	43
„ 14	230·0	344·1	230·0	38	11·97	61
„ 21	220·0	351·1	220·0	40	3·46	51
„ 28	210·0	376·8	210·0	46	7·33	32
Feb. 4	220·0	387·4	220·0	46	3·27	39
„ 11	230·0	363·0	230·0	46	3·57	50
„ 18	250·0	366·9	250·0	46	3·97	60
„ 25	260·0	381·9	260·0	75	5·32	50
Mar. 4	260·0	390·7	260·0	75	8·93	50
„ 11	270·0	393·9	270·0	76	0·65	61
„ 18	270·0	385·2	270·0	75	11·64	56
„ 25	280·0	410·2	280·0	78	11·21	51
April 1	270·0	408·5	270·0	75	10·33	48

* On April 1st tenders for 91 day bills at £99 1s. 0d. secured about 48 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £250 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: April 5	Market Rates: Spot: March 30	March 31	April 1	April 2	April 4	April 5
United States $	2·78–2·82	2·79½–2·79⅝	2·79⅜–2·79⅞	2·79⅜–2·79⅞	2·79⅜–2·79⅞	2·79⅞–2·79⅞	2·79⅞–2·79⅝
Canadian $	...	2·74⅞–2·74⅞	2·74⅞–2·74⅞	2·74⅝–2·74⅝	2·74⅝–2·74⅝	2·74⅝–2·74⅝	2·74⅝–2·74⅝
French Fr.	972–985–987·35	977½–978	977½–978	978–978½	978½–979⅝	979½–979⅝	980–980½
Swiss Fr.	12·15⅜–12·33⅜	12·28½–12·28⅝	12·28½–12·28⅝	12·28½–12·28⅝	12·28½–12·28⅝	12·28½–12·28⅝	12·28½–12·28⅝
Belgian Fr.	138·95–141·05	139·95–140·00	139·97½–140·02½	139·97½–140·02½	139·97½–140·02½	139·97½–140·02½	140·00–140·25
Dutch Gld.	10·56–10·72	10·64½–10·65½	10·64½–10·64⅝	10·64½–10·65	10·65–10·65½	10·65½–10·66	10·65–10·65½
W. Ger. D-Mk.	11·67⅜–11·84⅜	11·80–11·80½	11·79½–11·80½	11·79½–11·80½	11·79½–11·80½	11·80½–11·80⅝	11·80–11·80⅝
Portuguese Esc.	79·90–81·10	80·10–80·20	80·10–80·20	80·10–80·25	80·10–80·25	80·10–80·25	80·10–80·20
Swedish Kr.	14·37½–14·59½	14·54½–14·54¾	14·54½–14·54¾	14·54½–14·54½	14·54½–14·54½	14·54½–14·55	14·55½–14·55½
Danish Kr.	19·19½–19·48½	19·39½–19·39½	19·39½–19·39½	19·39½–19·40½	19·39½–19·40½	19·39½–19·40½	19·39½–19·39½
Norwegian Kr.	19·85–20·15	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½
One Month Forward Rates							
United States $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
Canadian $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
French Fr.		Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis
Swiss Fr.		2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm
Belgian Fr.		⅛–¼ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm
Dutch Gld.		2¾–2¼c. pm	3–2¼c. pm	3–2¼c. pm	3–2¼c. pm	3–2¼c. pm	3–2¼c. pm
W. Ger. D-Mk.		1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm
Swedish Kr.		10 pm–par	10 pm–par	10 pm–par	10 pm–par	10 pm–par	10 pm–par
Danish Kr.		Par–2½ dis	Par–2½ dis	Par–2½ dis	Par–2½ dis	Par–2½ dis	Par–2½ dis
Norwegian Kr.		10 pm–10 dis	10 pm–10 dis	10 pm–10 dis	10 pm–10 dis	10 pm–10 dis	10 pm–10 dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/0½	251/0½	251/0	...	251/0	250/9½

ROYAL INSURANCE COMPANY LIMITED

for

complete insurance protection and service

• • •

Head Offices:

1 North 'ohn St. LIVERPOOL 2 | 24/28 Lombard St. LONDON E.C.3

Look Westward!

More and more business men are exploring the great potentialities of the Canadian market. If you are interested the Bank of Montreal will be glad to provide you with information and guidance based on over 135 years' experience of Canadian commercial affairs.

CANADA'S OLDEST BANK

BANK OF MONTREAL

47 THREADNEEDLE STREET, LONDON E.C.2

Head Office : MONTREAL

626 Branches across Canada. Assets Exceed $2,500,000,000

Incorporated in Canada in 1817 with Limited Liability

ABRIDGED REPORT

CANADIAN PACIFIC RAILWAY COMPANY

(Incorporated in Canada with Limited Liability)

SEVENTY-FOURTH ANNUAL REPORT OF THE DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 1954

TO THE SHAREHOLDERS:

The year 1954 saw a decline from the high levels of economic activity which characterized the two previous years, and an intensification of competition in business generally. Gross railway earnings decreased $48 million, or 10% from the previous year. The decline in the volume of freight traffic in terms of revenue ton miles was 14%.

The greater part of the reduction in traffic volume was accounted for by a decrease of about one-third in the movement of grain and grain products because of reduced export demands. It is significant that while decreases were also recorded over a wide range of manufactured and miscellaneous goods, there were many commodities which showed increases. After mid-1954, an improvement occurred in the trend of traffic.

The decrease in traffic necessitated a strict control of expenses. The reduction in outlay for maintenance was greater proportionately than the drop in traffic volume. This was accomplished by the elimination of all but the most pressing maintenance work. Substantial operating economies were effected through a further increase in the use of diesel power. By these means, the decrease in net railway earnings was held to $1.9 million.

The results for the year represent a return on net railway investment of 2.15% as compared with 2.40% in 1953. The continuing low level of results of recent years, due to the failure of revenues to increase as rapidly as expenses, has been of great concern to your Directors.

Net Income, after providing for payment of dividends of 4% on Preference Stock, was sufficient to pay $1.50 per share on Ordinary Stock and leave 44 cents per share as retained earnings.

The Income, Profit and Loss and Land Surplus Accounts of your Company show the following detailed results for the year ended December 31, 1954:

INCOME ACCOUNT

Gross Earnings		$422,642,423
Working Expenses		395,609,497
Net Earnings		$ 27,032,926
Other Income		17,835,319
		$ 44,868,245
Fixed Charges		15,041,997
Net Income		$ 29,826,248
Dividends:		
Preference Stock	$ 3,091,101	
Ordinary Stock	20,714,318	
		23,805,419
Balance transferred to Profit and Loss Account		$ 6,020,829

PROFIT AND LOSS ACCOUNT

Profit and Loss Balance, December 31, 1953		$283,294,249
Balance of Income Account for the year ended December 31, 1954	$ 6,020,829	
Portion of steamship insurance recoveries representing adjustment of excess over net book value, and compensation for increased cost of tonnage replacement	1,608,609	
Excess of considerations received for sales of properties over book values, and miscellaneous items	1,222,238	
		8,851,676
Profit and Loss Balance, December 31, 1954, as per Balance Sheet		$292,145,925

LAND SURPLUS ACCOUNT

Land Surplus December 31 1953		$ 84,601,387
ADD:		
Receipts from Petroleum Rents, Royalties and Reservation Fees	$ 8,439,780	
Land and Townsite Sales	3,567,151	
Miscellaneous Receipts	885,925	
	$ 12,892,856	
DEDUCT:		
Administrative and Other Expenses	$ 675,953	
Taxes (incl. $3,800,000 income taxes)	4,483,264	
Inventory Value of Lands Sold	57,305	
Miscellaneous... Cr.	1,136	
	5,215,386	
		7,677,470
Land Surplus December 31, 1954, as per Balance Sheet		$ 92,278,857

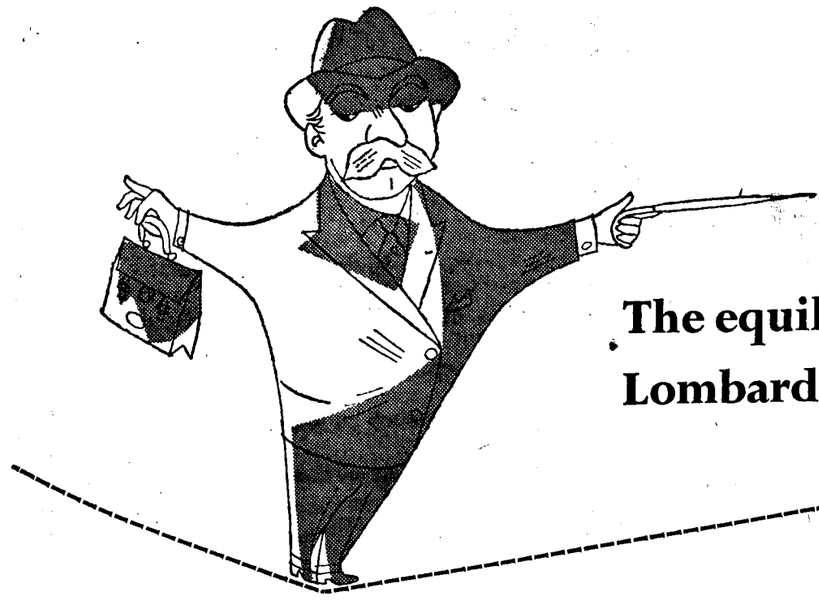
GENERAL BALANCE SHEET, DECEMBER 31 1954

ASSETS

Property Investment:		
Railway, Rolling Stock and Inland Steamships	$1,233,595,863	
Improvements on Leased Property	143,864,885	
Stocks and Bonds—Leased Railway Companies	133,972,534	
Ocean and Coastal Steamships	70,310,628	
Hotel, Communication and Miscellaneous Properties	112,669,722	
		$1,694,213,632
Other Investments:		
Stocks and Bonds—Controlled Companies	$ 84,159,303	
Miscellaneous Investments	34,805,312	
Advances to Controlled and Other Companies	11,320,328	
Mortgages Collectible and Advances to Settlers	1,026,734	
Deferred Payments on Lands and Townsites	4,726,766	
Unsold Lands and Other Properties	8,125,242	
Insurance Fund	13,188,540	
Steamship Replacement Fund	15,202,844	
		172,555,069
Current Assets:		
Material and Supplies	$ 50,567,370	
Agents' and Conductors' Balances	16,124,372	
Miscellaneous Accounts Receivable	22,746,359	
Government of Canada Securities	44,929,158	
United Kingdom Treasury Bills	2,991,317	
Cash	43,877,055	
		181,235,631
Unadjusted Debits:		
Insurance Prepaid	$ 115,399	
Unamortized Discount on Bonds	4,385,269	
Other Unadjusted Debits	2,029,345	
		6,530,013
		$2,054,534,345

LIABILITIES

Capital Stock:		
Ordinary Stock	$ 345,300,350	
Preference Stock—4% Non-cumulative	137,256,921	
		$ 482,557,271
Perpetual 4% Consolidated Debenture Stock	$ 419,921,388	
Less: Pledged as collateral to bonds	127,372,500	
		292,548,888
Funded Debt		172,793,500
Current Liabilities:		
Pay Rolls	$ 9,208,925	
Audited Vouchers	11,714,879	
Net Traffic Balances	2,151,448	
Miscellaneous Accounts Payable	11,741,120	
Accrued Fixed Charges	1,136,309	
Unmatured Dividends Declared	11,887,639	
Other Current Liabilities	24,263,844	
		72,104,164
Deferred Liabilities		4,119,502
Reserves and Unadjusted Credits:		
Depreciation Reserves	$ 577,853,264	
Investment Reserves	1,260,221	
Insurance Reserve	13,188,540	
Contingent Reserves	4,118,419	
Tax Equalization Reserve	5,500,000	
Unadjusted Credits	6,869,020	
		608,789,464
Premium on Capital and Debenture Stock		37,196,774
Land Surplus		92,278,857
Profit and Loss Balance		292,145,925
		$2,054,534,345



The equilibrist of Lombard Street . . .

Delightful as it might be to finance trips to the moon or devices for perpetual motion—would you do it with money entrusted to you for safe-keeping?

The investment experts of the Insurance Offices are sometimes criticised for not indulging heavily in so-called 'risk' investments. But the funds which they handle are, in the main, the savings of millions of policy-holders. These funds *must* be safely and shrewdly invested.

The Insurance Offices are really much more enterprising than their critics believe. They are by no means wedded to 'gilt-edged' for life. One third of their assets are invested in Industry: and in 'equities' alone £500 million.

In fact a happy balance is preserved between security and enterprise. Because Insurance funds are vast and safe, people trust Insurance. And only because people trust Insurance are the funds vast and safe. Insurance is being responsibly, resourcefully—yes, even creatively—handled by practical people with *your* interests in the forefront of their minds.

British Insurance Offices

SAVINGS SERVICE and STABILITY

". . . It is in the regular collection of small savings and their investment in productive enterprises that life assurance, particularly 'home service' life assurance such as we supply, is so prominent and of such value to the economic stability of the country . . ."

From the Chairman's Statement at the Company's Annual General Meeting, March, 1955.

REFUGE ASSURANCE COMPANY LIMITED

Chief Office:
OXFORD STREET
MANCHESTER 1

THE
HONGKONG AND SHANGHAI BANKING CORPORATION

(Incorporated in the Colony of Hong Kong)
The Liability of Members is limited to the extent and in manner prescribed in Chapter 70 of the Laws of Hong Kong.

CAPITAL ISSUED AND FULLY PAID UP ...	$25,000,000
RESERVE FUNDS STERLING	£7,687,500
RESERVE LIABILITY OF MEMBERS ...	$25,000,000

HEAD OFFICE: HONG KONG
Chairman: C. BLAKER, M.C., E.D.
Chief Manager: MICHAEL W. TURNER
London Office: 9, Gracechurch Street, E.C.3

London Managers: S. A. Gray M.C., A. M. Duncan Wallace, M. D. Scott.

BRANCHES:

BURMA: Rangoon
CEYLON: Colombo
CHINA: *Shanghai
DJAWA (JAVA): Djakarta, Surabaja
EUROPE: Hamburg, Paris
HONG KONG: Hong Kong, Kowloon, Mongkok
INDIA: Bombay, Calcutta
INDO-CHINA: Saigon
JAPAN: Kobe, Osaka, Tokyo, Yokohama
MALAYA: Cameron Highlands, Ipoh
MALAYA—contd.: Johore Bahru, Kuala Lumpur, Malacca, Muar, Penang, Singapore, Singapore (Orchard Rd.), Sungei Patani, Teluk Anson
NTH. BORNEO: Brunei Town, Jesselton, Kuala Belait, Sandakan, Tawau
PHILIPPINES: Iloilo, Manila
SIAM: Bangkok
UTD. KINGDOM: London
U.S.A.: New York, San Francisco

* Not at present operating.

BANKING BUSINESS OF EVERY KIND TRANSACTED

A comprehensive service as Trustees and Executors is also undertaken by the Bank's Trustee Companies in

HONG KONG LONDON SINGAPORE

SECURITY AND *MORE*

Let your money earn a tax-paid return of

2¾%

EQUIVALENT TO 5% ON AN INVESTMENT TAXED AT STANDARD RATE

Interest accrues from day of investment. Facilities for prompt withdrawal. For full details, write or telephone:

City Prudential Building Society

ASSETS EXCEED £8,000,000

17 HOLBORN VIADUCT, LONDON, E.C.1. TELEPHONE: CITY 8323
131/132 PARK LANE, LONDON, W.1. TELEPHONE: MAYFAIR 9581
AND AT BELFAST · BIRMINGHAM · BRADFORD · BRIGHTON · LEEDS
LIVERPOOL · MANCHESTER · READING · SWANSEA · WEMBLEY · WORCESTER · WORTHING

COMPANY MEETINGS

BONDOR LIMITED

MR JOHN GOODENDAY'S STATEMENT

The following is Mr John Goodenday's statement circulated with the report and accounts:

The accounts now presented differ in one material respect from previous years. The consolidated balance sheet and profit and loss account include the figures of our Australian subsidiary, Kayser Proprietary Limited.

HOME TRADE

I will, therefore, deal with our affairs at home first. The volume of sales achieved by Kayser Bondor Limited was almost 10 per cent higher than in the previous year. Trading conditions in the hosiery division continued to be satisfactory although competition has been keener. There was no difficulty in disposing of the output of the factories but we reduced profit margins. Business in the underwear division has continued to be highly competitive, but we have made good progress and, as in hosiery, increased volume and profits have been achieved. Our merchandising and designing departments have produced outstanding styles, which were readily accepted by the trade and the public.

Despite the buoyancy of the national economy, there is a buyer's market in all divisions of our business, but the fact that I am able to report the highest volume and profits in our history is evidence that your company's position in the fields in which it operates is sound.

Whilst the company's policy of expansion in recent years has involved a very large expenditure on new machinery little has been spent on building. An opportunity occurred last year to acquire the freehold of the Portslade factory and the adjoining land. To meet the increased manufacturing requirements of the brassiere and corsetry division, this factory is to be rebuilt and considerably extended. Work has just started, but will not be completed during the current financial year. Mainly due to licensing restrictions it has hitherto proved impossible to meet the growing demands for warehouse accommodation at Baldock. The existing capacity is inadequate in relation to current turnover and we are, therefore, in process of building a new warehouse, which will provide an additional 53,000 sq. ft. of space. The canteen now in use was built during the war, when most of the Baldock factory was requisitioned, and does not provide facilities compatible with our welfare standards. A new canteen is, therefore, in course of construction. Owing to the development of the warp knitting department, for which we dye and finish the fabric, an extension to the dyehouse has become essential. A further air-conditioned building is in course of erection to house new full-fashioned hosiery machines, which should be in operation in the second half of this year. The estimated cost of this building programme is £275,000 and will be met out of the company's resources.

During 1954, we expended £225,000 on new machinery, and stockholders will be interested to know that all plant, machinery and equipment acquired prior to 1946 has now been entirely written off.

AUSTRALIAN COMPANY

I have recently returned from a visit to Australia, where I was able to see our two factories and meet members of the board, the executive, the sales force, and other members of the organisation. It is satisfactory to be able to report that our business in the Commonwealth is well managed. I also had contact with many of our principal customers and they all spoke well of our products and of the company's prestige.

The hosiery and underwear business in Australia is more competitive than in Britain and we have to meet the challenge of several capable and aggressive competitors. I am glad to report that our organisation in Australia is competent to meet this challenge, and stockholders can be assured that, although there may be fluctuations in the earnings of that company, we have made a good investment in this acquisition. During the past year the name of the company has, for convenience, been abbreviated and changed to Kayser Proprietary Limited.

It will be recalled that this investment was acquired on December 15, 1953. Since then, we have purchased the small minority interest and the company is now a fully-owned subsidiary. Although the financial year of that company ends for fiscal reasons on June 30th, audited accounts have been received from the company in respect of the calendar year 1954 and, as stated above, these results are now incorporated in the accounts submitted. It is the policy of our Australian company not only to modernise its equipment, but also to enlarge its range of products, and these developments will be financed out of its own resources. No dividend has therefore been declared in respect of 1953-54 profits.

ACCOUNTS

The trading profit as shown in the consolidated profit and loss account at £1,982,053 is not comparable with last year's figure of £1,209,472, due to the inclusion of the Australian results on this occasion. The net profit after providing for Australian taxation but before United Kingdom taxation amounts to £1,472,451 and the net profit after all taxation to £752,664. The preference dividend and the interim dividend of 10 per cent, less tax, already paid required £80,437. Your directors now recommend the payment of a final dividend of 15 per cent, less tax, and a bonus of 5 per cent, less tax, making a total distribution on the ordinary stock of 30 per cent, less tax, which together will absorb £173,250.

It is proposed to transfer the sum of £137,333 to capital reserve, which, with the other amounts now standing to that reserve totalling £125,167, will bring this reserve to £262,500. It is also proposed to transfer a sum of £75,000 to general reserve, thus increasing this reserve to £1,075,000. After these appropriations have been made there will remain £6,770 to increase the amount carried forward on the profit and loss account in the parent company; and £337,624 to increase the balance of profits carried forward by the subsidiary companies, the latter reflecting the profits earned by Kayser Bondor Limited and Kayser Proprietary Limited which have been retained in those companies.

It is also proposed to utilise the capital reserve of £262,500, already referred to, by distributing this amount to stockholders in fully paid ordinary shares of 5s. in the proportion of one new ordinary share for each four 5s. units of ordinary stock held by them on April 12, 1955. The new ordinary shares will thereafter be converted into stock ranking *pari passu* with the existing ordinary stock. Fractions will be sold and ordinary stockholders will receive the appropriate amount in cash. This distribution is subject to obtaining the consent of the Capital Issues Committee. In view of the fact that all but £200,000 of the existing authorised capital has been issued, it is proposed to increase the authorised capital from £2 million to £2,250,000. The necessary resolutions to cover the increase in the authorised capital and the issue of the new shares will be submitted at the extraordinary general meeting.

The ordinary capital of your company is low in relation not only to the reserves, which have been built up over the years, but also to the intrinsic value of the assets, and it is for this reason that your board feels justified in recommending this distribution. Nevertheless, it is our policy to continue to augment the revenue reserves, and also to maintain a healthy cash position. There is continuous change; mechanical and electronic development is unceasing and the need may arise at some time to make drastic alterations in our methods of production. It is to meet such contingencies that this general reserve has been created out of profits, which have been retained in the business.

Whereas the consolidated profit and loss account includes the Australian figures in respect of the past year only, the figures in the consolidated balance sheet are comparable in both years. Apart from an increase in the stock figure of £416,176, the assets call for no comment. More than half the increase in stocks relates to the Australian subsidiary where, due to the growing demand for nylon underwear, larger quantities of this more expensive raw material have to be carried. Virtually all the raw material utilised in the Australian factories has to be imported and it is for this reason that larger stocks have to be held there in relation to turnover than is the case at home. The smaller increase in stocks in our domestic business calls for no special comment.

The issued capital of Bondor Limited remains unchanged. In my statement last year, reference was made to a capital reserve, which would appear in the 1954 accounts, representing the difference between the cost of the Australian investment and of the book value of the assets as shown in the balance sheet of that company. In fact, the difference is £415,534, as shown in Note 3 attached to the balance sheets. The taxation equalisation reserve of £93,000, which is now free, has been transferred to capital reserve in connection with the proposed bonus issue already mentioned. The £239,044 of 4½ per cent secured loan is a long-term borrowing of the Australian company.

CHANGE OF NAME

At the time of the acquisition of the Australian business in 1953 the vendors, Julius Kayser and Company, of the USA, agreed that, as part of the purchase consideration,

the right to use the "Kayser" name in the British Isles should be permanently vested in your company. Previously the contract governing our relations with Julius Kayser and Company provided that in certain circumstances the name would revert to them in 1975. Under these conditions your board considers it appropriate that the name of your company should be changed to Kayser Bondor Limited—our Trade name and the name with which our products are associated in the minds of the public. The name of the sales company will simultaneously be changed to Kayser Bondor Sales Limited. This proposed change of name requires the consent of stockholders and is, therefore, the subject of the necessary resolution at the extraordinary general meeting.

THE FUTURE

As far as the current year is concerned, I am as usual reluctant to make any forecast. Assuming that business generally continues at the same level as in the past twelve months, the volume of our domestic sales should again increase, but with competition intensifying it may be optimistic to anticipate a maintenance of profit margins.

It was with very great regret that the board accepted Mr G. L. Touche's resignation as a director last autumn, due to his desire to reduce his commitments. His counsel and advice will be missed.

With our activities expanding year by year, the responsibilities falling on our executive continue to increase. The results are due to their enthusiasm, ability and hard work, aided by the staff and employees of the group at home and in Australia.

I know that stockholders will wish to join me in expressing our sincere thanks to every member of the organisation.

THE MONOTYPE CORPORATION LIMITED

YEAR OF INCREASED ACTIVITY

SIR GEORGE HARVIE-WATT'S SPEECH

The forty-seventh annual general meeting of The Monotype Corporation Limited was held on April 5th, in London.

Brigadier Sir George Harvie-Watt, Bart, TD, ADC, QC (the chairman) presided, and in the course of his speech, said: The year now reviewed has fulfilled the promise shown last year when I was able to report an encouraging increase in our order book. In my last statement I drew attention to our results during the period 1948-52 as being indicative of the abnormal conditions which then prevailed throughout the postwar world. This was reflected in the subsequent falling away in sales during 1953. I am accordingly all the more pleased at being able to report now upon a year of increased activity despite the existence of competitive markets everywhere.

A substantial portion of this increased business has come from our export markets where we have long-established and well-spread selling organisations aggressively seeking trade. The continent of Europe has provided a good volume of orders notwithstanding the continuing complications of currency restrictions. In Germany, we are benefiting from the steps which we took to reorganise our affairs there after the end of hostilities. Despite internal difficulties, France also maintains a satisfactory trading position. Sales to Switzerland—a country which is most prosperous and active—have increased. Holland, whose economy has been successfully adjusted to her changed conditions, has provided increased sales. In Belgium, Austria and Italy, our trade has been satisfactory. Sales in Scandinavia over all have remained steady. A decrease in sales to Sweden has been offset by increases to Denmark. Some countries, including Spain and Yugoslavia, which since the war have been closed to England, are now importing our machines.

BENEFITS FROM GROWTH OF EDUCATION

In countries further from these shores we are benefiting by the developments of printing and the growth of education. In India, Pakistan, Ceylon, Burma and Thailand, we have been working in close co-operation with those nationals seeking to overcome the difficulties of spreading the printed word throughout areas where a multiplicity of tongues and dialects is deeply rooted. We are sure that the time will come when our efforts will prove to have been justified. Pakistan, regrettably, has found it necessary to apply severe import restrictions. These remarks apply with equal force to Indonesia, where we could send more of our machines if the economy of that country allowed the necessary licences.

In the Union of South Africa, together with other territories in the African continent, business has increased. I have recently returned from a visit to these areas, where I have had discussions with the management and close contact with many customers. In the Union itself there are still difficulties through import restrictions. In a country which is so national in its outlook it is surprising to find that despite a campaign being carried out at the moment to buy South African goods, a considerable number of books and posters are being printed and published in Holland where it can be done more cheaply than in the Union itself. It is hoped that these conditions will be of short duration.

STRONG LIQUID POSITION

Turning now to the consolidated balance sheet, you will see that our liquid position continues to be strong. The excess of current assets over current liabilities at the end of the year, at £1,639,092, was £192,688 higher than at the end of the previous year. Nevertheless, during the year expenditure on fixed assets was £132,547. Some of this is due to the rebuilding of our premises in Fetter Lane, E.C.4. I am happy to say that these are now complete and are in course of being occupied. The item of £110,000, appearing in the notes to the balance sheet as capital commitments is largely due to this rebuilding.

Notwithstanding the setting aside of an increased amount for repayment of dividend, we have been able to allocate to reserve an amount of nearly £180,000. In the consolidated balance sheet this leaves us carrying forward the sum of £625,077 by way of general reserve and accumulated balances of profit and loss accounts.

Having regard to this, we feel fully justified in maintaining the dividend for the year at 9 per cent on the increased capital. Accordingly, we recommend the payment of a final dividend of 7 per cent, less tax. The total dividend of 9 per cent amounts to approximately 6 per cent on the true capital employed in the business.

RESEARCH AND DEVELOPMENT

Our company is operating, and operating with success, in a highly progressive industry; an industry in which research is constantly making new ideas practicable, and in which competition is an additional incentive for us not only to move with the times, but to anticipate them. It is essential, therefore, that we devote an increasing proportion of our time, energies and resources to research and development. Costs of research are bound to be high and must be incurred long before any real reward can be obtained. It has always been the policy of your company to expend considerable sums on research and development, and this year is no exception.

The photo typesetting machine—"Monophoto"—to which I have referred in previous reports has reached an early manufacturing stage. Several machines are completed and are now receiving a thorough test prior to being made available to the trade.

We are also developing items for use in the lithographic field. One of these is a small simplified offset press which, together with the manufacture and processing of printing plates, is being sold under the trade mark "Rotomaton" through our subsidiary company, Printers Machinery Accessories (London) Limited. At the moment, a prototype of a larger machine is at the testing stage in our works. We shall be able to give full attention to these developments now that the defence work upon which we have been engaged is coming to an end.

We devote to our developments and new products the same care as to quality and reliability as that which has characterised our products for many years. We are well equipped for fine engineering in our works at Salfords, and you will notice that the annual report this year includes some photographs taken inside the works, which I am sure will be of interest to you.

The Tenth International Printing Exhibition will be held at Olympia in London from July 5th-16th this year. It will be nineteen years since a similar exhibition was held in this country. We shall, of course, be exhibiting and look forward to meeting there many of our friends and customers from all parts of the world.

INTERNATIONAL CONDITIONS

International conditions today unfortunately appear to be as unsettled as ever and the period of postwar re-equipment has passed. We are suppliers of capital goods to a world-wide market. It follows that the result of our business should be examined over a period rather than year by year. It is always dangerous to make forecasts of future prospects, but with all our resources I can say with confidence that our company is well equipped to meet any normal difficulties. We have many problems ahead. We have the increasing fact of competition. There is the problem of increasing costs of manufacture which cannot always be passed on to the customer or overcome by greater efficiency, and there is the continuing and cumulative burden of taxation. Despite these difficulties, I am sure that we shall give a good account of ourselves in the current year, a view supported by the fact that the sales for the first few months of this year maintain the level of last year's corresponding figures.

The report and accounts were adopted.

THE BRADFORD DYERS' ASSOCIATION, LIMITED

SATISFACTORY RESULTS DESPITE DIFFICULTIES

MR JAMES EWING ON TRADE FEDERATIONS

The fifty-seventh annual general meeting of The Bradford Dyers' Association Limited was held on April 6th at the Midland Hotel, Bradford.

Mr James Ewing (the chairman), who presided, in the course of his speech said: A year ago, in my annual address, I hinted that we could not ignore the effect upon international trade of the entry of Japan and India into our export markets nor the effect of rising costs upon our profits. Costs are still rising and it has not been possible or desirable to pass these increases on to our customers. These two factors are mainly responsible for a fall of 15 per cent in the gross earnings of our home branches. The actual drop in yardage over the year was only 5 per cent, the greater part of which occurred in the second half of the year. The fall in the earnings of our home branches was partly offset by an increase of 15 per cent in the earnings of our subsidiary companies overseas, with the result that the total trading profits fell by £147,000, or 6 per cent. These results may be considered satisfactory, having regard to the circumstances prevailing in the second half of the year in several sections of the industry.

DEMAND FOR NEWER FIBRES

The first quarter of this year shows a further falling off in volume in nearly all sections of the business, but mainly in the spun rayon section. The demand for fabrics containing the newer synthetic fibres is growing and our speciality branches engaged in that section are well employed, fully justifying the policy of your board in equipping these new works with the most modern machinery available for the sole purpose of dyeing and finishing fabrics containing these fibres, which, enhanced by colour and ornamentation contributed by the skill of the dyer and printer, are now making their presence felt in the fashion world.

It is not easy to forecast the future of the textile industry, which is so dependent upon an adequate volume of exports. I fear that this year the industry will be faced with still keener competition in overseas markets due partly to domestic production and partly to imports, still growing, from countries such as Japan and India. But is there any reason for adding to our difficulties by allowing imports from India to undermine our home market? Notwithstanding these difficulties, I am confident that our inherited skill, our wide experience and our ability to produce goods of the highest quality will command a substantial volume of business and keep our shrunken textile industry well employed. There is much uncertainty, particularly in Lancashire, about the Government's policy on this difficult subject of imports of grey cloth from India and Japan, and there is much anxiety about the effect of the deliberations in Geneva upon the General Agreement on Tariffs and Trade. We of the finishing industries share these anxieties.

ACCOUNTS

During the year effect was given to the capitalisation of reserves in the amount of £1,129,397, in accordance with the resolutions passed at the extraordinary general meeting held on July 20, 1954, thereby increasing the issued share capital to £5,937,428.

We have been able to add to our reserves an amount of £345,516, mostly by appropriations from profits, which, together with the increase in the carry forward on profit and loss account of £63,152, makes a total increase of £408,668. The total of our reserves now stands at £1,708,017 and, including our share of the reserves of our subsidiary companies, at £3,909,126.

Capital expenditure during the year on new plant and machinery and buildings amounted to nearly £550,000. This is an indication of the demand on our resources necessary to keep our equipment up-to-date and secure the advantage of the latest developments, and to provide facilities for processing the new man-made fibres which are becoming of increasing importance.

COTTONS AND RAYONS

In 1954 the UK production of cloth, both cotton and rayon, was larger than in 1953, the recovery continuing from the depression of 1952. The volume of cotton cloth exported was, however, much lower and, notwithstanding a slight rise in rayon cloth exports, the industry has had to depend to a large extent on the home market for its offtake. Despite the very unfavourable weather, the home market, fortunately, remained buoyant.

Exports.—Exports of cotton piece goods from the United Kingdom decreased in volume by 10 per cent, compared with 1953, and were lower than in any year since 1947. Rayon and synthetic fibre piece goods exports were slightly larger in volume than in 1953, and considerably better than in 1952. The overall (cotton and rayon) export volume in 1954 was lower than in the previous year.

Imports.—The volume of cotton cloths imported into the United Kingdom in 1954 was more than two and a half times the total of 1953, and was rising towards the end of the year. There has been considerable concern of late in connection with the spectacular increases in the importation of Indian grey cloth which is entering this country, duty free, and of which a large proportion is finding its way on to the home market at prices well below those at which similar goods can be produced in Lancashire.

TRADE FEDERATIONS

As regards trade federations in general, I am a believer in their value in regulating industry; but in my view all trade federations should be registered and should be subject to review by a Government department. Federations should have nothing to fear from such supervision.

The control of competition is the modern way out. During the war, we had a large measure of price control, or Government auditing of prices. Few industrialists would wish to return to unbridled competition with all its degrading effects.

I see a future in well organised trade federations, responsible to industry and to Government, and if these federations conform to the following general principles, they should satisfy the consumer, the employee and the investor:

(1) The federation should in no way restrict output.

(2) The employee, both operative and managerial, should receive an adequate reward for his services.

(3) The industry must provide a fund to enable it to replace wastage and for future development.

(4) Prices should be based on cost of production of an efficient unit working to a normal capacity, and prices should be subject to Government audit.

(5) The investor should receive a fair reward for the capital invested in the industry.

The report and accounts were adopted.

HOOVER LIMITED

CURRENT YEAR'S EXCELLENT START

MR S. ROBERTS'S SPEECH

The annual general meeting of Hoover Limited was held on March 31st at Perivale, Middlesex.

Mr S. Roberts (managing director) presided and said:

It is my intention this year and in future years to take the opportunity afforded by the annual general meeting to bring shareholders up to date on the progress of the company, during the first quarter of each financial year.

We are in the final week of the first quarter and I am pleased to say the results are excellent and constitute a new record in our history.

You will understand that the figures are not yet complete, but I am able to say that for the first eleven weeks of 1955 our turnover is 21 per cent higher than for the record first eleven weeks of 1954.

I must point out, however, that during the quarter we have had to face rising costs of materials and a further wage award. It is our intention to absorb these higher costs and maintain our present low prices which, of course, will have some effect on our profit.

The hire purchase restrictions reimposed on February 25th do not appear so far to have had an adverse effect on sales in the home market—in fact the record week at home for all time took place two weeks after the announcement of the new restrictions.

It is a little early to judge yet but we think it quite possible that the restrictions over a period will have some effect—we shall do our best to offset this.

SUCCESSFUL DEBUT OF NEW WASHING MACHINE

The new all-electric Mark III washing machine was introduced in March and has had a most successful debut. It has proved a great attraction at the "Ideal Home" Exhibition and in cities and towns throughout the country—it looks as if our problem will be to produce in sufficient volume to meet the demand we have created.

The new import restrictions imposed by the Australian Government will mean a reduction of 33⅓ per cent on domestic appliances and 20 per cent on our industrial motors in our overall exports to Australia. This coming at a time when we have just launched our steam or dry iron with tremendous success in that country is most unfortunate. However, we are making rapid progress with production generally at our Australian factory and this new regulation will spur us to greater efforts in this direction.

In general we are more than happy about the first quarter's results—there is still much to do—but with the tremendous loyalty and regard that has been shown to me and my colleagues by Hoover men and women everywhere, we are confident in our strength to expand our activities still further.

The report and accounts were adopted.

BANK OF SCOTLAND

AMALGAMATION FINALISED

CONSIDERABLE EXPANSION OF BUSINESS

The annual general meeting of the Proprietors of the Bank of Scotland was held on April 5th within the head office, Edinburgh.

The Right Honourable Lord Elphinstone, KT, governor of the Bank, presided, and in the course of his speech said:

Since our meeting a year ago the final steps in the fusion of the Bank with The Union Bank of Scotland Limited have been taken. The two Banks were united on March 1, 1955, under the Name and Constitution of the Bank of Scotland.

The consolidated balance sheet of the Bank shows that considerable expansion in business and resources took place during the year. The total assets of the Bank are greater by over £11 million at £222 million and the customary strength of the balance sheet is fully maintained.

The consolidated profit and loss account of the Bank includes for the first time the results of a complete year's trading by both Banks. In comparing the results it should be kept in view that last year's figures included only eleven months' trading of the Union Bank.

The combined net profits after provision for taxation, contingencies and all known bad and doubtful debts amount to £630,614. Of this amount there was retained by the Union Bank £142,213, leaving £488,401, to which is added the balance brought forward of £186,311, making available £674,712. From this there has been transferred to reserve for contingencies £100,000 and staff pension fund £40,000, leaving £534,712. The interim dividend of 7 per cent actual less income tax paid October 15, 1954, required £173,250 and the final dividend of 7 per cent actual less income tax now recommended will require £173,250, together £346,500, leaving a balance carried forward by the Bank of Scotland to next year of £188,212. To the profits retained by the Union Bank of £142,213 there falls to be added the balance brought forward by that Bank of £65,629, making a total of £207,842, of which there has been transferred to reserve for contingencies £100,000, pensions and allowances fund £40,000, a total of £140,000, leaving to be carried forward by the Union Bank £67,842, making a combined balance carried forward to next year of £256,054.

GENERAL CONDITIONS

For the greater part of last year the country's economic and financial position continued to develop satisfactorily. The last two months of our financial year, however, saw a complete and largely unexpected change in the situation. It became apparent that a sudden reversal in the terms of trade was adversely affecting the foreign exchange position. With internal trade activity and consumer demand at new high levels an inflationary position was rapidly growing which unless checked held danger for the country's financial stability. There followed two increases in the bank rate and the adoption of measures to control the movements of transferable sterling. How successful these actions will prove remains to be seen and their effect will be carefully watched. But however successful they may be for the time being they are at best technical expedients which cannot remove the fundamental causes of the present situation. Government spending must be curtailed and the crushing burden of taxation substantially reduced before our internal economy will be fully restored to a sufficiently healthy state to withstand without undue concern the ebb and flow of a constantly fluctuating foreign trade. It cannot be too strongly emphasised that the need to stimulate and increase exports is as great as ever. In addition the rising level of wages must find justification in greater production if genuine progress is to be made in the establishment of an improving standard of living and even if the present standard is to be maintained.

The report and accounts were adopted and the dividend, as recommended, was approved.

Referring to the election of the governor and deputy governor, Lord Elphinstone intimated that the time had come when he had decided to relinquish the duties of governorship of the Bank. It was a matter of great satisfaction to him that he was able to hand over to his successor the governorship of a Bank which had been tested and found strong and which had now increased its stature and especially its closer identification with the West of Scotland by the amalgamation with the younger but equally virile Union Bank.

He proposed that the present deputy governor, Sir John Craig, CBE, DL, LLD, be elected governor and that The Lord Bilsland, KT, MC, DL, LLD, an ordinary director of the Bank, should succeed Sir John as deputy governor.

The appointments having been unanimously approved, Professor George A. Montgomery, QC, MA, LLB, on behalf of the stockholders, paid a tribute to the services rendered by Lord Elphinstone.

THE RIO DE JANEIRO FLOUR MILLS AND GRANARIES LIMITED

The sixty-ninth ordinary annual general meeting was held on March 31st in London, Mr G. McT. Sheppard (the chairman), presiding.

With regard to the group accounts, the chairman emphasised that the Brazilian profits had been converted at the free rate of exchange as at September 30th last of Cr$174.00 to the £ compared with Cr$106.80 in the previous year. Despite this heavy burden the group, in terms of sterling were able to show a net profit of £179,264 compared with £113,135 in the last accounts. It was, he said, gratifying to be able to record the greatly increased cruzeiro profits compared with the previous year.

A Presidential Decree on May 1st announced the doubling of the minimum wage and, notwithstanding efforts on the part of the government to curb inflation, the cost of living continued to rise and further wage adjustments had already become necessary.

Brazil was now in the throes of an economic crisis but the present government had already taken certain steps to restrict banking credit and had also legislated for increased taxation.

Under the circumstances, the chairman said, he found it difficult to make a forecast of what the current year had in store for the group. Apart from the necessity of increasing cruzeiro earnings, for which they would obviously strive, so much depended on the trend of the free exchange rates in Brazil and the outcome of the steps taken by the government to overcome the crisis.

The report was adopted.

REFUGE ASSURANCE COMPANY LIMITED

INCREASED ALLOCATIONS OF SURPLUS TO POLICYHOLDERS

The chairman, in a statement submitted with the 1954 accounts, referred to a remark by the Chancellor that "The great and continuing need of Britain is for the savings of the many—small but regular and in the aggregate a powerful contribution to future prosperity." He said that it was in the regular collection of small savings and their investment in productive enterprises that life assurance, particularly "home service" life assurance as supplied by the company, was so prominent and of such value to the economic stability of the country.

The combined new sums assured of £31,700,000 in the life branches was the greatest yet written by the company in any year and the sums assured and bonuses in force had advanced to £323 million. An encouraging start had been made in the business of the fire and accident branch.

ALLOCATIONS TO POLICYHOLDERS.

In the ordinary branch a surplus of over £1,400,000 was allocated to policyholders to provide a bonus on with-profit policies at the rate of £1 12s. per cent on the sum assured in respect of each year's premium due in 1954 and paid. This rate was an increase of 2s. per cent over that of 1953.

In the industrial branch £1,888,000 was allocated to policyholders. This sum, together with balances from previous allocations, was being used to provide additional benefits in the form of a reversionary bonus, that is, one under which the additional benefit is payable on death or maturity of a policy without any limitation as to the time within which the claim must occur. The bonus was granted to premium-paying and paid-up policies (with certain exceptions) dated prior to January 1, 1951, and ranged from £3 per cent of the sum assured for policies dated 1950 to £11 14s. per cent for policies dated 1928 or earlier. These bonuses were additional to permanent increases in sums assured already granted to the majority of policies dated prior to 1928, and would increase by over £9 million the benefits which the company had contracted to pay

The conditions under which paid-up policies were granted at advanced ages had also been improved and certain other increases in benefits continued.

INVESTMENTS

The company's investments in ordinary shares increased by £3,400,000 to some £14 million—10 per cent of the total assets.

This large sum represented the aggregate of investments—often of quite modest size—in many companies covering a wide range of businesses. Holdings in debenture stocks now aggregated £18,300,000, an increase of £2,700,000, and mortgages on property £18¼ million, an increase of £1,900,000. The latter item was largely made up of house purchase advances to policyholders. The total assets of the company had increased during the year by over £5¼ million and included British Government and British Government guaranteed securities of over £50 million—36 per cent of the total assets.

The chairman concluded with an expression of appreciation of the work of the staff during the year.

BIRMINGHAM & DISTRICT INVESTMENT TRUST, LIMITED

LARGER REVENUE AND DIVIDEND

The seventy-first annual general meeting of this company was held on March 31st in London.

Mr H. C. Drayton, chairman and managing director, in the course of his speech, said: I am not certain why in a company as successful as this shareholders should expect to have a good speech as well as a good report, as it throws a little too much strain upon the chairman. However, I suppose you will expect me to say something about the company.

For the year ended December 31, 1954, our gross revenue was £596,500, as against £561,498 in the previous year, an increase of approximately £35,000. That was made up by a small increase from the investments in associated companies of £2,000-odd, while the general investments yielded some £32,000 more than in the previous year. After deducting expenses, debenture interest and taxation we have a net figure of £306,980 available, as against £261,552 last year. We propose that the dividend should be increased to 30 per cent and, if you agree with the directors' recommendation, there will be an addition to undivided profits account of £40,665.

NEED FOR INCREASED FARES

Since the close of the year on December 31st last our main associated company, The Birmingham and Midland Motor Omnibus Company, have had to pay increased wages. That has necessitated, much to their regret I am sure, an application for an increase in fares. It was the proud boast of four associated omnibus companies that up to a few years ago they had not had to increase fares above those charged to the public prior to 1929. They went right through the war like that, but I am sorry to say that since the end of the war they have had vicious—one might almost say penal—taxation put upon their fuel and, of course, there have been several wage increases.

A considerable amount of the increased costs have been absorbed by economies and increased efficiency, but they could not all be taken up in that way and the companies have had to appear a number of times before the Traffic Commissioners to ask for an increase in their fares. They did not get all they wanted in one or two cases, and sometimes they got nothing, but by and large the Commissioners have recognised the justice of their claims and treated our associated companies in a right and just manner.

Our quoted investments stand at £3,244,000, and the market value on December 31st last was £5,722,000. I do not think that you should pay a great deal of attention to that figure; it is always fluctuating and today, with no newspapers, I should not think that anyone knows quite what it is.

This year the directors have been a little more generous in their distribution of revenue than they have been in the past. They have put to undivided profits account only some £40,000. That is, of course, a net figure, after tax, and I would just add that their generosity was prompted this year because your directors think that there will be a reasonable increase in the revenue of the company for the current year.

The report and accounts were adopted.

JAMES PASCALL, LIMITED

STRONG AND BUOYANT DEMAND

MR E. CASSLETON ELLIOTT'S ADDRESS

The fifty-eighth annual general meeting of James Pascall, Limited, was held on April 1st in London, Mr E. Cassleton Elliott, CBE, FSAA (the chairman), presiding.

The following is an extract from his circulated address:

Once again I am able to report to you a record year for James Pascall, Limited, both in terms of sales and of net profit. Our trading profit for 1954 shows an increase of 38 per cent over the previous year, and net profit before taxation has also advanced by 38 per cent. These figures have been achieved in face of growing competition and in a completely free market, and I think you will agree with me that they are a striking testimony to the strong position which the company has now built up in public favour.

In my report to you last year I gave warning that, in common with the rest of the industry, we were likely to find it increasingly difficult to maintain the sales and profits level achieved in the, at that time, record year of 1953. Although competition has proved keen, the demand for Pascall products continued strong and buoyant throughout the year, and we can now say that whatever difficulties may have been encountered elsewhere in the industry they have not so far fallen upon us.

I am glad to advise you that we have again increased our export sales, both to dollar and soft currency markets.

The profit on trading was £598,535 as compared with £433,007 last year. The total charge for taxation is £249,695 as against £235,000 last year.

Last year the surplus of current assets over current liabilities was £468,517. This year the current assets amount to £1,344,621 and the current liabilities are £708,790, so that the surplus is £635,831—a substantial increase. The general reserve of £200,000 is now double that of last year and the carry forward is increased by £19,909.

Last year a dividend of 40 per cent was paid on the ordinary shares, and your directors have decided this year to recommend a dividend of 50 per cent on the ordinary shares.

BONUS ISSUE AND INCREASE OF CAPITAL

The policy of the board is to bring the issued capital of the company into line with the capital employed in the business and, with this in view, your directors have again decided to submit to you a proposal that £44,567 of the general reserve shall be utilised in paying in full at par for 891,335 ordinary shares of 1s. each and that such shares shall be distributed as fully paid to the ordinary shareholders at the rate of one share for every four shares held.

When this transaction has been completed the authorised ordinary share capital with the exception of £2,166 will have been issued. Your directors think it advisable to increase the authorised ordinary share capital to £500,000. Your directors have no intention of raising new capital by an issue of ordinary shares as they hope to be able to continue to finance the business from its own resources, by ploughing back into it substantial reserves from time to time and the issue of bonus shares as has been done for several years past.

The report was adopted and the board's capitalisation, scrip issue and increase of capital proposals were approved.

ERICSSON TELEPHONES

RECORD SALES

The annual general meeting of Ericsson Telephones, Limited, was held on March 31st in London.

Sir Harold A. Wernher, GCVO (the chairman), in the course of his speech, said: It is very gratifying to your directors to put before you another very satisfactory report. Our invoiced sales in 1954 constituted a record—no mean achievement. The sales were well spread, both at home and overseas, which was noteworthy bearing in mind the increasing competition which has developed abroad and the currency difficulties which still tend to restrict export business.

During the past few months the home demand has improved. Approximately 400,000 more telephones were connected by the British Post Office in the past year, leaving just under 400,000 applications outstanding. A long waiting list seems to be a lasting feature in postwar economy. New applications are in the region of 400,000 a year. One can appreciate that saturation point, if there is one, must be a long way off.

Telephone practice is not static and research is always going on with the object of improving or cheapening the service or providing additional benefits. This constitutes an important phase of our work.

The trading profit, before charging taxation, but after allowing for all operating expenses, amounts to £1,272,732. Out of this we have to reserve £694,738 (or nearly 55 per cent.) for the Exchequer, leaving £577,994. We propose to pay a final dividend of 12 per cent and bonus of 4 per cent, free of income tax (making 20 per cent for the year).

The report and accounts were adopted.

JOHN EMSLEY LIMITED

The eighth annual general meeting of John Emsley, Limited, was held on April 4th at Bradford, Mr Harold Jaques, ASAA, chairman and joint managing director, presiding.

The following are extracts from his circulated statement: The profit for the year, although showing a decrease on last year, is deemed to be satisfactory. It should be remembered that from the opening of the wool sales in September to our stocktaking date there was a fairly steady decline in wool prices, amounting in fact to approximately 12½ per cent. This lower basis has been fully taken into account in our stocktaking prices at the end of November. In addition production at two of the subsidiary companies was handicapped by major plant and building reorganisation during the year. This work is now completed and the new plant is fully employed.

The building, plant and machinery have been maintained in good condition, and it will be seen that capital additions have been made during the year of nearly £83,000. Full time running has been maintained throughout the year for all machinery that could be adequately staffed but production has been affected by the alterations.

Our American companies, distributing our goods throughout the States, have increased their sales by 25 per cent.

In regard to prospects for the coming year, it is far too early to forecast, but it is general knowledge that competition is very keen in all sections of the trade and that there is a tendency for profit margins to be reduced. We are still well employed and have shortened our delivery dates, and our existing orders will ensure full running for some months. The report was adopted.

TAYLOR, WALKER & COMPANY

DIFFICULT TRADING CONDITIONS

EXPANDING EXPORT SALES

LT. COL. W. H. KINGSMILL ON CRUSHING TAXATION

The forty-eighth annual general meeting of Taylor, Walker & Company, Limited, will be held on April 21st in London.

The following is the circulated statement of Lieutenant Colonel W. H. Kingsmill, DSO, MC (chairman and managing director): Ladies and Gentlemen,—I stated in my last report that trading conditions were continuing to grow more difficult, and you will have seen in newspapers recently that the beer trade in the country as a whole continues to decline. There is little doubt that this is partly due to the changing fashions of the public. There are now many alternative forms of relaxation of which television is at present an important factor. It has to be remembered that the majority of those purchasing television sets and other household utensils and furnishings have done so on the hire purchase system and this has affected the amount of money available for spending in other directions. In my opinion this situation is comparatively transitory at its present volume, and when these extra weekly out-goings have been completed we feel that the public will once again turn to the licensed house for relaxation and good fellowship.

There is also a further restriction on spending money in the very much higher rentals charged nowadays for accommodation, which look like being a permanent factor in the family budget.

The standard of comfort in the home today is far ahead of that which obtained prewar and therefore considerable expenditure on the refurnishing and redecoration of licensed premises is necessary to keep pace with the higher average standard of comfort expected by our customers.

CONCENTRATION OF PRODUCTION SCHEME

Last year I stated that a major scheme had been formulated for the concentration of production, but I regret to say that the company was unable to proceed with this owing to the fact that the necessary building licences could not be obtained and until building became free in November of last year we could not commence. I am happy to say that we have now obtained all the necessary consents for the alterations envisaged in my last report and they are well under way, but it will mean that the financial benefit may not come into operation until six months later than I anticipated.

During the latter part of last year we placed on the market in bottled form our famous "Main Line" beer at its prewar gravity, which has been very well received.

The new additions to the Alperton Bottling Company's premises have now been completed and are in full production. This, we expect, will show considerable extra profit to your companies.

In the export markets our sales are expanding and we are satisfied that the products are being more and more appreciated in those markets to which they are exported.

You will see that we show a higher profit in the group consolidated accounts, but in view of the alterations taking place under the major scheme, to which I have referred, it was thought prudent to maintain the dividend, for this year at least, at the same level as last year.

TAXATION BURDEN

I referred last year to the effects of the crippling taxation on the industry through the duties on beer. There is little doubt that the public require and will pay for a first-class article providing the price—and therefore the tax—is not exorbitant. I only hope that when the Chancellor presents his budget on April 19th he will see "The writing on the wall" and will take some steps to alleviate this crushing burden on those who wish to partake of a wholesome national beverage.

May I again take this opportunity of saying how much we owe to the loyalty and hard work of the staff and employees, who are the backbone of any company and without whose co-operation even the best management must fail.

AMALGAMATED BANKET AREAS

The nineteenth annual general meeting of Amalgamated Banket Areas, Limited, was held on April 5th in London.

Major General W. W. Richards, CB, CBE, MC, chairman, presided, and the following is an extract from his circulated statement for the year ended September 30, 1954: It was not until the closing weeks of the year under review that the full benefits of the amalgamation with the Fanti and Tamsoo Mines were reflected in our overall production and profit figures. We then, in September, 1954, witnessed an advance of nearly 6,000 tons to 78,092 tons in the monthly throughput of ore and an increase of £24,251 to £49,728 in the monthly mine profit.

Although these very much improved figures continued for the following six months to date, they were only enjoyed, as I have said, for one month of the year under review. For that reason, we are recommending a dividend of 2½ per cent for the year ended September 30, 1954, as compared with 5 per cent for the previous year, but, at the same time, we are proposing to pay, from the profits already earned in respect of the current year ending September 30, 1955, an interim dividend of 5 per cent.

The total ore reserves, as at September 30, 1954, were computed at 3,332,541 tons. Of this tonnage, 1,816,905 tons averaging 5.564 dwts over a width of 40.70 inches, represented the underground ore; and 1,515,636 tons averaging 1.845 dwts over a width of 123.01 inches the surface deposit of the Pepe open-cast section.

A satisfactory feature of the year's work has been the continued increase in efficiencies in each department of the mine.

The report and accounts were adopted.

ORGANISATION AND METHODS

British European Airways require a Senior Methods Officer to study and develop office methods, accounting procedures and paper work systems throughout BEA. This is a new and progressive appointment, offering wide scope for ability. Applicants should have a University Degree or an appropriate professional qualification, and the capacity to deal with people at all levels. Knowledge of office machines, including punched card equipment, and good experience of methods study techniques essential. Starting salary within the range £1,075—£1,375 per annum. Pension scheme. Air travel concessions.—Details of qualifications and experience to Chief Personnel Officer, BEA, Keyline House, Ruislip, Middlesex, quoting Reference A.16.

CHAPPIE LIMITED, manufacturers of canned dog and cat foods, invite applications for the position of Statistical Officer.
This is a new position and the successful candidate (male or female) will be directly responsible to the Chief Statistician and will be concerned both with general commercial and industrial statistics and with particular problems. Preference will be given to graduates under 25 years of age, with good honours degrees in mathematical statistics or in mathematics with a recognised qualification in statistics. Post graduate experience in the application of contemporary statistical techniques to practical problems in industry or research is desirable, but not essential.
The starting salary will not be less than £750 per annum, plus non-contributory pension, life assurance and sickness benefits under a comprehensive Social Security Scheme.—Applications, giving details of career to date, should be addressed to the Personnel Officer, Chappie Limited, Melton Mowbray, Leicestershire, and the envelope endorsed "Statistical Officer."

A LARGE COMPANY in London requires at its Head Office a Qualified Accountant, preferably Chartered or Incorporated. He must have a wide knowledge of accounting techniques, of punched cards operations and other office machinery. Applications are especially invited from those with industrial experience or with advisory experience in large professional firms and who wish to specialise on system installations. Previous experience in this field will be an advantage.—Box 895.

CARIBBEAN AREA REPRESENTATIVE. Engineer/Commercial type seeks appointment representing British Company. Number years experience home/overseas, covering all aspects production, sales, buying, stores, transportation, etc. 38 years, keen, and just waiting for the right opportunity. Interviews London.—Box 892.

UNIVERSITY OF ABERDEEN

Applications are invited for three posts of Lecturer in Statistics :—One on Scale (c), £1,350 per annum, rising to £1,550 per annum ; or on Scale (b), £950 per annum, rising to £1,350 per annum, for work in connection with mathematical statistics.
Two on Scale (b), £950 per annum, rising to £1,350 per annum ; or Scale (a), £650 per annum, rising to £950 per annum, for work in connection with economic statistics and medical statistics, respectively.
All posts carry Superannuation (F.S.S.U.) and Children's Allowance. Part of removal expenses refunded.
Conditions of appointment and forms of application should be obtained from the undersigned, with whom applications (eight copies), giving the names of three referees, should be lodged not later than May 7, 1955. Applicants outside the British Isles may submit one copy only.
The University, Aberdeen. W. S. ANGUS, Secretary.

PERSONNEL OFFICER TRAINEES required by the Philips Group of Companies. Several young men, and possibly one or two women, will be engaged in the near future to work on a variety of personnel management jobs in different establishments in the Philips Group. Trainees will be employed on specific jobs during their period of training, and, if they prove suitable, will be offered permanent appointments wherever possible at the end of a training period. In any case, it is thought that the training time will be valuable experience. Candidates should, if possible, have taken, or be taking, the one-year, full-time personnel management course, or the part-time evening course, and should be of degree standard. They should be prepared to move to any part of the country, although probably most of the training time will be spent in the London area or in Lancashire.—Applications should be sent in writing to Mr. D. F. Hutchison, Chief Personnel Officer, Philips Electrical Industries Ltd., Century House, Shaftesbury Avenue, London, W.C.2, marked P.O./1.

INDUSTRIAL ECONOMIST seeks contact with London area firm. His object is to operate a system of market investigation for which the research machinery is already established and which unearths potential outlets for industrial goods and materials. Method of remuneration for discussion but could include working within the framework of the firm.—Box 891.

SPACIOUS AND LIGHT first-floor office, Knightsbridge. All services included. Suitable professional man. Modest rental.—Box 893.

EXPERIENCED WOMAN PERSONAL ASSISTANT, with German-English Shorthand, versed in every kind of administrative and office work, seeks congenial position.—Box 896.

FOURAH BAY COLLEGE SIERRA LEONE
(UNIVERSITY OF DURHAM)

Applications are invited for the following posts which will be vacant in October, 1955:
SENIOR LECTURER in ECONOMICS, to be responsible for organisation and supervision of courses for Durham degree of B.A. (Econ.).
LECTURER in ECONOMICS.
LECTURER in ACCOUNTING to teach accounting at all levels in Durham degree of B.A. (Econ.). Qualifications: degree in commerce or economics or membership of professional accountancy body.
LECTURER in LAW to teach law at all levels in degrees of B.A. (Gen.) and B.A. (Econ.). Candidates should be graduates and/or barristers at law.
The College, reconstituted in 1950, retains the Christian traditions of its foundation by the CMS 128 years ago.
Posts are permanent and pensionable but temporary appointments could be made. Salary scales (gross) : Senior Lecturers £1,370-£1,800 p.a., Lecturers £790-£1,500 p.a., consisting of basic salary (£880-£1,200 and £510-£1,000), expatriations pay and c.o.l.a. Point of entry according to qualifications and experience. Furnished houses provided, rent 10 per cent of basic salary. Free passages, one each way for each tour of service, for persons appointed, wives and up to three children under 10 (or an allowance of £50 p.a. for up to three children under 16). Generous home leave, normally annual, on full pay.
For further information apply to Secretary, Advisory Committee on Colonial Colleges, 1 Gordon Square, London, W.C.1. Closing date for applications (six copies), April 25, 1955.

THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS

The Council of the Institute invites applications for the SIR HENRY PRICE RESEARCH CHAIR OF INTERNATIONAL ECONOMICS at Chatham House.
The Sir Henry Price Professor will be expected to undertake research within his field of study. He will also advise on economic subjects in the research programme of the Institute, and, where required, contribute on this subject to the annual Survey of International Affairs.
Candidates, who must be British subjects or Commonwealth citizens, should be recognised authorities in the field, capable of making an original contribution to the study and understanding of economics and economic history in their bearing on international relations. The possession of practical experience of the conduct of affairs in addition to appropriate academic qualifications, will be an advantage. Salary in accordance with experience and age. There is contributory staff superannuation scheme.
Applications, giving full details of qualifications and experience, together with the names of three referees, should be made in writing to the Secretary of the Institute, Chatham House, 10 St. James's Square, London, S.W.1, and should be received by May 2, 1955.

FOREIGN SERVICE: Principal Instructor at the Middle East Centre for Arab Studies. Applications are invited for this post Shemlan, Lebanon. The Centre, which is under the aegis of H.M. Foreign Office, trains members of the United Kingdom and Commonwealth Foreign Services and commercial organisations for service in the Arab countries of the Middle East.
Applicants must have at least a second class honours degree, preferably in Oriental Studies or History, and a good knowledge of modern Arabic and of Arab countries. Experience of teaching adults is desirable.
Salary (subject to U.K. income tax) is on the scale £695 to £855 (men) and £665 to £750 (women) and a foreign allowance (non-taxable) (which varies according to the cost of living in the Lebanon) is also payable. The allowance is higher for a married instructor, and takes account of dependent children up to the age of 18 years. Free furnished accommodation is provided.
Further particulars and application forms may be obtained from the Personnel Department, Foreign Office, 8 Carlton House Terrace, S.W.1. Closing date for receipt of application forms, April 30, 1955.

CAN BANK RATE MAKE ROOM FOR TAX RELIEF ? A careful assessment of the extent to which dear money has eased Mr Butler's dilemma appears in the April issue of "The Banker." Two further editorial articles discuss the new policy for sterling—the "Uncollective Approach" : and the measure of the strains on sterling emanating from the outer sterling area—the first full analysis of this key question.
"Freedom" Versus Prosperity is the title of a provocative article by Dr T. Balogh, the left-wing economist, also published in this month's issue of "The Banker." Other contributed articles include "The Capital Market—its Mechanism and Scope," by Sir Oscar Hobson; and "Welsh Industry in the Boom," by E. Victor Morgan.
Price 2s. 6d. from bookstalls or 72 Coleman Street, E.C.2. Annual subscription, 30s. per annum, post free.

ORGANISATION and Methods Officer required by well-known North Midlands Electrical Engineering Company. This is a senior position and the man appointed will be immediately responsible to the Chief Executive of the factory for all Organisation and Methods activities. He should have had several years' experience in this class of work in the engineering industry. A University degree and/or Cost and Works Accountancy training is desirable. There are attractive conditions of service including a four figure salary, staff bonus and non-contributory superannuation.—Please apply to Box 3E, R 1975, A.K. Advg., 212a, Shaftesbury Avenue, London, W.C.2.

MARKETING RESEARCH. A well-known Industrial Company invites applications to fill an appointment involving responsibility for that part of the marketing research function concerned with consumer and retailer research. A good honours degree in economics with statistics is an essential qualification. Candidates must have extensive knowledge and experience of the techniques of sampling and the organisation and control of consumer surveys. This is a senior post giving ample scope for experimentation in new methods and the imaginative development of existing techniques. An attractive starting salary will be paid and in certain circumstances housing assistance may be available.—Box 885.

UNIVERSITY OF CAMBRIDGE

Applications are invited for the SMUTS READERSHIP. Candidature at this appointment will be limited to persons whose work would be connected with social and economic conditions in the British Commonwealth of Nations, the words "social" and "economic" being interpreted for this purpose in a wide sense. Pensionable stipend: £1,850 a year, subject to certain variations.—Further particulars may be obtained from the Secretary to the Managers of the Smuts Memorial Fund, the Old Schools, Cambridge. The closing date for the receipt of applications is May 30, 1955.

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above Studentships, tenable for one year in the first instance and renewable for a further period not exceeding two years. The Studentships are normally of the value of £250 or £300 per annum. They are offered to candidates who have obtained the degree of Bachelor or Master in this or any other approved University. Applications should be sent not later than June 1, 1955, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF SHEFFIELD

Applications are invited for the newly created post of DIRECTOR OF BUSINESS STUDIES. Salary £2,000 a year with F.S.S.U. provision and family allowance. The appointment is a new one: the Director will be required to take over and develop University studies in the field of Business Administration and Management.—Further particulars should be obtained from the Registrar, the University, Sheffield, 10, to whom applications (16 copies) should be sent by May 14, 1955.

METEOROLOGICAL OFFICE, SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for permanent posts. Applications will be accepted up to May 31st, but early application is advised. The duties include research in atmospheric physics, covering the study of cloud structure, synoptic and dynamical meteorology, large and small scale diffusion and turbulence, climatology, and development of instruments. There is a limited number of posts for forecasting work at the more important centres. Successful candidates will be given a course in meteorology before being assigned to a research or forecasting establishment for further training and experience. In some instances candidates with national service obligations can be commissioned in the RAF for forecasting duties at RAF stations. Further information may be obtained from the Director, Meteorological Office (M.O.10), Air Ministry, Kingsway, London, W.C.2.
Candidates must be between 21 and 28 during 1955 (up to 31 for permanent members of the Experimental Officer class) with a First or Second Class Honours degree preferably in physics or mathematics. Salaries £492-£885 (London rates for men; somewhat lower for women and in the provinces). Opportunities for promotion to Senior Scientific Officer (£1,010-£1,185) and higher posts.
Application forms from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S52/55 (Met.).

MANAGEMENT ACCOUNTING. A leading British concern, with diverse interests at home and abroad, invites applications from Economics and Commerce graduates who wish to enter industry this year. Candidates should preferably have had studies in Accounting, Law and Statistics, and be interested in taking a professional accounting qualification. Vacancies are available in London, the Midlands and the North, and after completion of training there will be opportunities elsewhere, both overseas and at home. Men of ability who are looking for a progressive career should write in confidence to Box 890.

BRITISH NYLON SPINNERS, LTD., Pontypool, has a vacancy in the LIBRARY AND INFORMATION SECTION, the chief duties of which consist of the collecting and indexing of published information, largely of a commercial nature, and the provision of an information service in this field. Qualifications in Economics, Commerce and Statistics are essential, and it will be an asset if candidates can offer previous experience of a similar nature gained in the Library of a financial or commercial organisation. This is a responsible position, with scope for future development.—Apply, in writing, to Personnel Manager.

ENTERPRISING AND QUALIFIED MEN required for responsible posts in Management. Show initiative by working now for a professional qualification. Expert training available by means of Pitman Home Study Course.—Write for details to 41, Pitman House, Godalming, Surrey.

MARKET ANALYST required for Export Division of Ford Motor Company Ltd., Dagenham. Degree in economics or commerce essential. Must have analytical mind, good knowledge of statistics and sales, long-term forecasting. Experience of foreign markets and/or motor industry an asset. Age 23/35.—Reply to Salaried Personnel Department, quoting reference FMA/PP.

THE CHARTERED INSTITUTE OF SECRETARIES.—Directors requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute, 14 New Bridge Street, E.C.4.

PORTUGUESE EVENING CLASSES. All grades.—Portuguese Language Committee, 2, Belgrave Square, S.W.1. SLO 7186.

THE ECONOMIST, 1944-1954, including indexes, for sale ; unbound ; good condition.—Offers to Box 894.

EXPERT POSTAL TUITION

For Examinations—B.Sc.Econ., LL.B. and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education, etc. Also many non-examination courses in business subjects. —Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

The Economist : Annual Air Subscription Rates

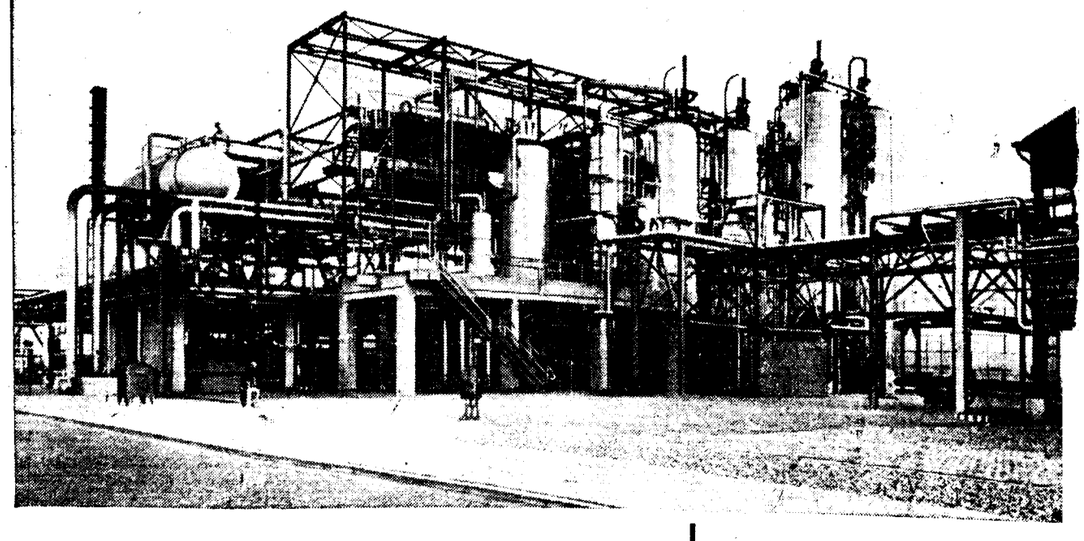
Sudan : £5.10s. (sterling)
Anglo-Egyptian : £7.14s.
Australia : £8.5s.
Canada : $21.50
East Africa : £5.5s.
Egypt : £5.5s.
Europe (except Poland) : £4.15s.
Gibraltar, Malta : £3.15s.
Hongkong : £7
India & Ceylon : £6
Iran : £6
Iraq : £6
Israel : £6
Japan : £9
Malaya : £6.15s.
New Zealand : £9 (sterling)
Nigeria, Gold Coast : £5.5s.
Pakistan : £6
Rhodesia (N. & S.) : £5.10s.
S. America and W. Indies : £7.15s
Union of S. Africa : £5.10s.
U.S.A. : $21.50 or £7.14s.

Printed in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2. Published weekly by THE ECONOMIST NEWSPAPER, LTD., at 22 Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2d.; Overseas 2d.—Saturday, April 9, 1955.

PROPANE DEASPHALTING

This propane deasphalting and decarbonizing plant went on stream recently at Shell's Refinery, Pernis, near Rotterdam (N.V. De Bataafsche Petroleum Maatschappij). With a maximum oil charge rate of 12,000 barrels per day and a propane circulation rate of close to 100,000 barrels per day, this is one of the largest propane deasphalting installations in the world. The plant was designed and engineered by E. B. Badger & Sons Limited in collaboration with the Stone & Webster Engineering C[illegible]on.

FOR SHELL AT PERNIS



E. B. BADGER & SONS LIMITE
99, ALDWYCH, LONDON, W.C.2
Process Engineers and Constructors for the Petroleum, Petro-Chemical and Chemical Indust
Affiliated with STONE & WEBSTER ENGINEERING CORPN., Badger Process Division, U.S

SECRETARIAT LIBRARY MADRAS GOVERNMENT 17 MAR 1955

The Economist

FOUNDED 1843

[A]PRIL 16, 1955 ONE SHILLING

Mr Bountiful?

Council of Asia

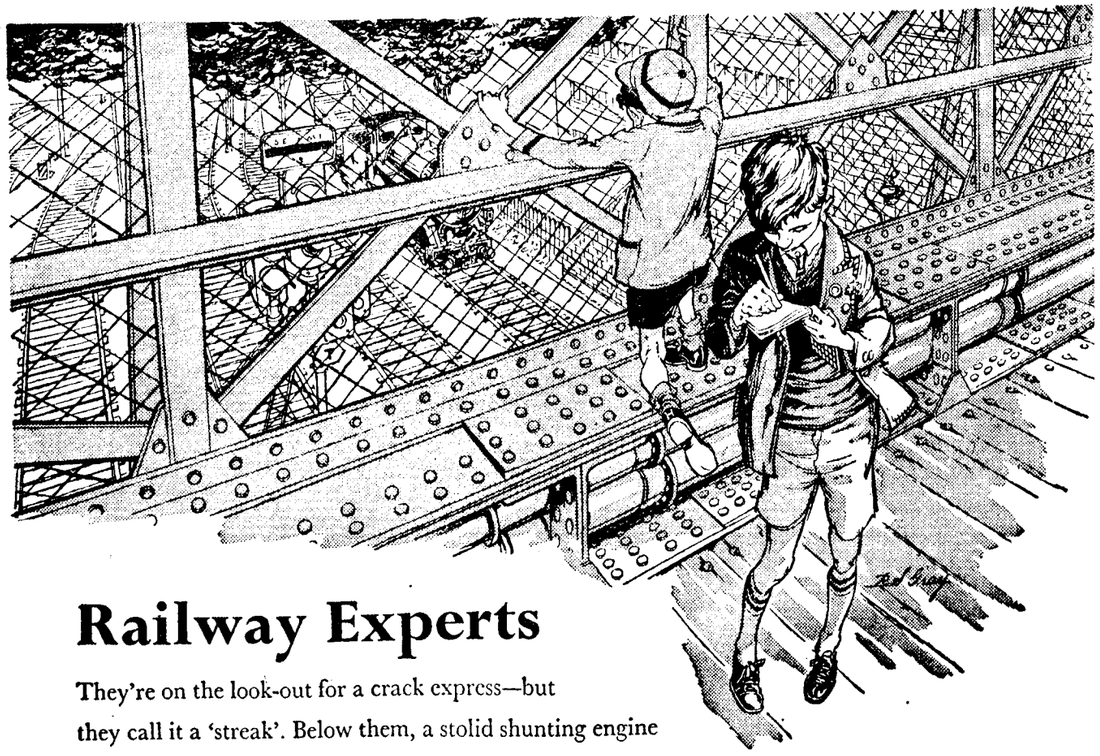
Bringing Germany In

A Cry from Lancashire

Oil for Australia

AMERICAN SURVEY: Mechanising the President
THE WORLD OVERSEAS: Europe's Bounding Economy
BOOKS: From Pithecanthropus to Pythagoras

Annual Postal Subscriptions: by ordinary mail £3; by air see page 251
THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1
VOLUME CLXXV · NUMBER 5825



Railway Experts

They're on the look-out for a crack express—but they call it a 'streak'. Below them, a stolid shunting engine rolls unnoticed into a factory siding, hauling its vital load of raw material. The story of these factory sidings—hundreds of them up and down the country—is the story of Britain's industrial development. It is a story in which the Thos. W. Ward organisation has played an important role, for many of these private railways have been built by Wards.

Wards hold an unrivalled position in the specialised field of laying and maintaining industrial railway sidings. They can advise on and contract for installations of every kind, ranging from a simple run-in to an intricate network. Wherever rails are needed to move the goods, Wards are the people to provide them.

THE TWW SERVICE ALSO INCLUDES:—

Iron & Steel · Excavators & Cranes · Shipbreaking
Foundry Plant & Supplies · Food Preparing Materials
Contractors' Plant & Equipment · Granite & Freestone
Structural Steelwork · Tractors & Earth Moving Plant
Insulating Materials · Plant & Machinery · Cement
Nuts & Bolts · Non-Ferrous Metals · Rails & Sidings
Industrial Dismantling · Wire & Wire Products
Industrial Plant · Packings & Jointings.

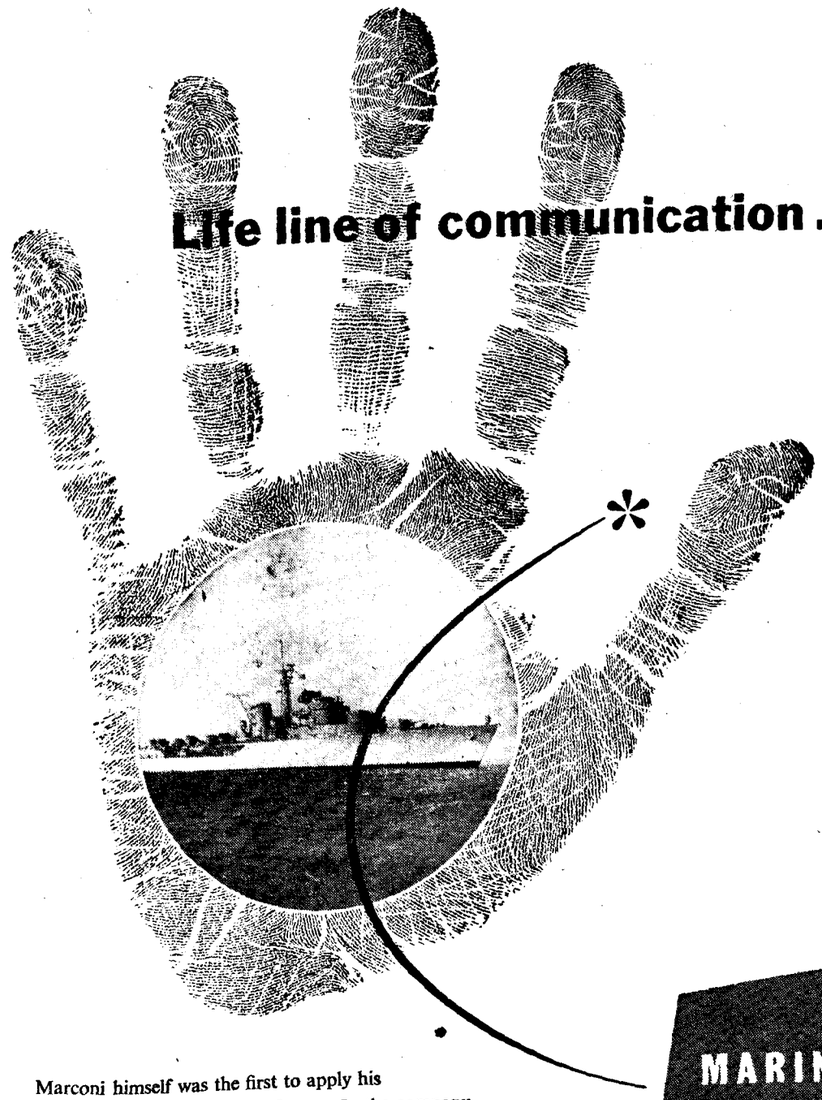
THOS. W. WARD LTD

ALBION WORKS · SHEFFIELD

LONDON · GLASGOW · MANCHESTER · BIRMINGHAM · LIVERPOOL · BRISTOL · GRAYS
WISHAW · PRESTON · CARDIFF · BRITON FERRY · MIDDLESBROUGH · MILFORD HAVEN
INVERKEITHING · ANTWERP · PARIS · BOMBAY · CALCUTTA · SYDNEY & STOCKHOLM

LONDON OFFICE: BRETTENHAM HOUSE, LANCASTER PLACE, STRAND, W.C.2.

GP1



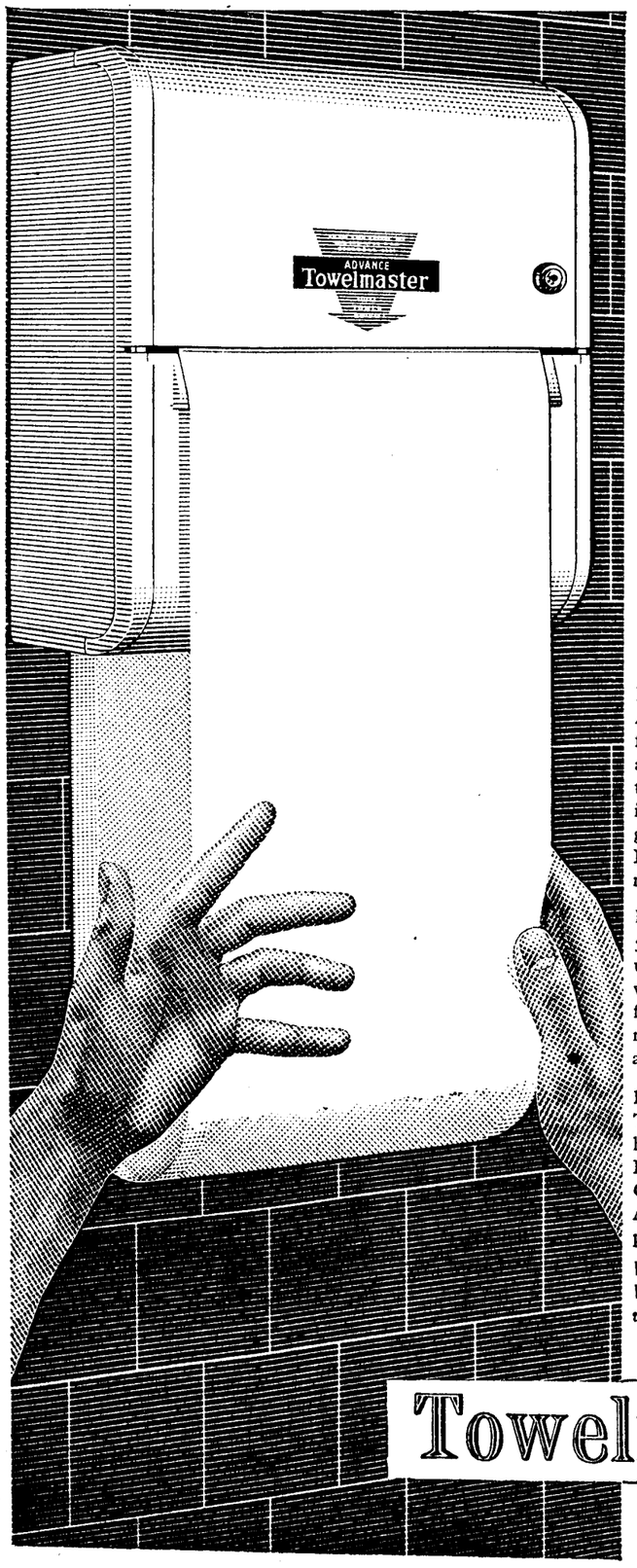
Marconi himself was the first to apply his discovery to the safety of seafarers. In the company he founded his successors have vastly developed his initial research over the past half century. Today Marconi equipment in ships and shore stations contributes to the accuracy of navigation and the efficient operation of both warships and merchantmen, as well as the comfort and convenience of those who trade or travel by sea and the forces which protect them. The mariner is warned of hazards, guided into safe channels and guarded from "the dangers of the sea and the violence of the enemy" by Marconi's.

MARINE RADAR AND COMMUNICATIONS

MARCONI

MARCONI'S WIRELESS TELEGRAPH COMPANY LIMITED · CHELMSFORD · ESSEX

LG2



A clean soft dry towel for every pair of hands

How does the Towelmaster work? A pull. Here's a length of laundry-fresh towel, enough and to spare for a really good dry. And as you pull, the used portion automatically winds into a separate compartment of the gleaming white Towelmaster cabinet. Nothing more efficient. Nothing more hygienic.

How much does the Towelmaster cost? 5/- per roll of towelling. Minimum usage only one roll per cabinet per week. Installation is free. Maintenance is free (two or more cabinets). No replacement charges. In fact there are no other charges whatsoever.

How much is the Towelmaster worth? Those few shillings give 180 pairs of hands an honest-to-goodness dry. Benefit staff and visitors alike. Give you 45 yards of *goodwill*. And what an infinitesimal price to pay for a clean bill of health!

What are your particular needs? We'll be glad to discuss them—without obligation.

ADVANCE

Towelmaster

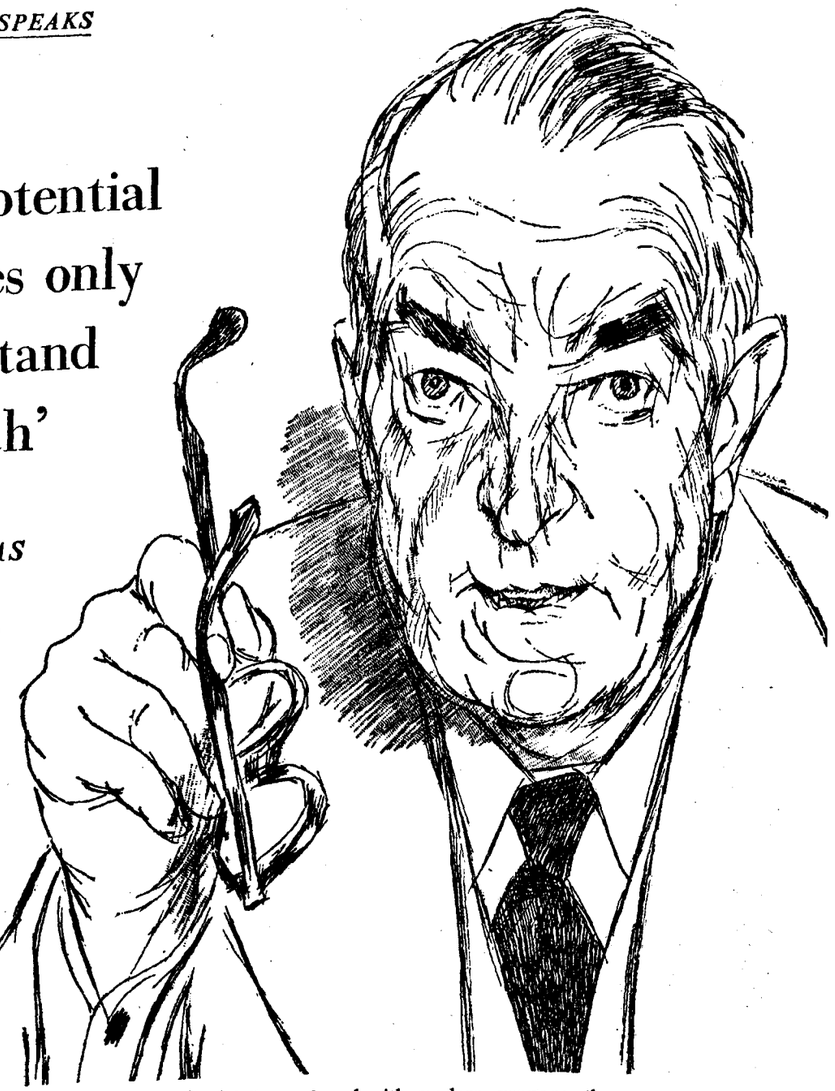
Advance Linen Services Ltd. (Dept.T13), Stratton House, Piccadilly, London, W.1. Telephone: Mayfair 8886

THE CHAIRMAN SPEAKS

'Our potential enemies only understand strength'

SAYS SIR THOMAS SOPWITH

C.B.E., Hon.F.R.Ae.S



"Even before the Royal Air Force is fully equipped with modern weapons, there are voices raised seeking to reduce our protection. And they are powerful voices... Make no mistake about it. The one sure way to invite disaster is for this country to pursue a policy of weakness. Our potential enemies only understand strength and our sole hope of survival lies in so building our strength and our air power that no one will dare attack us."

Extract from the Annual Report and Statement of the Chairman—Hawker Siddeley Group. Published in 'The Birmingham Post' January 6th 1955

Companies wishing their reports and statements to reach a wide and influential audience throughout the United Kingdom's most important manufacturing centre, publish them in . . .

The Birmingham Post

London Office: 88 Fleet Street, E.C.4.

Scandinavia now within the reach of all



by 'Night Scandinavian'



ANNOUNCING **NEW NIGHT SERVICE RETURN FARES**

STAVANGER	£19.19.0
COPENHAGEN	£28. 0.0
OSLO	£29.10.0
GOTHENBURG	£29.10.0
STOCKHOLM	£35.10.0

Commencing 16th June to 8th September.

ALSO TO:
AALBORG · AARHUS · BERGEN · HELSINKI
KRISTIANSAND · MALMO · RONNE · TURKU

Night flights are cheap flights by SAS

FLY SAS
SAS
first over the Pole

SCANDINAVIAN AIRLINES SYSTEM

5 CONDUIT STREET, LONDON, W. 1.
36 CANNON STREET, BIRMINGHAM 2.
32, DEANSGATE, MANCHESTER.
164 HOWARD STREET, GLASGOW.

Telephone : Trafalgar 9060

CHRISTIES

Telegrams : Christiart, Piccy, London.

CHRISTIE, MANSON & WOODS, LTD.

8, KING STREET, ST. JAMES'S, S.W.1.

Sales commence at ELEVEN O'CLOCK PRECISELY. Catalogues may be had price 3d. per copy (prepaid) post free.

ON WEDNESDAY, APRIL 20.
OLD ENGLISH and CONTINENTAL SILVER and PLATE, the Property of MRS. LOUIS FLEISCHMANN and others, including an Elizabeth I Ostrich Egg Cup with silvergilt mounts, 1591, a Charles II plain Tankard, 1682, and a German Tankard, Hamburg, circa 1680.

ON THURSDAY, APRIL 21.
OLD ENGLISH and CONTINENTAL FURNITURE, OBJECTS OF ART, EASTERN RUGS and CARPETS, from various sources.

ON FRIDAY, APRIL 22.
At 11 a.m. ANCIENT and MODERN PICTURES and DRAWINGS, the Property of the EARL OF DERBY, M.C., and others.
At 2.30 p.m. ANCIENT and MODERN PICTURES and DRAWINGS, the Property of L. C. WALLACH, ESQ., and others.

ON MONDAY, APRIL 25.
EUROPEAN and ORIENTAL CERAMICS and OBJECTS OF ART, from various sources.

ON TUESDAY, APRIL 26.
OBJECTS OF ART AND VERTU, MINIATURES and COINS, the Property of the late MARY, LADY COLMAN, the late H. S. GUINNESS, ESQ., and others, and a Collection of Old English Watches, the Property of JOHN VINCENT, ESQ., J.P., and including an Italian Violin by Tononi, circa 1700, works by Carl Fabergé, and a German gold filigree box, circa 1600.

ON WEDNESDAY, APRIL 27.
FINE JEWELS, the Properties of MRS. B. B. DONALD, MRS. A. MARTIN and others, including an Old English Diamond cluster Ring, circa 1780, and a Diamond cluster Half-hoop Bracelet.

ON THURSDAY, APRIL 28.
OLD ENGLISH and CONTINENTAL FURNITURE, OBJECTS OF ART and EASTERN RUGS AND CARPETS, from various sources.

ON FRIDAY, APRIL 29.
OLD PICTURES and DRAWINGS the Property of P. J. WESTWOOD ESQ., and others mainly of the 17th and 18th centuries, British and Continental Schools.

ON MONDAY, MAY 2.
FINE ENGLISH and CONTINENTAL PORCELAIN, the Properties of The VISCOUNTESS BERTIE OF THAME, ROBERT VON HIRSCH, MISS M. SAUNDERS STEPHENS, MRS. M. A. RASH, MRS. M. FALCONI, including an Important "Flying Fox" pattern Meissen Dinner Service, fine Meissen groups modelled by J. J. Kaendler, J. F. Eberlein and others, fine Chelsea porcelain including a red anchor set of the Seasons, and Worcester porcelain from the MISSES GARWOOD, formerly in the Collection of the late Frank Lloyd. Ill. Cat. 5/-.

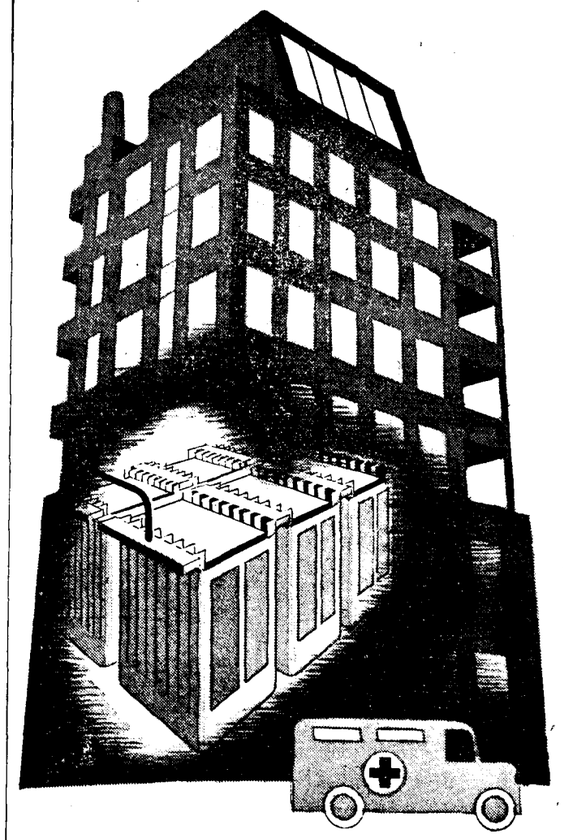
ON WEDNESDAY, MAY 4.
OLD ENGLISH and FOREIGN SILVER and PLATE, the Property of the late MISS G. C. HUE (Sold by Order of the Executors), and others.

ON THURSDAY, MAY 5.
18th CENTURY ENGLISH and CONTINENTAL FURNITURE, OBJECTS OF ART and EASTERN RUGS and CARPETS, the Property of the late MISS G. C. HUE, and others.

ON FRIDAY, MAY 6.
ANCIENT and MODERN PICTURES and DRAWINGS, from various sources.

ALL SALES MAY BE VIEWED AT LEAST TWO DAYS PRECEDING.

-ABDULLA-
MAKE
THE BEST
VIRGINIA
CIGARETTES*



The heart of the matter

The electric storage battery plays a vital part in modern life, and lead is vital to economic battery production. Batteries provide the means of storing electrical energy for motor cars and for emergency lighting in hospitals, cinemas, and wherever there is absolute dependence on continuity of electrical supply. Emergency signalling systems on railways, and standby systems for communication and alarm on ships depend on the electrical storage battery, of which the lead plates are a most important part.

Lead protects

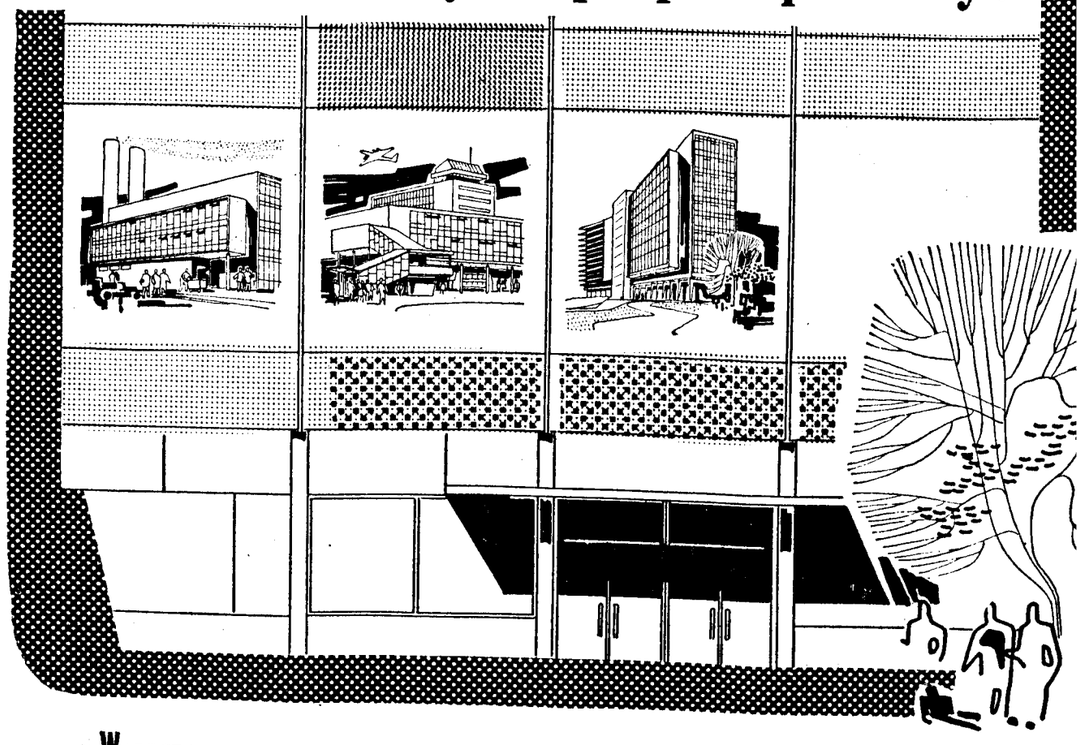
Issued by LEAD DEVELOPMENT ASSOCIATION

EAGLE HOUSE · JERMYN STREET · LONDON · S.W.1 Telephone : WHITEHALL 4175

DA.12

Whatever the building or the business **WALLSPAN**

outer walls serve your purpose precisely!



WALLSPAN is the most versatile outer wall construction material in use to-day. Wallspan walls can be built to serve a wide variety of different needs.

In a storage warehouse, Wallspan will give you all the strength and solidity you could ask. In a factory—vastly more daylight with an unusual degree of heat insulation, plus facilities for partitioning, sub-dividing or expanding. In a modern school—the maximum measure of fresh air and sunshine. In a laboratory it could combine special ventilation with rigid requirements in temperature control. *And give you all these things, please remember, at very competitive cost!*

What Wallspan is. Wallspan is a system of vertical and horizontal aluminium alloy members, formed into a grid to carry windows, doors and the glass or other panelling. Wallspan walls give you complete protection against the weather in any climate. The glazing and panelling can be constructed to afford a comfortable working temperature even in extremes of heat and cold.

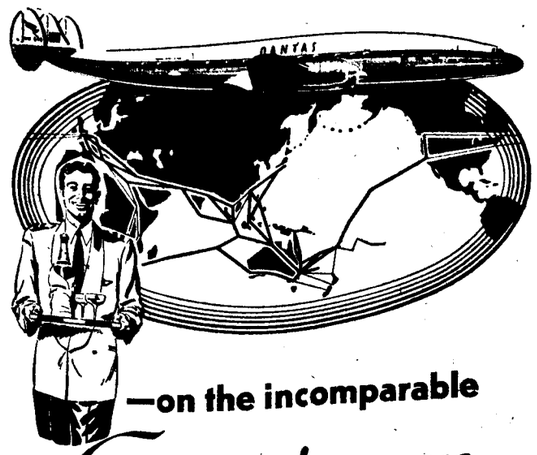
Beauty with minimum maintenance. Wallspan also offers your architect fresh opportunities in design, with exciting combinations of glass, metal, plastics and other materials. The grid is a non-corroding aluminium alloy. With a suitable choice of panelling, maintenance is reduced to an occasional rub-down by the window cleaners.

Finally, Wallspan walls go up in a matter of *days* to get your building into use much sooner.

WALLSPAN CURTAIN WALLING **WILLIAMS & WILLIAMS** *RELIANCE WORKS · CHESTER*

You'll be using your building sooner—much sooner—if it has Wallspan walls!

Fly across the world in Super Constellation luxury



—on the incomparable *Connoisseur*

ALL-FIRST-CLASS SERVICE

Enjoy QANTAS super-service all the way from London to San Francisco via Sydney, Australia. Limited passenger list . . . delicious meals with champagne . . . luxurious Sleeper-chairs . . . spacious lounge . . . a cabin crew of four! And all this costs no more in air fare. Your Travel Agent will gladly supply full details.

QANTAS

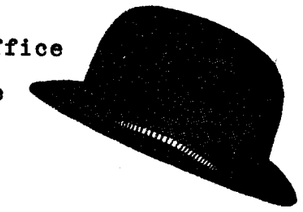
AUSTRALIA'S OVERSEAS AIRLINE

Qantas Empire Airways Ltd. in association with B.O.A.C, B.E.A. & TEAL

QANTAS BOOKING OFFICE: 69 PICCADILLY (MAYFAIR 9200) OR ANY OFFICE OF B.O.A.C.—our General Sales Agent

---

To make the office a better place to work in

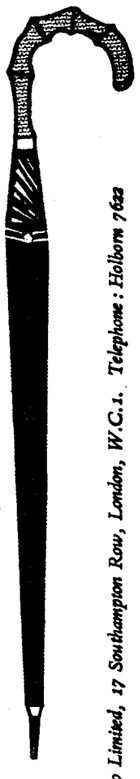




LATERAL FILING

Organisations who must of necessity keep a vast number of files are faced with the unavoidable fact that files occupy extremely valuable space. Hospitals, Education Committees, Police, Insurance and Building Societies, Government Authorities and other large organisations will welcome LATERAL FILING—Roneo's latest solution to bulk filing problems. Although lateral filing manages to squeeze a quart into a pint pot, access to files is rapid and easy.

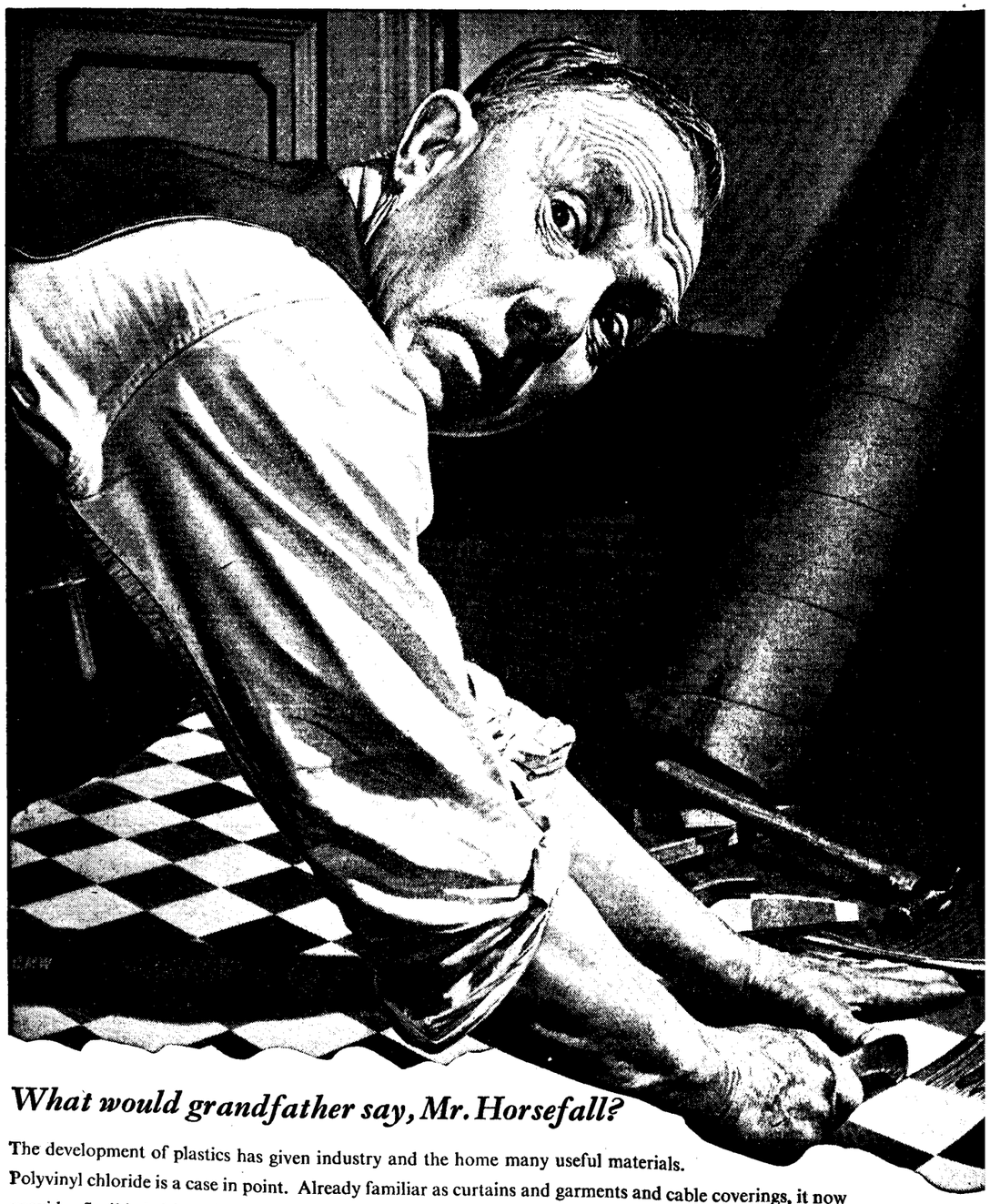
FILING AND RECORDS
STEEL PARTITIONING
DUPLICATORS
STEEL DESKING & EQUIPMENT
OFFICE PLANNING
LIBRARY & BANKING EQUIPMENT



call in RONEO *and do the job* PROPERLY

Write to Roneo Limited, 17 Southampton Row, London, W.C.1. Telephone: Holborn 7622

NSW 278



What would grandfather say, Mr. Horsefall?

The development of plastics has given industry and the home many useful materials. Polyvinyl chloride is a case in point. Already familiar as curtains and garments and cable coverings, it now provides flexible belting for coal mines which is singularly unaffected by hard wear and tear. In an allied form it is a floor-covering material of exceptional durability. Organic Phosphorus Compounds (*for which Albright & Wilson supply the intermediate*) are often used as the plasticizers to maintain the flexibility and to make the finished plastic flame-resistant.

Chemicals for Industry

ALBRIGHT & WILSON

ALBRIGHT & WILSON LTD • 49 PARK LANE • LONDON • W.

1955 HANNOVER

ALSO
MACHINE TOOL EXHIBITION
11—20 SEPTEMBER

GERMAN INDUSTRIES FAIR

HEAVY AND LIGHT INDUSTRIES FAIR

24 APRIL - 3 MAY

Sole U.K. representatives SCHENKERS LTD. — *Shipping and Forwarding Agents*
27, Chancery Lane, London W.C.2. 'Phone CHAncery 6612 Telex LONDON 2-2625

The Textile WHOLESALER helps the NATION

THE Wholesaler reduces waste of manpower, time and money. He provides a centralized service for the distribution of the pick of the products of hundreds of factories to shops in every town and village in the country.

By buying in advance of the seasons and holding large stocks, he provides a buffer against rising and falling prices. His stocks are invaluable, too, in meeting sudden demands. He aids the manufacturer by prompt payment and gives helpful credit to the Retailer.

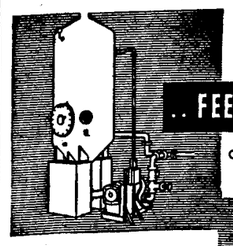
The Textile Wholesaler plays a vital role in the economy of this "Nation of Shopkeepers".

This is the FOURTH of a series of four announcements describing how the Textile Wholesaler helps the Manufacturer, the Retailer and the Nation.

Issued by
The WHOLESALE TEXTILE ASSOCIATION, 75, Cannon St., London, E.C.4
Tib. 310

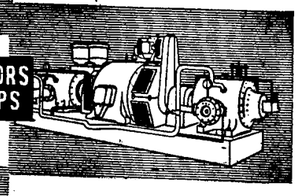
HICK HARGREAVES

The name to remember when you require . . .



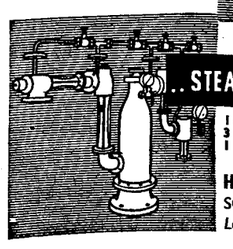
.. FEED WATER DE-AERATORS

Capacities from 20,000—450,000 lbs./hr.



..ROTARY COMPRESSORS AND VACUUM PUMPS

Capacities from 30—2,000 c.f.m.



.. STEAM JET VACUUM EQUIPMENT

1 and 2 stage for vacua up to 29" Hg.
3 and 4 stage for absolute pressures down to 1 mm.Hg. or less.

HICK HARGREAVES & CO., LTD.
SOHO IRONWORKS · BOLTON
London Office: 1 Lancaster Place · W.C.2



The Duchess eats off paper!

Yes she really does—those clean bright table tops we find in the world's gay places are made from sheets of specially prepared kraft paper treated with synthetic resins and pressed together. These are the laminated plastics now so widely used for wall panellings and furniture surfaces in ships, trains, bars, restaurants — and, of course, the modern kitchen. Beauty and virtual indestructibility in one! They are just one more example how the famous Aylesford Kraft made by the Reed Paper Group contributes to the world's well-being.

Reed
PAPER GROUP

Head Office: 105 Piccadilly, London, W.1

ALBERT E. REED & CO. LTD
Aylesford Mills, Tovil Mills and Bridge Mills, Maidstone

THE LONDON PAPER MILLS CO. LTD • EMPIRE PAPER MILLS LTD • THE SUN PAPER MILL CO. LTD • THE MEDWAY CORRUGATED PAPER CO. LTD
MEDWAY PAPER SACKS LTD • BROOKGATE INDUSTRIES LTD • REED PAPER HYGIENE LTD • REED FLONG LTD • THE THOMPSON & NORRIS MANUFACTURING CO. LTD
REED PAPER SALES LTD • E. R. FREEMAN & WESCOTT LTD • POWELL LANE MANUFACTURING CO. LTD • THE NATIONAL CORRUGATED PAPER CO. LTD

The Economist
FOUNDED 1843
APRIL 16, 1955
ONE SHILLING

Mr Bountiful? 177
Council of Asia 179
Cringing Germany In 181

NOTES OF THE WEEK

Night Watchmen?; The Foreign Secretary; Little in Limbo; Verdict on a Strike; Austrians in Moscow; Finland Asked into the Parlour; The Shah to the Fore; A Success Against Polio; New Deal for Modern Schools; Signor Nenni's New Bid; Saar Spanner in the Works; Rash Tactics in Rio; Smoothing the Ratepayer; Proconsul for Nigeria; Overflow in the Midi; Yemen Tables Turned; New Watchdogs for Russian Farms; More of a Good Thing?; Irish Bank Settlement; Shorter Notes. 183

BOOKS AND PUBLICATIONS . . 194
LETTERS TO THE EDITOR . . . 197

AMERICAN SURVEY

Mechanising the President 199
Stevenson in the Straits; Vaccine *versus* Virus; Lesser Part of Valour; Bombs and Genes; No Little Wheat; Docks Run Dry; Points in Labour Law; Shorter Notes.

THE WORLD OVERSEAS

Europe's Bounding Economy . . . 207
Japanese-American Discords; The Southern Sudan and Egypt's Water; Holland and the WEU; "Operation Nenni"; Coal Price Dilemma; Canada's Budget Deficit.

THE BUSINESS WORLD

A Cry from Lancashire 217
Oil for Australia 219

BUSINESS NOTES

Strength of Sterling; Markets hold Firm; Mixed Blessing in Copper; Bill Rate Tactics; February in the Shops; Unilever's Dividend; Dearer Money in New York; Rubicon for Lorry Sales; Interdict at Renfrew; Cunard's Modest Dividend; Small Savings Rise; No Turbo-Props from Lockheed?; Benign Monopoly; Narrow Future for the Canals; Work for Shorts; Spring Cleaning the CIC; Easter Traffic in the Commons; Maybe in Gold; Refugees from Band III; Prosperous Insurance; Commodities Mainly Steady; Shorter Notes. 220

COMPANY NOTES AND SECURITY PRICES 234
STATISTICS 238

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

Mr Bountiful?

WHEN Mr Butler opens his Budget on Tuesday, Parliament will be throbbing with election fever. Either the election date will already have been announced, or most people will be expecting that the announcement is just about to be made. In these circumstances the Chancellor will face three problems: the parliamentary and the electoral as well as the economic. The best advice that can be given to him this week—in his own interests as a party politician, as well as in the wider interests of the country—is that he should ignore the first two problems, and concentrate on coming to grips with the third. He can do so with the greater ease because, thanks to the success of some of his past policies, there are no grim furies looking on.

His parliamentary problem—the awkwardness of the timetable—can be ignored because it is not very serious. The general expectation at the moment is that three weeks in May, part of which would otherwise have been taken up with consideration of the Finance Bill, will now be devoted to an election campaign. One consequence of this is that Mr Butler is unlikely to be able to incorporate all the proposals of a normal Budget into a completed Finance Act before Parliament dissolves. There are several ways in which he might surmount the difficulty: the two most likely are either that he will have to divide his proposals between one pre-election and one post-election Bill, or else that he will rely on the summary budget resolutions that will be passed next week to tide the country over to June—which would then have to be a month in which finance debates crowded most other business off the floor of the new Parliament.

In either event, however, the difficulty set by the timetable is not a hurdle in the way of a controversial or imaginative Finance Bill. It is in the way of a long one. Scope for delay by a Labour Opposition, on either side of the election, will not depend on the subject matter of clauses in the Finance Bill, but on the number and length of them; while, if the argument against a controversial Budget is that a Labour Government might be returned at the election and then have to carry through or discontinue a Finance Bill of which it disapproved, Mr Butler can justly reply that that should be Mr Gaitskell's worry. For these reasons the timetable should allow the Chancellor to introduce any changes in the rates of existing taxes that he wants, although he might find it more difficult to make extensive changes in existing tax law; for example, carefully drafted—and no doubt lengthily debated—legislation to enact the Millard Tucker proposals about taxation of pensions might consume more time than he could conveniently afford. Even in these matters, however, the Chancellor should not be deterred from action if he thinks that action would be economically right.

Much the same considerations apply to the Chancellor's second problem—the electoral search for votes. Mr Butler seems to be in a fortunate position here. Nobody now expects that he will have to take back more in new taxes than he will be able to give away in new reliefs;

and in these circumstances there are probably only two ways in which he could make a serious electoral *gaffe* next week. One would be if he were so extravagant in his reliefs that he could be accused of bribery before the polls ; the other would be if his budget were so immobile that it suggested to the electorate that his economic dynamism—which has been an important feature of renaissance Conservatism in the last few years —had begun to fade. The Labour party is waiting to bill him as either the spendthrift or the Scrooge, either the corrupter or the curmudgeon. He will be wise to try to steer between these opposite roles ; and for this course economic forces provide him with a rather bewildering, though not altogether unsatisfactory, compass.

★

For Mr Butler's economic dilemma is in many ways similar to his electoral one. His signposts are pointing in different directions. Britain is in balance-of-payments deficit, but in ordinary budget surplus. From one point of view the British people are spending more than their current level of production should allow them to afford ; from another they are being allowed to deploy less spending power than the Treasury could afford to let them have. It is very difficult to set a figure to either magnitude for the year ahead. But the balance-of-payments deficit in the second half of 1954 was running at an annual rate of some £25 million ; it is probably now running at double that rate, at least. The ordinary budget surplus in 1954-55 was just over £430 million ; without any change in taxation, it will be smaller—but still sizeable—in 1955-56. If anybody could suggest a budget that would induce an increase in production that was some £50 to £100 million higher than the increase in spending that it stimulated, and yet that gave away some £200 to £300 million in tax reliefs, he would solve both Mr Butler's economic problems for him. He would also become a very popular figure in the Conservative party, and qualify for the international circle of magicians.

The fact that no such budget can be framed means that Mr Butler will presumably search for a compromise. A possible politician's compromise was suggested in *The Economist* two weeks ago. Mr Butler might be tempted to give away anything up to half of his budget surplus for 1955-56, and then to claim loudly that he had not been guilty of election bribery because he had not given away the rest. Economically, this would be defensible on one condition only: namely that the reliefs were designed in a way that would stimulate production as much, and consumption as little, as reliefs of this size (say, up to about £100 million a year) could do. Are there any specific proposals that the outside analyst can suggest which would fit into this formula ?

There are two points that can be made. First, in the field of income tax, this recipe suggests that it might be wiser this year to concentrate on changes in allowances rather than in standard rates of tax ; in any event, the money to make a reduction of 6d. in all three rates of income tax can be only barely—if at all—available. One possible device might be to increase the earned income allowance in order to encourage overtime and harder work ; and then to change the pattern of single and married persons' allowances—so that the spinster or bachelor got little or no advantage from the new relief, the married but childless couple got average advantage, and the married taxpayer with children a special gain. This would certainly accord with social justice ; compared with 1938, as the Royal Commission on Taxation recently pointed out, the married man with two children and an income of around £800 a year has seen his real burden of taxation increased by three times as much as the single man who used to be in the same tax group. It might accord with good electoral tactics ; married taxpayers (with their dependants) are probably twice as numerous on the voting registers as single taxpayers. It ought also to accord with incentives to save and work ; a marginal increase in these incentives will probably have more effect on family men than on tax-paying single men and girls. If Mr Butler has revenue to give away, there therefore seems a strong case for urging him to make some such reform the centrepiece of his budget.

★

The other point that needs to be made is more general. It concerns indirect taxation. For some time now the trend in purchase and entertainment tax has been to grant relief only to those industries that are inefficient or uncompetitive enough to be in difficulties. The most obvious claimant in the queue this year is the Lancashire cotton industry, which has the capacity to increase production if demand is stimulated by a cut in purchase tax ; although there are others—such as the organisers of professional sport who bear rates of entertainment tax that are not paid by their amateur competitors—who are jostling close behind. There are dangers to a competitive economy in this policy of tempering the wind to every shorn lamb, but at least these are lambs that the Exchequer is still fleecing. The time to worry will be if Lancashire starts fleecing the Exchequer through subsidies—or the consumer through further restrictions on competing imports—instead.

With the election ahead there will be a temptation to send a pinnace from the open seas to shrimp for votes in these and other troubled inlets. But it is by his success in keeping his main ship in sober trim and moving forward, rather than by these subsidiary diversions, that Mr Butler's budget will deserve to be judged. And, as the world wants to cast judgment on the last act of his first Chancellorship, it would be unfair not to draw satisfaction from the thought that Mr Butler now has a reputation to maintain rather than to mend. As he comes to the dispatch box next Tuesday, many people will be ruminating that, in more senses than one, it is the swan of this Parliament who is about to sing.

Council of Asia

THE conference of twenty-nine nations that is to open on Monday at Bandoeng in Java promises to prove historic in concept, doubtful in execution, and unsatisfactory to almost all parties in effect. The concept of a high-powered conference of Asian and African governments is undoubtedly an historic one. This will be the first time that strong delegations, including a rich leavening of prime ministers, have come together from countries throughout the Orient. It will be the first great council of Asia—with a scattering, too, of African representation, for its long arm has stretched out far enough to draw in one of Mr Nkrumah's ministers. Indeed, in sheer geographical scope the gathering at Bandoeng makes all the congresses that Europe has held over the centuries look like a neighbourly chat over garden fences. When Asians foregather they must travel thousands of miles, and the lush equatorial island which is their rendezvous must seem exotic and remote to men from the vast, arid continental heartland, whether they come from Tehran or from Peking. True, modern science has shrunk distance so that Colonel Nasser and Mr Nehru can reach Java in much less time than it once took the statesmen of Europe to assemble at Vienna or Utrecht. But the mental distances between peoples have not yet been reduced as drastically ; and here the doubts about the Bandoeng conference begin.

Certain common denominators can indeed be found even in an assemblage which brings together political leaders from Japan and Libya, from Turkey and the Philippines. Most of the states concerned are "new" nations, their sovereignty being of recent, and, in a dozen cases, of postwar date. And even the most ancient sovereign nations of the Orient share their yearning for a more clearly asserted status in world affairs. Memories of European dominance die hard, and in many Asian eyes it is not enough to have equality of status in world institutions such as the United Nations ; Europe, it is pointed out, has its own institutions—the Assembly at Strasbourg, for example—and Asia has every right to follow suit. Nobody in the West would contest this claim. The mere fact of the holding of the Bandoeng conference thus gives great satisfaction to countless people in the East ; and nobody in the West would grudge that.

Nevertheless, a conference in the true sense is not like a flower show. It ought to create, not simply demonstrate. Certainly the Southern Asian powers that sponsored the Bandoeng conference did not have in mind a mere exchange of garlands. They called for a political discussion, and they are to have one. But they never seemed either agreed or clear about the aims of this discussion. Never, perhaps, have the representatives of so many governments assembled with so little idea of what they are going to do. Unlike the Strasbourg delegates, the Asians are meeting neither as joint venturers in an experiment in political and economic unity, nor under the shadow of a near and common peril. Nobody is coming to Bandoeng to preach Asian federal union, or even a coal-steel community ; certainly nobody expects to found a new defence alliance there ; and whereas Europeans have lately been thrown together by Communist pressure, the Asians have billed Communist China as a star performer at their conference. What concrete result, then, is expected by the participants?

The sad fact is plain that most of the delegations are coming with expectations so different from each other as to be virtually contradictory. The Indonesians, who initiated the whole project, are perhaps the most likely to achieve their purpose, which was primarily to gain prestige and to divert attention from their domestic rifts and failures by playing host to a glittering assembly ; and even they may lose their prize, particularly if some new breakdown of internal order should disrupt the conference much as the Pan-American meeting at Bogotá was disrupted in 1948. For the rest, so many different harps are being brought to this party that few can expect general applause. If the Arabs, for example, inveigh against Israel they cannot hope for much enthusiasm among the Far Eastern delegates ; if the Siamese expound their fears of Viet Minh infiltration they are likely to encounter non-committal politeness. Obviously, a conference so lacking in common positive purpose is all too likely to fall back on the negative—to descend to its lowest common denominator and stick there. And when Asians are gathered together, the natural lowest denominator is anti-westernism.

In Asia, anti-westernism is still usually labelled anti-

ASIAN AND AFRICAN STATES REPRESENTED AT BANDOENG

	Population (millions)		Population (millions)
Japan	86	Afghanistan	12
China	582	Iran	19
Philippines	20	Iraq	5·1
Indonesia	78	Saudi Arabia	7·0
North Vietnam	12	Yemen	4·5
South Vietnam	11	Jordan	1·3
Laos	1·3	Lebanon	1·3
Cambodia	3·9	Syria	3·4
Siam	19	Turkey	22
Burma	18	Egypt	21
India	367	Libya	1·2
Ceylon	8·2	Sudan	8·8
Nepal	7·0	Ethiopia	16
Pakistan	75	Liberia	1·6
		Gold Coast	4·0

colonialism, in defiance of the hard fact of the dramatic withdrawal of colonial power in the past decade. One of the greatest ironies of our day is that, while the only European power that still rules an empire in Asia is the Soviet Union, Asian "anti-colonialism" has been made into a stick to beat the traditionally anti-colonial United States. It is a simple and appealing slogan, and no less valuable politically for being absurdly outmoded; it is an excellent lightning conductor for any government that fears its own people's anger; and there is even the cheering thought that a carefully modulated beating of anti-western drums may produce a new loosening of western purse strings. It may thus be assumed in advance that the Bandoeng conference will voice strictures, possibly in varying degrees of severity, on continued Dutch presence in New Guinea, French in North Africa, Portuguese in Goa, and British in Malaya.

For the Communists, naturally, nothing could be more convenient. At the curtain-raising Asian "peace" conference which they staged last week in Delhi to Mr Nehru's chagrin, Peking's faithful mouthpiece, Kuo Mo-jo, laid down the formulæ that the Bandoeng meeting will be urged to endorse. One of these is the identification of American support for Formosa with the surviving vestiges of colonial rule on Asia's other fringes. China's real objectives emerged somewhat nakedly from Mr Kuo's speeches in Delhi: he seemed quite uninterested in the African problems which preoccupy many free Asians, and his list of colonial territories for denunciation significantly omitted Hongkong. (Since Hongkong is one of the very few territories in the whole area that is still officially designated a colony, the omission was quite obviously only tactical, and nobody in London ought to be deceived by it.) The Communists at Bandoeng will doubtless show their usual skill in concealing their aims. The Chinese and the Viet Minh cannot hope to carry 27 non-Communist governments along with them in a full statement of their case, and they are far more likely to seek to insert in the final communiqué sentiments that are only obliquely anti-American. If they cannot convert, they can at least hope to divide; and the obvious difference they will seek to exploit is that between the Asian states that have defensive links with the West and those that insist on non-attachment.

*

This difference cuts right across the membership of the Bandoeng conference, separating Turkey, Iraq, Pakistan, Ceylon, Siam, the Philippines and Japan on the one hand from Egypt, Persia, India, Burma, and Indonesia on the other. It makes it possible for the Communists to paint a picture of "pro-western" governments confronting the rest, and thus to pose as the closest friends and sympathisers of the "unattached" Indians, Burmese, Indonesians and Arabs. The atmosphere of an Asian conference is favourable to such manœuvres; not only is general applause assured for speeches recalling the West's past sins, but there must also be a general reluctance to admit that Asia can be divided against itself without interference from outside. Yet the more clear-sighted delegates at Bandoeng will be painfully aware that Asia is in fact divided in precisely this way.

For the real division of Asia today is the same as that of Europe. China, with its vassal states and Soviet Asia, is divided from the rest of Asia just as the Soviet sphere is from the rest of Europe, by its own acts, by barriers it has itself set up. Since 1950 the peoples of free Asia have had no more contact with the Chinese than western Europeans have with people behind the iron curtain. No news comes out of China except what Mao Tse-tung blesses. Asian governments may recognise Peking and seek to win its good will, but their envoys live there as in isolation wards.

*

The first aim of the Communists at Bandoeng must be to disguise this cruel fact, partly by issuing plentiful assurances of good will and peaceful intent and partly by diverting attention from their own activities in the direction of the old empires' retreating backs. How far are they likely to succeed in their aim? Impressively strong delegations are coming from several free Asian countries, and Mr Chou, who was once expected to dominate the Bandoeng proceedings, looks like having to contest the limelight with a number of rival stars. But he enjoys the support of an unrivalled propaganda machine, and, in the background, a military power unrivalled in Asia. Those who confront him will be divided, sometimes bitterly, among themselves. Will they allow the Communist team to play on their divisions and thus make them into involuntary puppets? Or will they look behind the broad smiles of Mr Chou and Mr Dong, noting Peking's admissions this very month that its vaunted drive for industrialisation has bogged down, its revelations only a few weeks ago of continued peasant resistance to collectivisation, the fact that China's revolution, like Russia's, has begun to devour its own children—such as Kao Kang?

It is, indeed, possible that this confrontation with the genial, slick, relentless monster that is Communist diplomacy may disillusion a number of free Asian statesmen about China's claims to represent their continent's "wave of the future." Not a few of them are steeped in liberal ways of thought, and not a few have already had lengthy experience of Communist tactics on their home grounds. If the Chinese put on too much pressure at Bandoeng, they may come away as disappointed as many other delegations will; and some useful lessons in realism will then be taken to heart. But one would be rash to count on any definable gain from the conference that would offset the danger of a welter of inchoate, and in part harmful, rhetoric. This first Council of Asia has an inauspicious setting.

Bringing Germany In

THE theme of talks with the Soviet government now preoccupies the western foreign offices, but they have not yet got beyond the delicate problems of procedure. Before any actual meetings with the Russians, there must be discussions among the western allies about the "how" and "when" of the conference, and about the proposals to be made at it. There is no decision yet about who should participate at this first stage. Should it be the "big three," with Germany included only when Germany is directly concerned, or should it be all the seven members of the Western European Union with the United States and Canada? Public opinion will be grossly unfair if it grows impatient with the officials who have to wrestle with these questions. They are not just fiddling with diplomatic niceties while the clock ticks on. Mistakes at this stage could still jeopardise the whole precarious structure that the Paris agreements represent. But early decisions are needed—and, however their outcome is presented, the basic decision involved concerns the vital issue of Germany's new relationship with the West.

It will be a mistake if the British, French and Americans decide that their preliminary explorations should take place without representatives of Bonn, except when Germany is the direct subject of discussion. It will be a mistake both psychologically and practically. The French, inclined, as so often where Germany is concerned, to be right in diagnosis but wrong in treatment, are anxious for early talks with Moscow largely because they fear that the Germans will themselves start negotiating directly with Mr Molotov if matters are not kept firmly in the hands of the "big three." As far as Dr Adenauer is concerned, the French fears are unjustified. He will not play at bargains with the Russians. If he were ever to deal with them it would be with more healthy mistrust than is found elsewhere, except perhaps in the bosom of Mr Dulles. Dr Adenauer, moreover, is not going to allow himself or his representative to be received in a Moscow in which Herr Ulbricht's "ambassador" is in residence. He claims that the Federal government at Bonn is the only one that legitimately represents Germany. This flat assertion is written into the WEU treaty, and is the ground for Dr Adenauer's demand that any future negotiation with the Russians should be a five-power gathering, with himself in the fifth seat.

*

Clearly, this particular claim is not realistic politics, because Mr Molotov would doubtless stipulate that the East German Democratic Republic should be represented too. It is the prior aim of Soviet policy in Germany to secure recognition of the puppets of Pankow and to make Bonn negotiate with them. Nothing, therefore, would come of any demand for West German representation at the actual conference with the Russians. But the preliminary talks among the western allies themselves are a different matter.

Dr Adenauer is a safe ally. But he is criticised for his one-sided, western orientation by politicians who think there should be something called a "German policy." Men who believe that Germany could secure its reunification by playing off the West against the East are to be found in all the German political parties. Their attitude has nothing to do with sympathy for Communism or for Herr Ulbricht; it is rather due to a suspicion that it is after all only Germans who really want the reunion of their country, and not all Germans at that.

*

The call for direct dealings with Moscow will certainly grow in Germany. Indeed, such dealings already exist in some fields. German trade officials as well as businessmen have been meeting Russian and satellite traders for some time past at Geneva, Warsaw and elsewhere; evangelical church leaders of neutralist persuasion have made the trip to Moscow, and, at their invitation, the Metropolitan Nikolai has just visited Bonn. Contacts have also been made by various *Bundestag* members. The most likely path to German hearts is through the Red Cross, and the Russians have indicated that they will take it. They are holding out the prospect of allowing the head of the German branch to visit Moscow in aid of the Germans who are still in Soviet prisoner camps. It is, indeed, evident that the way the Russians have been dealing with the Japanese and the Austrians—offering trade and the release of prisoners as preliminaries to diplomatic relations—is to be applied to the West Germans, in the hope that though they may have ratified the Paris treaties, they will never implement them.

Dr Adenauer, it must be repeated, is firm in his resistance to Muscovite wiles and threats. But he is faced with a dilemma. He has proclaimed to the Germans not only that a Germany powerless and friendless would never secure its reunion in freedom, but also, more positively, that by joining the western alliance they will have a better chance of securing their goal than before. The first proposition is almost self-evident. The experience of the past few years is available to show that the Russians do not lift a finger to concede anything until they are pressed. Indeed, Mr Molotov probably missed a historic moment when he failed to make a good offer to the Germans last August when the European Defence Community collapsed. He made no such move, and gave the Germans one more reason to think that they would never gain any-

thing from weakness. But the positive side of Dr Adenauer's policy is more difficult to establish. He has now to convince the Germans that they will be actually nearer to reunion when they are allied to the West. And many of them will be hard to convince of the truth of this. Last week Professor Hallstein claimed with justice that the ratification of the Paris agreements meant that three essential aims of the government's foreign policy had been achieved—recovery of sovereignty, security against the Soviet threat, and emergence from isolation. The fourth essential yet to be achieved was national reunion, and, Professor Hallstein said, the Federal Republic could now take the initiative more strongly in that direction. To this, newspapers linked with the Social-Democratic opposition retorted that the government had no plan for reunification on which it could insist as the basis for negotiations with the Russians, that, instead, it found itself "in the antechamber of the great powers," standing with empty hands and in the supplicating posture of a small nation.

Even this is only one horn of the Chancellor's dilemma. The other is that, were he to be proved right, and Germany reunified, the western alliance would automatically be at an end. Reunited Germany would not be bound by the Paris treaties. Whether this Germany were neutral, neutralised or free to re-enter a western alliance, the Paris treaties would be void. Dr Adenauer, if he were still in charge, would have to start his lifework afresh at an age at which no man could expect to be able to do more than conclude a task.

★

In practice, the Chancellor is likely to be caught only on the first horn of the dilemma. Whatever happens, the Germans must be shown that the treaties are leading towards reunion and not away from it. Therefore, Dr Adenauer must demand—and the other western powers, if they see their interest clearly, will support him in this—that the next conference with Moscow should deal with German reunification. In turn, this means that Dr Adenauer must be brought into the preliminary conversations between the western powers, whatever topic is discussed. There is not likely to be any subject which does not involve Germany. It would be illusory to regard the question of disarmament—which plays a large part in British and American thinking—as not concerned directly with Germany. On the contrary, it has a very vital bearing on that country's future. It involves the question whether any proposed disarmament agreement will be based on the continued existence of two Germanys, one to be in the Western European Atlantic grouping and the other in the Soviet counterpart of Nato. The Italian ministers in Washington have proposed that a pact should be offered the Russians which would extend the WEU system of controls to the eastern bloc, and Mr Dulles has indicated approval of the idea. Perhaps the proposal has not been thought out, but the suspicion will at once be aroused in Germany that it is a revival of M. Mendès-France's plan for a pact between the two blocs, which could perpetuate the division of Germany. This may not be so, as ideas are still very confused on the subject. But in any case it involves Germany and should only be discussed with German participation.

Even Austria is of direct concern to the Germans. It may be said in the western Foreign Offices that Austria is a conference topic which concerns only themselves, the Russians and the Austrians and is perhaps the most urgent topic because it is the one which Mr Molotov is most likely to want to talk about as a start. But the Soviet *démarches* to Vienna have shown quite plainly that when Mr Molotov makes proposals about Austria, he is thinking chiefly of Germany. Wherever one turns, indeed, the problem revolves itself into a German one—or, if it does not to the British, French and Americans, it certainly does in German eyes.

★

The French are right in thinking, that, unofficially now and officially later, the Germans will talk direct to the Russians. They are wrong if they think that the way to avoid the danger is to talk now with the Russians but without the Germans. But, it may be objected, if the Germans are brought into the preliminary discussions, the Italians and the other members of the WEU will demand to be there too, and that this would not be in keeping with the special position of the former occupation powers and their present responsibility in the world. But it may be the price which has to be paid to prevent the Germans from one day taking the lone road to Moscow. Sooner or later, the smaller powers are likely to rebel against the Big Three making the political decisions which will determine whether and for what cause their armies may be thrown into battle. There is much to be said for taking steps now to develop a common political strategy for Western Union to match its strategic planning.

No Newspapers for Lent

Last week's article with this title contained the sentence "Out of five negotiators [at the meeting at the Ministry of Labour on March 25th] four of the AEU had Communist affiliations." The interpolation of the words "of the AEU," which made nonsense of the sentence, was due to the misreading by a compositor of a manuscript alteration. But the obscurity of the manuscript, and the failure to correct the mistake in proof, were editorial responsibilities, for which regret is expressed.

Comment on later developments in the newspaper strike will be found in "Notes of the Week" on a later page.

Notes of the Week

Night Watchmen?

ALTHOUGH no announcement had been made by Thursday afternoon, it is still probable that the general election will be held on May 26th. Indeed, it is believed that at one time arrangements had been made for Sir Anthony Eden to broadcast an announcement to this effect this week; the fact that he has not yet done so has given rise to reports that the newspaper strike or some other circumstance may have caused him to dither. But unless the dithering is more than tactical, his modest Government reshuffle last week-end is important chiefly as an earnest of what he may do if he is returned to Downing Street in six weeks' time.

Looked at in this light, the changes make an unexpectedly favourable impression. Most people thought Sir Anthony would err on the side of caution. Instead he has produced the most experimental and imaginative list of appointments seen for some time. If an election is so close, of course, Sir Anthony is unusually well placed to take risks; but at least one of his selections—that of the youthful Sir Edward Boyle as Economic Secretary to the Treasury—could be quite sharply tested in the next few weeks if Labour decides to fight the telescoping of financial business.

★

Sir Anthony should particularly please his party by his promotions from the back benches. The disappointed are never really happy about the men promoted over them, but during the past three years the Tory backbenchers have had some genuine grievances about the men selected for office. Now Sir Anthony has thrown out his net and raked in a few men, chiefly from the business element, who have built themselves lively reputations; the four entirely new faces in junior ministerial posts are Mr Browne, Mr Harmer Nicholls, Mr Kaberry, and Mr Erroll. There may be failures even in this short list, but Sir Anthony has given notice to his party that back bench enterprise, even if sometimes critical of the front bench, will be rewarded. Nor can there be many complaints of his promotions along the front bench. Mr Selwyn Lloyd (the new Minister of Defence) and Mr. Maudling (his successor at the Ministry of Supply) were almost automatic choices for advancement, even although the former's succession to a post that Sir Anthony originally intended to fill himself seems to have been a last minute—and wise—change of plan. Among the other appointments, Dr Hill should fit in well at the Post Office, and may even make future exchanges about commercial television amusing; while, whatever doubts may be harboured overseas and in one of the muted empires of Fleet Street, Lord Home should bring to the Commonwealth Relations Office a contemporary and vigorous approach.

The Foreign Secretary

THE crucial new appointment, however, is necessarily that at the Foreign Office. When Mr Macmillan was Minister in North Africa during the war he showed initiative and a flair for diplomacy among both primas donnas and rough customers; he won the warm personal friendship of General Eisenhower at that time, and later became an ardent supporter of European unity. When he went to the Housing Ministry in 1951 he showed debating skill, administrative ability, a fair degree of vision and a shrewd sense of public relations in the widest sense. Had he moved straight from there to the Foreign Office, there would have been few doubts at his accession.

Unfortunately, however, his interregnum at the Defence Ministry proved rather disappointing. In part, this was due to the difficulty of succeeding a non-political incumbent in that office while still being expected to turn his enviable talents of knock-about against the Opposition in non-defence debates; it is therefore perhaps not surprising that he unnecessarily riled the Labour party by sometimes seeming to carry the idiom of a largely political housing drive into the problems of peace and war. He also gave the impression that his undoubted capacity for imaginative running of his own show melted away when an august superior was breathing down his neck. It so happens that these two qualities—for achieving bipartisanship in the House of Commons and for maintaining his own impress upon a department that is of particular interest to his leader—will be even more obviously needed at the Foreign Office. To display them may be his most difficult task. Provided he can do so, he has all the other natural ingredients that suggest that he is the best available choice for this job. At the age of 61, eight years older than Mr Butler, Mr Macmillan now presumably stands at the summit of his career; nine-tenths of his previous record suggest that he will stand there with lustre.

Little in Limbo

IF there is a swift dissolution of Parliament, it will not find much legislation left in the pipe-line. From now on the Commons will be fully occupied with getting through essential financial business, but of the 30 Government Bills which have come before it this session, 21 have been passed on to the Lords and all should reach the Statute Book even if Parliament dissolves early in May. Most of the Bills left with the Commons, together with two just introduced in the Lords, would have to be axed, but the time already spent on them need not be lost. In the new Parliament

the unfinished Bills could be re-introduced and the stages already passed taken again more or less formally.

The most important measure outstanding is the Road Traffic Bill ; it has passed through the Lords and has had a second reading in the Commons. The County Courts Bill has been through the Lords, but has only just reached the Commons ; a companion piece, the Criminal Justice Administration Bill, has only just been introduced in the Lords. The Rating and Valuation Bill has only reached its committee stage in the Commons ; and the other, lesser measures have not even got that far. All these Bills, then, seem unlikely to go further this Parliament. The one that might be completed is the Oil in Navigable Waters Bill, which has passed through the Lords and has finished its committee stage in the Commons. Under normal circumstances, and without obstruction, another hour or two would suffice to polish it off.

But this raises the question of Labour's attitude towards an early election. In 1929, when the then Tory Government called a similar summer election, the then Labour Opposition gleefully co-operated. This is the reaction one would expect from any Opposition. On the eve of the recess, however, the present Opposition leaders seemed to have made up their minds to fight any truncating of financial business by the Government. If Labour sticks to this attitude, the Tories will presumably be delighted. By using the closure and other Parliamentary devices the Government will still be able to wind up the session in time, and the Opposition will be branded as having fought to avoid an early election. This is the last impression Labour can afford to create. In the past two months alone, Labour has censured the Government's policy on foreign affairs, defence, monopolies, transport and cotton. In theory, therefore, it should be anxious to save the country from all these bad policies. Only last week, when congratulating the new Prime Minister, Mr Attlee said, "We on this side cannot, of course, wish him a long tenure of office. Indeed, it is our duty, as soon as opportunity offers, to try to give him a period of rest." If opportunity is now to be offered, Mr Attlee will look pretty foolish if he and his party do not at least make a pretence of welcoming it.

Verdict on a Strike

THE report of the court of inquiry into the newspaper dispute was restrained but firm—unexpectedly so. Its analysis of the causes of the strike confirms the general impression that it is unreasonable. The court has not sought to find a compromise solution to end a stoppage that is now greatly inconveniencing the public, doing no good to the country and promising to inflict heavy losses on newspaper proprietors and employees alike. The demand by the Electrical Trades Union and the Amalgamated Engineering Union for an increase of 58s. 6d. a week was, on the evidence, found to be "unrealistic"; nor did the court suggest that any advance on the employers' present offer is called for, though this is perhaps qualified by the recommendation that new negotiating machinery should be set up to negotiate jointly for the whole industry. It may be that, if such a body can be set up (and the suggestion is not likely to be very acceptable to the printing unions), the employers' willingness to meet it for negotiations can be made to hold out a prospect of further increases later on. But until this central negotiating body is set up by all the fourteen unions involved (i.e. both the printing unions and the ETU and AEU) the court flatly concludes that the engineers and electricians should go back "without prejudice on the basis of the employers' present offer."

This offer is, of course, in line with that made to the printing unions, and accepted by four of them (some retrospective wage payments have already been made). The court turned down the engineers' and electricians' claim that their degree of skill entitled them to special treatment, and it did not comment on the employers' offer of merit bonuses for jobs of special skill. The court considered that the inclusion of the engineers and electricians in the traditional arrangements made for negotiating wage increases on the basis of existing differentials has been to their interest in the past and would be best for them in future. Nor did it uphold the ETU's argument that it had seriously suggested any alternative to the traditional procedure. It sympathised with the feelings of members of the ETU and AEU that there had been "no proper negotiation" with their unions on this occasion, but held the "precipitate action" of their leaders in calling the strike to be quite unjustified. It has, in fact, told the strikers that their leaders are utterly in the wrong.

It will not be easy for the union leaders to accept the umpire's whistle and the ruling that they are offside. Only the court's recommendation for a new negotiating body offers the strike leaders any means of saving their faces. Discussions between the employers and all the unions on the court's verdict began on Thursday, and as everyone (except the Communists) is now sick of the affair, and unemployment is threatening, perhaps a formula for a return can be worked out. But, unless they feel that their ranks may split, the leaders of the ETU are unlikely to welcome it.

Austrians in Moscow

THE Chancellor of little Austria is being accorded the Muscovite welcome for Great Khans. Met at Moscow airport by a distinguished gathering, Herr Raab was later entertained to one of the famous Russian banquets. When the moment for negotiations arrived, Mr Molotov evidently hoped that the Austrians would be in the right mood to play the role for which he has cast them. The Soviet intention is obviously to make Austria serve as an example for Germany, and to link a four-power conference on the long delayed Austrian treaty with decisions which would affect the future of the big German prize. In fact, Soviet tactics but not the Soviet aim have changed. At the Berlin conference in 1954, Mr Molotov made the Austrian treaty dependent on a German settlement ; now he has attacked at the other end of the line, where the breach may be made more easily.

The three western occupation powers must watch Mr Molotov negotiating with the Austrians while they wait outside the door, fretting as Mr Molotov presumably did when Herr Raab was in Washington last year. Their somewhat undignified position was reflected in the declaration which they handed to Herr Raab to take with him to Moscow. It is an effort to strengthen the Austrians' hand by recalling the western standpoint and authority. The western declaration delicately stresses two points. One is that Herr Raab and Mr Molotov have only been "clarifying" the Soviet intentions, not negotiating a treaty, and the other is Austrian independence. The western powers cannot admit that the Austrians are negotiating bilaterally with the Russians, and they have formally declared that if the Soviet government offers proposals which hold out the promise of Austrian independence, these should be discussed between the four ambassadors in Vienna with the participation of the Austrian government. They are thus reverting to the proposal made in their Notes to Moscow on November 29th, which have never been answered.

The insistence on Austrian independence in the western declaration veils the crucial question whether Austria is to be neutral or neutralised. The Austrians are already prepared to declare that they will not allow foreign powers to have bases on their territory, that they will keep out of military alliances, and refrain from a new *Anschluss* with Germany ; but it seems that Mr Molotov wants more than this. He demands, it seems, guarantees from the other powers, to be written into the treaty, which would remove Austria's independence. The western governments will have to accept a neutral Austria, although the Americans have poured money into the country and it is solidly pro-western in sympathy. This would mean that Nato's lines of communication from Italy to Germany would have to be abandoned. But they cannot allow Austria to be used by the Soviet government as an instrument for securing the neutralisation of Germany. It would place the western powers in a very awkward position if the Austrians' urge to be freed from occupation should lead Herr Raab and his Socialist vice-chancellor to give way to Mr Molotov in Moscow.

Finland Asked into the Parlour

ONCE again Mr Molotov is trying to draw Finland into the "security" arrangements of the eastern European bloc. An invitation has been sent to the Finnish Minister of Defence, Mr Smil Skog, to attend a conference in Moscow, and it seems likely that the Finnish cabinet will give him permission to accept. If Mr Skog goes to Moscow the Russians will have achieved something that they have already tried, and failed, to do twice in the past six months. Last November, when the Finns were asked to Mr Molotov's all-European conference, they sent a skilfully worded reply which appeared to encourage the Russian plan, but in fact let the Finns back out of the conference when it became clear that there would be no other guests from west of the iron curtain. Shortly afterwards, during Mr Mikoyan's visit to Finland, the Russians unsuccessfully suggested setting up a joint military study group. But life is bleak on Russia's north-western doorstep, and the Finns were unlikely to be left in peace for long.

The Russians would like to strengthen the defences of Leningrad, the most exposed of their great cities. In particular, Finland lies athwart the line of approach of American bombers based on Thule in Greenland, and among the questions the Finns may eventually have to face are requests for radar posts along their north-western coast and, possibly, air bases on Finnish territory. Presumably the Russians will claim under Article Two of the 1948 Russo-Finnish mutual aid pact that joint consultations are necessary because they are threatened by aggression across Finland. The Finns will need all their skill to keep out of this entanglement. Over the years they have learned how to direct warm smiles and friendly gestures in Moscow's direction while granting the minimum of real concessions ; but the latest Russian approach comes at a difficult time, as the Finnish coalition is shaken by labour troubles and Russia's economic grip on the country grows tighter. Once Mr Skog gets inside the Kremlin's parlour he may find it difficult to get away without yielding something.

The Shah to the Fore

THE resignation of General Zahedi, Prime Minister of Iran since the fall of Dr Mossadegh in 1953, is more likely to lead to change in home affairs than in foreign policy. His successor, who is the Shah's Minister of Court, Mr Hossein Ala, is retaining the principal ministers from the old cabinet—Mr Abdollah Entezam at the Foreign Office, Dr Ali Amini at the Ministry of Finance and Marshal Hedayat at the War Ministry; he seems likely, therefore, to uphold the policy that prompted his predecessor to reach the oil agreement and the recent financial and frontier agreement with the Soviet Union. Rumours that the Iranians may join the Turco-Pakistani pact are unlikely to be fulfilled by a country that shares an undefended thousand-mile frontier with the Soviet Union.

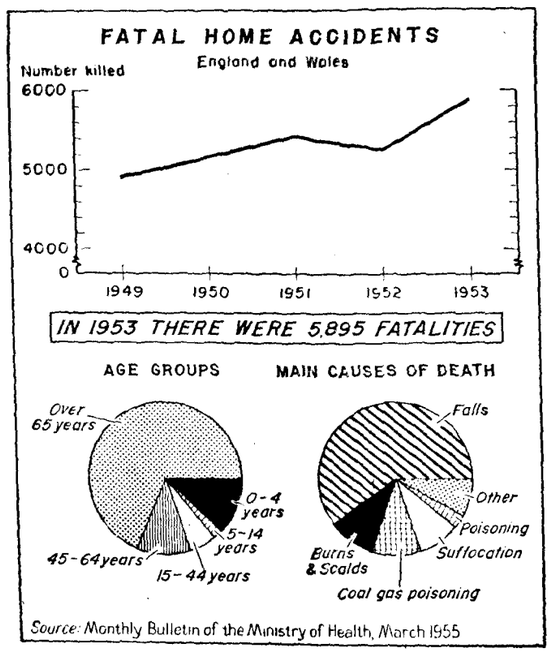
Within Iran, by contrast, a change of pace and direction may set in. Theoretically, development, as well as all the oil revenue, is in the hands of a planning organisation at the centre of which sits a human dynamo, Mr Abol Hasan Ebtehaj (he is the one-time director and to a large extent the father of the efficiency of the National Bank of Iran). In practice, of course, the planning body must see eye to eye with the cabinet, since its job is to start operations which ministries will in the course of time take over. Under the Zahedi regime a clash of personalities precluded the necessary harmony, with the result that each of two men was in a position to baulk the other, and stalemate followed. It was clear that one of them must go, and the Shah, fresh from his holiday in America, seems to have had no hesitation in deciding which ; he has preferred to retain Mr Ebtehaj, who, though not always an easy colleague, has ideas which are constructive and possesses the experience that tells him which of them are practicable. General Zahedi's health, which is bad, provided a pretext for his dismissal, and he has left in a shower of compliments for a clinic in Germany. He is replaced as Prime Minister by the Shah's most trusty servant, and as Minister of the Interior by Asadollah Alam, a young aristocrat who is the Shah's friend and contemporary and shares his zeal for improving the peasant's lot. If the Shah were to furnish unflinching support such appointments could lead to the war on corruption and the expenditure on economic development which have been lustily preached, but scantily practised, for more than a decade.

A Success Against Polio

On Tuesday, the tenth anniversary of Franklin Roosevelt's death, American doctors and scientists were told that tests of a new vaccine against poliomyelitis had proved its effectiveness. The vaccine, developed by Dr Jonas Salk of the University of Pittsburgh, was given last year to 440,000 American children in 44 states, with comparisons provided by children given a "dummy" vaccine and by children not vaccinated at all. The results are complicated because poliomyelitis can run such a widely differing course, with such dramatically different effects, in different people, and because it is caused by three different types of virus. But since the public's dread of polio arises not from the infection itself but from the paralytic symptoms it may cause, the importance of the American tests lies in the proved effectiveness of the vaccine against paralytic poliomyelitis.

In America, in fact, the Salk vaccine is considered successful enough for a nationwide inoculation of school children to start this spring. In Britain, where epidemics of poliomyelitis are less frequent, less severe and less widespread, at least two drug firms are developing vaccines by the same technique as has been used by Dr Salk. Small field trials of the American and British vaccines are shortly to take place in Britain, but there is not yet enough for a general inoculation of children. British medical authorities take, as usual, a somewhat cautious view of the American tests; indeed, Dr Salk himself will be the first to admit that, for all the parental gratitude he has justifiably earned by his vaccine, it represents a big step forward in the prevention of polio, not journey's end. How long its protection lasts is still not known, but periodic boosting doses will probably be necessary. Further research, it seems, will concentrate on prolonging the protection conferred, possibly by the development of a vaccine derived from a safe "live" virus rather than a "killed" virus like the Salk vaccine.

Another point which the public health authorities must be asking themselves is where all this immunisation is leading us to. With actual or potential immunisation available against smallpox, diphtheria, whooping cough, tuberculosis and poliomyelitis (not to mention the enteric fevers and tetanus), some of them needing more than one injection and periodic boosting doses, future children are going to live at the point of a needle. Can more than one immunisation campaign be kept going at the same time? There is a danger that with poliomyelitis, as with diphtheria, a successful initial campaign that eliminates a disease gives people a false sense of security. Then a generation of children will grow up immunised neither artificially nor naturally by a mild infection—and therefore highly susceptible on the sudden appearance of an epidemic. But this is rather a distant danger to set against this week's access of great hope.



New Deal for Modern Schools

In a speech to the conference of the National Union of Teachers on Wednesday the Minister of Education made the Government's first statement of its policy for secondary education. The slogan is "selection for everybody," and the keystone an improvement of the secondary modern schools so that they, no less than the grammar schools, may offer "a general education plus something special." The something special is to be a variety of advanced courses —many of them technical and vocational—such as the best modern schools already offer. Parents will then, in the towns at least, be able to choose the school that seems most suitable—subject to the advice of the teachers and, it must still be admitted, to the results of the examination at 11 plus. Sir David's hope is that the examination will be shorn of most of its terrors if "failure" means, not an educational dead-end and a working-class job, but a schooling that leads to various kinds of further education and offers good career prospects of a technical kind.

The Minister's statement bears the hallmark of a preview of part of the Conservatives' election manifesto. It is not, however, a policy that will please everyone. First, it will displease the advocates of comprehensive schools. Sir David thinks such schools are suitable only in certain conditions, and then only as an experiment: for example, in rural areas where the grammar school is small, or where a large comprehensive school could be built without closing down any existing school. Secondly, his policy will displease the enthusiasts for secondary technical schools, for he thinks that it is better, as a rule, to distribute the new technical courses among modern and grammar schools than to build new technical schools. Thirdly, he will grieve those who deplore vocational training at school and those who say that "technical education is the way to materialism and perdition." Yet, as Sir David pointed out, the incentive to liberal, academic learning is invariably the career to which it opens the door; and in any case it is no part of his policy that technical courses should squeeze out general education. Fourthly, he will offend those who want to see a much bigger output of university graduates (as in the United States) and, therefore, a higher proportion of grammar school places. Sir David's view is that "our traditions and our assets are not capable of so swift and expensive a transformation."

It remains to be seen whether those who are offended will include many marginal voters. One suspects that they will not. For what it is worth, some analysts of the recent local election results claim to have found a bigger swing against Labour in those councils where the struggle against comprehensive schools was a focal point of interest.

Signor Nenni's New Bid

Signor Scelba, the Italian Prime Minister, has returned from his visit to Washington to find the political tide lapping at the feet of his new government. With only a fortnight to go before the election of a new President of the Republic, to be followed by the government's formal resignation, the present coalition is being eroded from both within and without. Inside, the disagreements between its four parties, which were already apparent over the question of land reform before Signor Scelba left, have deepened and widened. Outside—and this has also heightened the internal crisis—the most important political development in Italy for several months has been the bid by Signor Nenni's left-wing, pro-Communist Socialists to open discussions for an alliance with the big government party, the Christian Democrats (this is further discussed in an article on page 210).

This revolutionary move is a shrewd Communist tactic. It comes at a moment when Communist fortunes in Italy itself have been ebbing; for the first time, loss of votes in shop-steward elections in Lombardy and Piedmont, notably at the Fiat works, provides firm evidence of the slackening of the Communist grip in this key industrial area. The move also takes place against the current Moscow background of a worldwide party line pinned to the ideas of the national front, co-operation between all working class parties, exploitation of intellectual sympathisers, and the refurbishing of the wartime "resistance" appeal. The Cominform journal has just delivered a blistering attack on those Communist party members who have what it calls

> a negative attitude towards the tactic of a united popular front, an underestimation of work in trade union, co-operative, peasant, women's and youth organisations . . . and a supercilious, distrustful attitude to Social Democratic and Catholic working people.

Communist parties, it adds, "must be able to combine illegal forms of activity with legal forms."

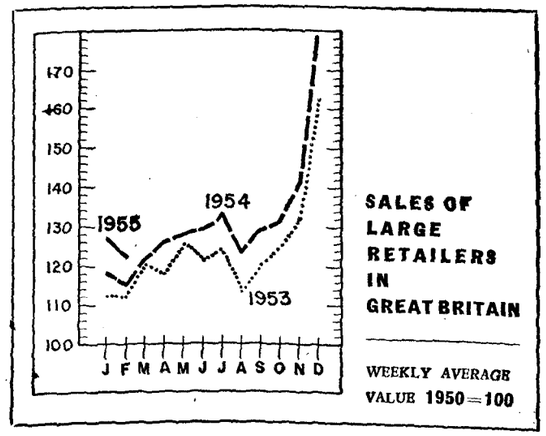
As an instrument of the Communists, Signor Nenni has no intention of simply joining the present predominantly Christian Democrat government. But, by coupling his move with better sounding and more modest conditions, his aim will be to try to see that a government is formed after the presidential election that will weaken Italy's ties with Nato and Western European Union. So far, Signor Fanfani, the Christian Democrat secretary, has rejected the Nenni approach. But the bid has already sent right-wing Socialist morale reeling and the coalition must strike back boldly or go under. Although the decline of Communist industrial strength is a good omen, the forthcoming Sicilian local elections will provide more of a directly political test.

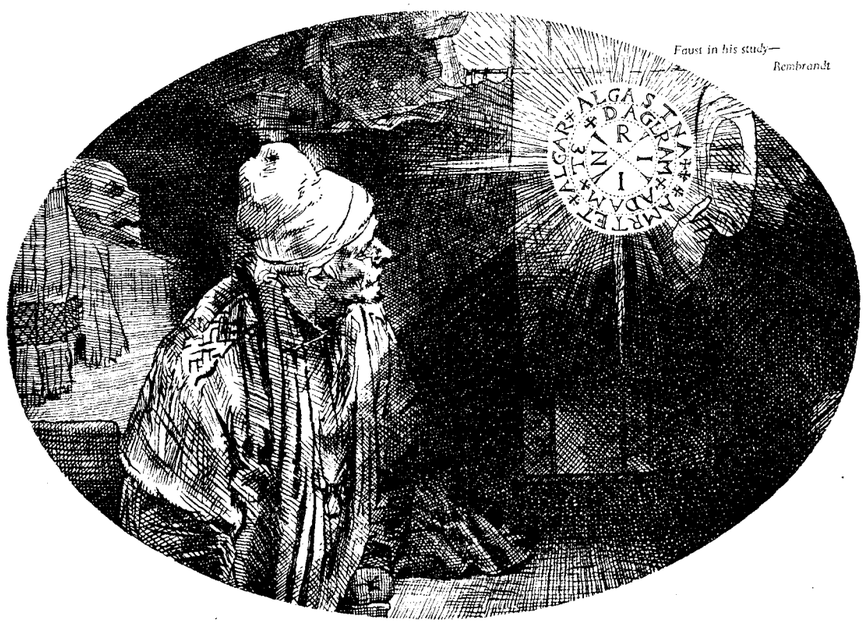
Saar Spanner in the Works

The French, remaining true to their conception of the Saar as tangible reparations and their one really effective means of reducing German heavy industrial power, are clinging to its largest steel works, the Völklingen plant, which produces 850,000 tons of steel a year, or about a third of the Saar output. During the ratification debate in the French Senate M. Pinay promised that the former German owners, the Röchling family, would never be allowed to return to Völklingen, and that, if negotiations with the Röchlings failed, France would impose a solution of the steel works' ownership.

Last week, M. Pinay went further. He announced that the instruments of ratification would not be deposited until the matter was settled and the Franco-Saarland economic pact finally interpreted and agreed. Little difficulty is expected over the pact with Herr Hoffmann, the Saar Premier, which is already initialled, but the Völklingen settlement is a thorny affair. The French have based their claims on an argument that recalls the worst days of dismantlement and the strange decisions taken by the Inter-Allied Reparations Agency at the time. Like the Russians in the Soviet Zone, the French say that they could have removed the machinery at Völklingen as reparations, but instead left the plant intact and sequestrated it for France. Sequestration is to end when the Saar Statute is in force, and the questions arises—who will now own Völklingen? The Germans say that the property should of course revert to the Röchlings, because that is their interpretation of the phrase "will be liquidated" in the Statute, which referred to sequestrations. But the French have a totally different idea of the meaning of the words. They say they now own 60 or 70 per cent of the Röchling works because that is the value of the plant they could theoretically remove. "Liquidation" of sequestration means that they must now acquire the ground and buildings which belong to the Röchlings. The elder Röchling, they allege, is a war criminal who supported the return of the Saar to the Hitlerite Reich.

Negotiations for purchase of the Röchling shares by a French syndicate were in progress some months ago, but fell through. Now they are proceeding again. The French and German industrialists concerned have been keeping





Faust in his study—
Rembrandt

Man loves to wonder, and that is the seed of his science—

RALPH WALDO EMERSON (1803—1882)

Ever since he watched his first-meteor trail, man has been wondering—about what makes the sky stay up, or why a kettle-lid jumps. From his first uncertain, casual thoughts whole branches of science have been born, and great industries have sprung. His ideas have become facts, and his facts have guided nations.

In the research departments of modern industry today, scientists are experimenting and speculating. Molecular structure, the behaviour of light, the mysteries of temperature—their study of these problems helps to sow the seeds for new sciences tomorrow, and to build finer products today. In the great world of man's economic creation, his power to wonder is the secret of his power to advance.

Esso

Esso Petroleum Company, Limited

In the Sudan, the South was Christian and weak, the North Moslem and strong; the problem was to prevent the North exploiting the South—indeed to divert enough resources to Southern development of any kind. In Nigeria it is the North which feels in need of care and protection; the two Southern—and mainly Christian—regions have hitherto provided the leadership, both political and administrative. Sir James—who speaks Arabic—will feel at home in the Northern emirates, whose problems and poverty may recall to his mind the Sudan thirty years back; but it is absolutely vital to his mission to understand the South and to interpret it to the suspicious Northerners. Luckily, the Federal Council of Ministers has made a good start. Moreover the problems of transfer of power will not be new to Sir James, and in Nigeria he will not be plagued with considerations of external policy as he was—or perhaps should have been—in the Sudan. In the Sudan he obtained the love and trust of great numbers of the people, as well as of the aspiring intelligentsia and political cadre. His greatest contribution in Nigeria may be to animate the same degree of trust and confidence—for this, in such different circumstances, should ensure the retention of Britain's largest colonial territory in the Commonwealth.

Overflow in the Midi

THE southern wine-growers barricading roads and their *maires* tendering resignations in protest against falling wine prices have provided a fresh reminder that the French wine industry is undergoing a serious crisis. Too much cheap red wine is flowing in the country, and in spite of substantial state purchases for distilling it has proved impossible to maintain the level of prices. The south is the chief sufferer because vineyards are here the main culture, but their share in total French wine supplies has declined from about one half before the war to less than one third. Imports from Algeria and the expansion of output in regions lying near to urban centres have tended to squeeze the southern producer out. As soon as production had recovered its prewar level it was clear that the state would have to tackle the problem of surpluses.

It is not a new problem, though the Algerian surplus of about 18 million hectolitres has rendered it more acute. Before the war the government already had to transform wine into industrial alcohol at a substantial loss. Indeed, an economist returning from Indo-China once calculated that if a southern wine-grower became a coolie and transported people in a rickshaw the operation would be economically more profitable than his cultivation of wine to be transformed into motor fuel. The issue, however, cannot be viewed in purely economic terms. It affects the lives of thousands of French peasants.

Overproduction cannot be offset by shipments abroad, for the *vin ordinaire* is not suitable for export; nor can it be solved by cutting down prices to increase consumption, as this would only encourage the alcoholism that is already a scourge in France. The only solution lies in the reduction of the cultivated area partly through its transfer, wherever possible, to other crops, partly through the elimination of vines of poorer quality. On paper this forms part of the government's plans of "reconversion," but lack of effective propaganda in the countryside and state purchases of surpluses have prevented any big rush of volunteers. The government, in fact, looks like falling between the two stools of planning and free enterprise.

Yemen Tables Turned

THERE are few countries left in which justice, vengeance or clemency are exercised in the twinkling of an eye and the culprit's head rolls from his body as he leaves the audience chamber, but this year, as during its revolution in 1948, the Yemen has proved to be one of them.

Last week its ruler, the Imam Ahmed, announced to foreign powers that he had abdicated for reasons of health that impelled him to "remain indoors." Apparently he was besieged in Taiz, the southern town where he has always made his headquarters; throughout his reign, which has lasted since his father was murdered in 1948, he has never set foot in Sana, his capital. According to the instrument of abdication his successor was his brother Abdullah, who was also his foreign minister, and therefore a figure well known at international conferences. But hard on this announcement came the news that his son, Prince al-Badr Mohamed, had rallied loyal tribesmen and that he in person, incensed at a proposal to search the ladies of his harem, had seized a weapon and turned on his besiegers, who changed sides at sight of his valour. He has now named this loyal son as his successor, and his brother, when last seen, was being carried forth by four strapping slaves.

For years the Yemen has been a scene of struggle between a ruling family that monopolises all government offices and most business opportunities, and an anti-feudal group whose members, for lack of openings at home, live and operate abroad. They helped to finance the last revolution, which failed in that its leader was executed and the only change it produced was to enthrone a ruler slightly less averse to foreigners than his predecessor. The pretender, Abdullah, was one of the advocates of opening a window on to the world; it remains to be seen whether the new ruler's interests lie in the old direction or a new one.

Within the Arab League the Yemen belongs to the anti-Iraqi clique formed by Egypt and Saudi Arabia, and officials from these two countries quickly bustled south to ensure that its new regime would stick to the party line.

New Watchdogs for Russian Farms

MR KHRUSHCHEV, Secretary General of the Soviet Communist party, has now announced yet another move in his drive to increase Soviet agricultural production. Speaking in Voronezh in southern Russia—a name well-known in the war—he disclosed a joint decision by the government and party to change the chairmen of the 93,000 collective farms or *kolkhozy*. The new chairmen are to be recruited among party cadres and agricultural experts, having often been, up to now, merely outstanding local men. The aim of this change is evidently to strengthen

control over the farming community. Experts and "outsiders" can be relied on to resist, with greater determination, the traditional local pressure to cut down supplies to the state in favour of sales on the more profitable "free" market.

Once again, Mr Khrushchev thus proceeds with a dual policy of relaxation and closer control. He undoes screws in one place and tightens them in another, as has happened ever since Stalin died. Originally, the new policy of incentives—of lower taxes, smaller compulsory deliveries and higher prices—was coupled with the strengthening of state outposts in the countryside, the so-called MTS or Machine and Tractor Stations. More recently, a certain amount of decentralisation in agricultural planning has been accompanied by a transfer to these state-owned MTS of the control over supplies. Now, as if to complete the tightening process, more efficient and trusted men are to be placed at the head of the collective farms themselves.

There is always the risk, however, of losing on the swings what may be gained on the roundabout. Men trusted by the state will tend to be mistrusted by the farmers, and the latter's passive resistance may outweigh the expected advantages of the new system. This has always been the leaders' dilemma and Soviet policy has usually oscillated between the two extremes. If Mr Khrushchev has now decided in favour of closer control, it is largely due to the planners' disappointment with food supplies; at the recent parliamentary session of the Russian Republic, for instance, it was revealed that in 1954 both meat and dairy produce had fallen far short of expectations. Mr Khrushchev may rely on other concessions to please the peasant. But he will need watchful and expert supervisors to run the farms and to go on seeing that the state gets its planned share of agricultural output.

More of a Good Thing?

THE Ministry of Housing is considering increasing the intended size of some of the new towns. The arguments for this course are beguilingly simple. Industrially the new towns are booming and socially they are popular. Bigger new towns would make an increased contribution to the desperate housing problems of the London local authorities, and probably do so at lower cost than any other approach. Some of the new town corporations, whose staffs are growing restless, are favourably inclined to the idea. After all, they can argue, why not have some more of an admittedly good thing?

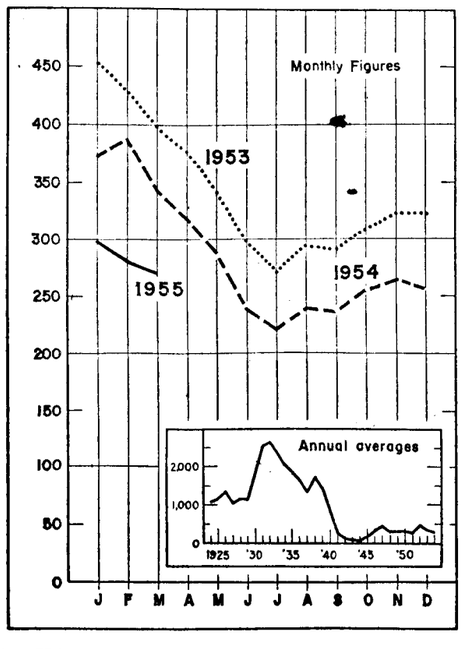
It would be fussy and wrong to stick blindly to original plans. But the populations of several new towns in the London region have already been revised upwards (Basildon and Harlow, for instance, are to have 80,000 each). It is plain that, whatever the planners intend, some new towns will in any event grow gradually beyond their stipulated limits—particularly when their present enormous broods of children grow up and marry. The new towns are already undesirably close to the capital and to each other. A further artificial fillip to their growth would run grave risks of converting them, eventually, into distant suburbs and fostering a continuous sprawl in the vulnerable London area.

For these reasons—and despite the political difficulties—it would be wiser to create some additional new towns rather than spoil the existing ones. London, Birmingham and Manchester are all compelled to house large numbers outside their boundaries, and in each case the development of a compact new town would be preferable to the endless sprawl which successive Housing Ministers have struggled to restrain. But the big cities ought to be given a share in the management of any further new towns and also made to pay part of the cost. Across the border the Secretary of State for Scotland is still struggling to get Glasgow to accept this view, but Mr Sandys will find London and Manchester amenable—if he will give them the opportunity. It is worth noting that, despite the Conservatives' housebuilding successes, the number of people who have stagnated for a long time on housing waiting lists are still a Labour election issue in some areas. Almost all of them are areas where there is simply no room to put new houses up.

Irish Bank Settlement

OUR correspondent in Dublin writes: The dispute between the Irish banks and their officials, which began with the officials' "go-slow" movement at the end of November, has been settled at last. The settlement came only at the fourth attempt; and it will not have escaped notice that the banking system managed to carry on for nearly four months in spite of restricted hours. This must serve to strengthen the popular impression that Ireland has too many banks and too many branch offices.

UNEMPLOYMENT IN GREAT BRITAIN THOUSANDS



In general, however, the officials probably feel that the struggle has been very worth while. The new agreement has three main features. The bonus has been consolidated with the basic salary, which means a substantial increase in pension rights; there has been a general increase in salaries; and provision has been made for arbitration in future disputes. It is agreed that salaries will not be subject to review until the consumer price index, which stood at 126 in November last (mid-August, 1947 = 100), rises above 138 or falls below 112. The new salaries appear to represent an increase of something between 8 and 10 per cent on the existing scale. A clerk without any promotion will now receive nearly £1,000 a year in his twenty-second year of service. To many in trade unions or professional groups this will seem to be an enviable salary in Irish conditions. The settlement applies only to officials in the Republic, but it will certainly become a matter for immediate discussions in Northern Ireland. No doubt it, and the methods used to achieve it, will also be studied with interest further afield.

SHORTER NOTES

The weighty machinery of the International Court at The Hague last week finally cracked the legal nut that had been placed in its jaws many months ago by Guatemala and Liechtenstein. Connoisseurs of the bizarre have watched this rather Lilliputian tussle with natural fascination. It concerned the complaint made by a Mr Nottebohm that his estates in Guatemala had been seized when that republic declared war on Germany, although he had acquired Liechtenstein nationality in 1939. The Court's judgment expressed doubt whether this was anything more than a device to secure neutral status in wartime, and dismissed his claim for $3 million in compensation. It seems unlikely that Guatemala, encouraged by direct experience of the Court's ability to mete out justice, will now take up Britain's long-standing offer to test the Central American republic's claim to British Honduras at The Hague. But British officials who have patiently rebutted Guatemala's demands over the years may take comfort in the reflection that there are little fleas to bite even the smallest of states.

★

The Union of Shop, Distributive and Allied Workers, at its annual conference at Blackpool this week, was less rebellious towards "right wing" Labour party policy than might have been expected. Last year the conference was almost unanimously against German rearmament, and it seemed likely that this year it might oppose the manufacture of the hydrogen bomb in Britain. But a motion declaring that the policy of manufacturing the bomb was out of keeping with the spirit and traditions of the Labour party was lost by 110,000 votes to 56,000—though more than 100,000 abstained. The union, of course, tends to be ardently Bevanite, and Mr Bevan is not against the manufacture of the bomb either. Even its support for Mr Bevan, however, was not pushed to the furthest extreme. A motion that the whip should be restored to him was carried, but one which deplored that it was ever taken away was defeated

The Clerical and Administrative Workers' Union, on the other hand, which has been in conference at Bridlington, passed a resolution regretting that its own executive had issued a statement in March supporting the withdrawal of the whip from Mr Bevan; and it refused to pass one which deplored the flouting of majority decisions by "certain Labour members."

★

The last phase of the shooting war against Mau Mau has been reached, according to General Sir George Erskine, the retiring Commander-in-Chief, East Africa. He stated that the situation before the outbreak of terrorism in 1952 should be restored in Kenya during 1955, with the additional security provided by closer administration and policing. He declined, however, to forecast an end to the official "state of emergency"; and admitted that dealing with the remnants of the hard core terrorists, now on the run, might be difficult. If the emergency could be ended, of course, this would unfreeze the political situation and make new elections possible.

A Negotiated Peace?

It is not to be denied that, in our attempt to reduce Russia to submission, we have encountered more serious obstacles and a more obstinate resistance than we anticipated. . . . She has poured reinforcements to the seat of conflict far faster than we have done; and she has strengthened her fortifications twice as fast as we have damaged them. It must be admitted that we have failed before Sebastopol—*hitherto*—as signally as she failed before Silistria. What we *may* do, cannot be foreseen: but up to the present moment her progress has been greater than our own. We are not of those who regard the expedition to the Crimea as a mistake. We urged it early in the day. We rejoiced when it was decided upon. But we never expected or intended a long siege. If we had not believed that a *coup-de-main* would have been resorted to at once, we should have felt more than doubtful as to the wisdom of an invasion of the Russian territory. As it is, however, we must admit that it has turned out unfortunately. From some cause or other our losses have been frightful and our profit has been microscopic. We have displayed marvellous valour in fight; marvellous patience in suffering—but we have made no way. We have lost 20,000 men, and we have not gained land enough to make them 20,000 graves. . . . These considerations may well make us reflect whether a reasonable though not a glorious peace may not be preferable to the continuance of such a disastrous and unadvancing war. May not negotiations which will bring us some profit, be better than hostilities which bring us nothing but gladiatorial renown? . . . Now we do not say that these considerations are *conclusive* to our minds in favour of accepting terms of peace far less satisfactory than those which a year ago we should have sturdily insisted on. But they are considerations of great weight, and which well deserve to be deliberately pondered, and which naturally enough may seem even more grave and powerful to the Ministers on whom lies the responsibility of the decision, than to the people who have merely to endure the burdens which that decision will effect.

The Economist

April 14, 1855

Books & Publications

From Pithecanthropus to Pythagoras

A HISTORY OF TECHNOLOGY: *Volume I, From Early Times To Fall Of Ancient Empires, C. 500 B.C.*
Edited by C. Singer, E. J. Holmyard, A. R. Hall.
Oxford University Press. 882 pages, 8 maps and 36 plates. £7 7s.

THIS is the first of a projected five volume history of technology endowed by the Imperial Chemical Industries. It is magnificent as a sheer piece of book-production, with large type and a profusion of drawings and plates that suggests the era of the great nineteenth-century quartos. It represents the collective science and erudition of archæologists, curators, ethnologists and historians from the United Kingdom, Norway, Kenya and the United States. Moreover, the fact that the first four volumes will not go beyond the period of the French Revolution emphasises the strongly historical, and even antiquarian, bias of the whole work. Like Dr Needham's history of science and scientific thought in China, this "History of Technology" interprets its terms of reference as widely as possible.

The present volume starts with a consideration of the use of tools by animals and ends with a chapter on ancient mathematics and astronomy. It goes from Pithecanthropus nearly to Pythagoras. It is obvious that the evolution from *homo* into *homo sapiens* and, more essentially, into *homo faber* is more revolutionary than any that has since taken place. The first volume of a history of technology, therefore, must deal with the great and mysterious insights or accidents or cerebral readjustments that gave man speech, a wheel, a pot, a roof, a measure of time, a way to cross water and his first glimpse of order in the stars.

As is bound to happen in a co-operative venture, not all the chapters in this book are equally satisfying. But, in part, this is due to the subject-matter itself. Our knowledge of the origins of speech, for example, remains little more than unfounded conjecture. Professor Sommerfelt starts his discussion with an analysis of the relatively elaborate and advanced Arunta language of central Australia and passes rather quickly over the more recent archæological finds in connection with "pre-alphabets." The whole problem remains one of deep mystery, and it is paradoxical that some of the ancient guesses about connections between letters and stellar configurations are again being taken up seriously.

One of the most brilliant chapters deals with rotary motion. In it, Professor V. Gordon Childe draws on anthropology, archæology and technology to write an account of how men came to conceive of a wheel. Probably the first picture ever drawn of a wheeled vehicle is a pictograph from Erech in Mesopotamia, showing a sleigh on wheels. It can be dated as approximately 3500 B.C. A triumphant combination of comparative archæology and knowledge of primitive tools has enabled Professor Childe to construct a table showing average diameters of cartwheels from the third millennium onwards. By the fifteenth century B.C., we can follow Egyptian wheelrights at their precise work, and a find at the lake-dwelling of Mercurago in upper Italy gives the first hints of a transition to a wheel with more than four spokes. This transition probably did not take place much before 1000 B.C.

Equally fascinating is Mr G. M. Crowfoot's chapter on textiles, basketry and mats. It is now possible to construct a chronology of textiles which is often as sensitive as that furnished by pottery shards. Impressions on pot-bases have allowed scholars to reconstruct the kind of plait or weave used as early as 5000 B.C., and a horizontal loom is depicted on the inside of an Egyptian dish dating back to 4400 B.C.

Wherever one turns in this book, there are fascinating pages, showing how the minute techniques of excavation, carbon analysis and photography fit pieces into the great puzzle of the past. For the general reader there is every incitement that narrative and illustration can provide; for the scholar there are bibliographies, notes and special sections in which the very latest archæological evidence is adduced and evaluated. If subsequent volumes of this history match the standard of the first, a great piece of collaboration between science and humanism will have been accomplished.

Jew-Haters

WORKING-CLASS ANTI-SEMITE. *A Psychological Study in a London Borough.*
By James H. Robb.
Tavistock Publications. 253 pages. 15s.

THERE are always two approaches to every study of socially objectionable behaviour—be it drunkenness, crime or race prejudice; and investigators tend to sort themselves out according to which of the two has the stronger appeal to them. What, asks one group, are the environmental conditions that favour the growth of such behaviour? And why, in these conditions, asks the other, do some people fall, while others remain uncorrupted?

Dr Robb inclines towards the second line. He has, however, prefaced his researches into anti-Semitism in Bethnal Green with a useful sketch of life in that district, and he shows keen sensitivity to the cultural differences between social classes. He himself worked as a part-time bartender ("participant observer") in a local pub, and got to know many people at varied social levels; in addition he conducted prolonged interviews (including in some cases Rorschach tests and other modern techniques) with a random sample of about 100 subjects. These naturally included some with anti-Semite feeling of varying degrees of intensity and others classified as "tolerant" personalities.

The theory that emerges finds the anti-Semite's attitudes to be the reflection of his own emotional frustration and insecurities: the Jew-hater directs against the Jews the grudges he nurses against life in general. Such a "scapegoat" interpretation antedates, of course, by a long way the days of formal social investigation. Whether it gains much from being dressed up in a rather formidable array of psycho-analytic language and personality tests is perhaps open to argument. More distinctively modern is the further elaboration that the origins of prejudice are to be traced back to infantile experiences:

> The first step in the formation of a prejudiced personality seems to be the establishment of a poor relationship with the parents in infancy and childhood, probably through the medium of some form of rejection of the child by the parents, usually associated with erratic discipline, thus laying the foundations for a belief that the world is an unfriendly, unpredictable place.

Here Dr Robb follows lines which his colleagues in the Tavistock Institute have made widely familiar; though it is fair to say that he does allow greater weight in the making of a prejudiced personality to the shocks of later life (such as dismissal from a job in circumstances felt to be unjust) than would the more extreme adherents of the "maternal deprivation" school. Actually, however, Dr Robb gives very little evidence in support of the damaging effect of parental rejection. Some of his extreme anti-Semites had strict fathers (sometimes admired, sometimes not), and several were reticent about their parents; but the same is true of some of his tolerant group, and the material presented is quite insufficient to establish any valid generalisations. What does appear is that the anti-Semites were embittered, generally rather unsociable, people, not conspicuously more unfortunate than their neighbours, and that neither the extent nor the quality of their personal contact with Jews had much to do with the violence of their anti-Jewish sentiments.

It follows from Dr Robb's thesis that even the mild anti-Semites are unlikely to change their spots as the result of the well-intentioned but, to him, naïve activities of educationalists, or of appeals to their better nature by rational, liberal-minded persons. Prejudice, in Dr Robb's view, will yield only to "therapeutic activities" of the type already practised under the auspices of the Tavistock Institute in the fields of marriage welfare, child guidance and industrial relations.

Coal without Fire

THIRTY YEARS IN COAL.
By William Alexander Lee.
Collins. 256 pages. 16s.

IN spite of a voluminous literature and a vast accumulation of statistics about its operations, the British coal mining industry has been unfortunate in its scribes. There is Mr Nef's history of the early period and Professor Court's excellent account of coal in the second world war. But the long years between are arid. In particular, there is no adequate account of the period between the publication of the report of the Royal Commission in 1925 and the outbreak of war in 1939. For this period, there are novels and reminiscences; there are polemics galore; there is a fascinating unpublished thesis by Branton; and there is the serial story published in the annual reports of the Secretary of State for Mines. But there is no adequate single book on the fortunes of the coal mining industry in those all-important years. No one could have been better placed to write such a book than the man who was the chief executive official of the Mining Association of Great Britain for thirty years. But Mr Lee has not done so.

Within the coal mining industry there has grown up a prose style which is the antithesis of "Plain Words"; after thirty years in coal, it is perhaps not surprising that Mr Lee should make history sound as dull as a wages agreement. By the time a conference has revealed "a satisfactory consensus of opinion on fundamental principles" and the Mining Association has decided "to address a letter" to district associations asking them "to prepare a statement showing the units into which undertakings in the district could best be combined for the purpose of constituting them into the smallest number of units consistently with proper regard to practical considerations," one is not surprised that events in the coal mining industry sometimes overtook the thoughts of its leaders.

This book is presumably indicative of the thought of the leaders of the coal mining industry in the inter-war years. It is a book written by an "insider"; it has the blessing of the President of the Mining Association; it has been welcomed by the technical press. By analysing the contents of the book, one may therefore fairly infer the relative importance of various aspects of the inter-war industry in the minds of its leaders. The resulting summary reads rather like something out of "1066 and All That"—with the influence of Communists on the mineworkers a bad thing, mechanisation a good thing, and its failure to affect productivity a bad thing. The coal owners had, too, lots of difficulties to contend with. These included nature, the miners, other coal owners and foreigners. Foreigners were a bad thing. They always preferred to buy cheap coal rather than British coal. But eventually an agreement was reached with foreign competitors. This would have been a good thing but, by that time, Britain's chief competitor was having a war with us. After the war, it was decided to have a plan. And so on. . . .

It is in the files of the Mining Association that the stuff of coal mining history will be found. One hopes that, one day, a historian will be given access to the material. He will, no doubt, have a chapter on labour negotiations. For that, he will be able to draw, in part, on "Thirty Years in Coal." But for his other chapters—on price policy, on markets, on technical developments, on investment and on research—he will have to go to the raw material. And he may, perhaps, uncover some clues in a mystery that Mr Lee leaves entirely unsolved. The coal industry in 1913 was at its zenith; the coal industry in 1947 was at its nadir. What really happened in between?

A Dull Cromwell

THE LORD PROTECTOR.
By Robert S. Paul.
Lutterworth Press. 438 pages. 35s.

IT would seem difficult to write a dull book on Oliver Cromwell, that basalt figure dominating a volcanic age, but Dr Paul has succeeded. His book, ponderously written and weighted with extensive footnotes, bears the marks both of its origin in an Oxford thesis and of its author's preoccupations as Assistant Director of the Ecumenical Institute at Bossey.

Dr Paul justifies himself for writing yet another biography of Cromwell by his contention that recent historians have underestimated the part played by religion in general and by Cromwell's personal faith in particular. Those who interpret Cromwell as a dictator, Dr Paul argues, are reading contemporary history into the seventeenth century. Yet when he suggests that "the Cromwellian settlement of religion was a practical experiment in a federal conception of the Catholic Church which may very well be the way ahead in ecumenical relationships," he is using language which would have horrified the Puritans and is interpreting the past in terms of a speculative future. He makes much of what he calls the "dual ethic" as the answer of Cromwell and his colleagues to the problem of religion in politics; but he concedes that this was an "unconscious answer," and finds an important clue to Cromwell's acceptance of this answer in the publication of "The Souldier's Pocket Bible" in 1643. His own comment, derived from Firth, on the value of this clue is devastating enough: "there is no reason to suppose that Cromwell had any hand in the compilation of this little book, or even that it was in any general circulation among the Parliamentary soldiers."

Dr Paul is concerned with motives rather than with causes and consequences, and with moral issues often isolated from their context. Political and social radicalism played as important a part as religion in the unsettled years after the defeat of the king. Dr Paul analyses minutely the Biblical references in Cromwell's speeches, but pays less attention to the light those speeches throw on Cromwell's sensitivity to the challenge from the radicals. Again the author's sympathy with the morality of the militant Puritans makes him deal harshly with the constitutionalists who urged the crown upon Cromwell as a means of excluding the army from politics. Acceptance would have meant for Cromwell, Dr Paul considers, "exchanging the experience of Christian friendship learned in the only real Church fellowship he had experienced for the dubious loyalty of the lawyers and sycophants."

Dr Paul's laborious narrative occupies 377 pages, adduces no new evidence and is highly selective in its emphasis. No serious historian since Gardiner and Firth has doubted Cromwell's dependence upon religious sanctions. But it is unsafe to judge a statesman predominantly by the criterion of sincerity of belief. In 1937 Sir Ernest Barker devoted 96 short pages to the issues now raised by Dr Paul. Like Dr Paul, he

Published January
and just reprinted

BRITISH POLITICAL PARTIES

R. T. McKenzie

"Clearly a classic and destined for an honoured place in any political library." *The Economist*

"The combination of the subject, the learning, acuteness and vivacity of the author make this one of the most important books in political science published in this country for a long time."—D. W. BROGAN
The Political Quarterly

"Towers in its fresh and untiring scholarship and the clarity of its judgments."
The Times Literary Supplement

640 pp 30s net

HEINEMANN

held that the core of Cromwell's doctrine of the nature of the people was a religious core: unlike Dr Paul, he commented on Cromwell's conception of government that: "It is a dangerous doctrine—this doctrine of a Divine leading. It consecrates; but it consecrates too widely." Just how widely it consecrated, Dr Paul does not allow us to see.

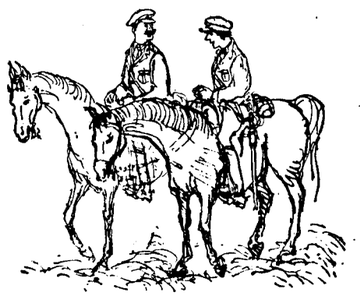
Explaining Nazi Germany

THE THIRD REICH.
Weidenfeld and Nicolson. 925 pages. 50s.

THIS book, which appears with no editor's name, is a collection of essays by scholars of various countries under a project sponsored by the International Council for Philosophy and Humanistic Studies and published with the assistance of Unesco. The project was agreed upon as long ago as the end of 1948, and some at least of the essays were written fairly soon afterwards if we are to judge by the remark of Professor Gerhard Ritter, made in a footnote, that he has altered some of his ideas since then on the basis of new material that has become available. On the other hand, the volume may be said to have gained something by the long delay; for the problem of interpreting the Third Reich and its politics is a much more living one now, when Western Germany, at least, is on the eve of armed independence, than it was during the period of foreign control. The German landscape is changing fast as the snows of occupation melt; and many familiar objects will soon be sticking up above the surface. Will these include the swastika?

Undoubtedly the essays here presented, many of them from scholars of justified reputation, provide material for assessing the chances of a peaceful and democratic Germany emerging to confound such suspicions. But there is no guiding principle to give unity to the explanations offered; and since so many important aspects are dealt with over and over again, the reader is likely to suffer severe mental indigestion, if he undertakes to read the volume straight through. Indeed, one could go further and say that on certain issues the contributors are in actual disagreement. Nearly the whole of the first part of the book is given up to accounts of those nationalistic and racist thinkers who are often talked of as the precursors of National Socialism. It includes, from Professor Roy Pascal, an excellent essay on Moeller van den Bruck, only marred by Professor Pascal's curious tenderness for Marxism—which makes it essential for the reader to turn at once to Mr Alan Bullock's chapter, "The German Communist and the Rise of Hitler." On the other hand, we find Professor Ritter denying that authors like Moeller or Spengler have any connection with National Socialism at all. One clear line of division indeed appears: that between writers, like Professor Edmond Vermeil, who regard Nazism as merely a culmination of long-standing tendencies in German thought and feeling, and writers, like Professor Ritter, for whom Nazism is only one among the totalitarian movements characteristic of this century and who claim that "Hitler's intellectual background certainly bears little relation to the general intellectual history of Germany." To some extent, these opposing views can be reconciled by theories like those put forward by Karl O. Paetel; he calls attention to the transformations which the movement itself underwent in the course of its history, culminating in what he called the SS Counter-State—the realm of dedicated terrorists with no genuine ideology of any kind and united only in virtue of the dominant human type it embodied.

The point at which many of the particular themes treated appear to converge is the willing self-deception of so many Germans when faced with the Nazi phenomenon. Mr A. J. P. Taylor, in a characteristically forceful analysis, pins the responsibility for the Nazi rise to power where it belongs and points out the role of the so-called Centre Party, which, unconcerned with any but sectional interests, voted the powers that Hitler needed in order to produce his legal revolution. It is a frightening thought that the same sectional interests should be so heavily represented in the party upon whose assumed allegiance to the West British foreign policy has been so exclusively based in the last few years. For the rest, argument will continue about how far the German people's acceptance of the unacceptable was due to the series of shocks which Germany had received, from defeat in war to inflation and depression—even the ghost of ill-treatment by the Allies raised its head again—and how far it happened because the whole German history had given a pull of its own to any movement that could play upon a delight in militarism and a preference for a strictly hierarchical ordering of society. But all of these explanations fall short of the truth. A country that employed mass murder as a deliberate instrument of policy and found it easy to recruit the murderers is difficult to classify in any ordinary language of social or political analysis. If the Germans today complain that they are mistrusted by their neighbours, they must at least admit that their neighbours have excellent reasons for this mistrust.



'We never smoke during battle' he said angrily

GOING TO THE WARS

John Verney

Book Society Choice:

"A work of literature. Will recall both Edmund Blunden and Siegfried Sassoon. One of the funniest war books yet published. Also one of the kindest."—DANIEL GEORGE

B.B.C. Critics' Choice:

"A very light-hearted book, as well as an exciting and extremely well written one."—MARGARET LANE *12s. 6d.*

COLLINS

Shorter Notices

THE STRUCTURE AND GOVERNMENT OF LABOUR UNIONS.
By Philip Taft.
Harvard University Press. (London: *Geoffrey Cumberlege*).
312 pages. 48s. $6.00.

Professor Taft's latest book on American trade unions is not, as its title might imply, a study of the trade union movement in general or of the relations between unions and their employers. These subjects have been extensively reviewed in his earlier writings on the history and contemporary politics of trade unions in the United States. The present volume comprises a collection of essays dealing with a particular institution, policy or problem of one or more of the unions. Five of the essays provide some welcome information on several neglected aspects of trade unionism, including the problems of union elections, dues, initiation fees, salaries of union officials, and discipline and appeals within the union organisation. The other three essays are case studies of the organisation and government of the Seafaring, Automobile, Steel, and Teamsters' Unions. Of particular interest, for a comparison of British and American labour practices, is the development of the Teamsters' Union, now the largest member of the American Federation of Labour, towards the concept of a general workers' union along the lines of the British Transport and General Workers' Union. Much of the information regarding the unions selected for detailed analysis is not readily available elsewhere and should provide a useful basis for further studies of this sort.

*

PROFITABLE EXPORT MARKETING.
By Martin Madden.
Newman Neame. 192 pages. 15s.

There can hardly be an industry that is not finding it progressively harder to sell in export markets—and there must be few firms capable of exporting directly that are not trying to do so. Mr Madden's very practical book, then, may well be what the more enterprising directors and senior executives have been looking for—a thoroughly up-to-date and readable guide to specific research in export markets. Certainly, the many examples of how research has paved the way to bigger and steadier sales abroad should stir his more energetic readers to action. Of course, the scope of the book is limited, and the techniques described will not be news to up-to-date exporters. But its commonsense approach should appeal to the many senior people in industry who do not believe in market research. What the book does not do is to make clear that the economic climate of particular markets abroad can change as quickly as it does at home and that this need not take the exporter by surprise, as it so often seems to do. The systematic review of business conditions in overseas markets, preferably by an independent organisation, is just as important for profitable export marketing as making specific surveys.

Books Received

YEARBOOK OF FISHERIES STATISTICS, 1952-53. Volume IV, Part 1.
Food and Agriculture Organisation of the United Nations. *Her Majesty's Stationery Office.* 249 pages. 15s.

THE MANAGEMENT TEAM
Edited by Edward C. Bursk. *Harvard University Press.* (London: *Geoffrey Cumberlege.*) 221 pages. $4.00. 32s.

SELECTED PAPERS IN STATISTICS AND PROBABILITY.
By Abraham Wald. Edited by the Institute of Mathematical Statistics. *McGraw Hill.* 702 pages. $8.00. 60s.

A HANDBOOK OF INDUSTRIAL WELFARE.
By R. R. Hopkins. *Pitman.* 258 pages. 17s. 6d.

Letters to the Editor

No Newspapers for Lent

SIR—I would like to know the grounds for your assertion last week that the newspaper strike is now causing the public "far more than an inconvenience." My own little bit of mass observation has yet to find a disinterested member of the public who cares a tinker's cuss. Admittedly, the gamblers have to wait for the 6 o'clock news to hear their fate, but is this far more than an inconvenience? Against this we have gained the inestimable advantage of more time—including time to read the "less frivolous third" of your paper—and are freed from the obligation to be well informed and from any worry about bombs and the Russians. We can now take our weather as it comes to us, and how we wallowed in the Bank Holiday sunshine, the more enjoyable because unheralded by headlines.

Next winter, the public may suffer far more than an inconvenience when it lacks the raw material for lighting its old-style open fires. But not now.—Yours faithfully, F. W. P. DEANE
London, S.W.3

Housewives' Choice

SIR—Your correspondent "Cordon Bleu," whose letter appeared in your issue of April 9th, has been misinformed by her butcher. The Ministry of Agriculture, Fisheries and Food is not selling frozen beef that it has been keeping for four years. All frozen meat put into store before March 31st, 1954, has been disposed of. Most of the frozen meat now being sold by the Ministry has been less than six months in store.—Yours faithfully, MARY GEORGE,
Principal Information Officer
Ministry of Agriculture, Fisheries and Food

Guidance for Retailers

SIR—Articles urging the use of census statistics in connection with retail trade productivity are most valuable, but your illustrative examples are greatly weakened by an unfortunate confusion of shops with "establishments"—by no means the same thing.

Out of the 89,000 clothing "shops" referred to, only 71,000 are fixed retail shops. The rest are a mixed set of market stalls, street traders, pedlars, etc., most of whose sales per "establishment" may be less than £1,000 per year. Some 3,000 secondhand dealers are included whose gross margin is quite abnormal; and some 500 furriers and 14,000 footwear "shops," most of which are of course fixed shops.

The curious "fact" needs noting that the clothing "shops" with less than £1,000 sales in 1950 sold £8½ millions of goods, at a gross margin of 31 per cent, and yield gross profits per "shop" of £130! And this to cover wages, overheads, taxes and profit! What sweated labour! What lucrative trade!

The paradoxes that abound can be resolved, and a proper basis for practical work or journalism be gained, only if market stalls, etc., are separated, as also, and more important still, should be all those *new* shops and others who traded for only *part* of the year. It remains a mystery why this necessary information has not been published with the reports (only global figures appear by type of trading); without this data all the distribution tables by size of establishment can be seriously askew, and often seriously misleading for practical decisions. So, too, not too much can be read into regional variations. The global figures for Bristol, which you took as your example, may include substantially more or less than the average number of "mixed bag" shops.

I write this not to discourage or disparage such estimates, but rather to show how careful one has to be and how difficult it is to obtain the right data that business men need, in hopes that future sampling or census work will be more fruitful. Meanwhile, could not the Board of Trade publish a special tabulation for the "shops" doing under £2,500 business by type of trading and number of months' sales?—Yours faithfully, J. I. MASON
Thornton Heath

[The article was intended to show in a general way what use could be made of the census figures; for that reason one trading group was used as an example and all calculations were based on that group alone. Sales of shops and businesses with a turnover of less than £1,000 a year represent only one per cent of the total, whereas the miscellaneous traders to whom Mr Mason refers account for about 5 per cent of total sales. Average sales by most of these traders exceed £1,000 a year, and in the case of credit traders they exceed £12,000 a year—which is higher than the average for the whole group. Mr Mason's comment about the difficulty of distinguishing these traders from fixed shops is fair, but the proportion of trade that they do is not very significant.—EDITOR.]

J. P. MORGAN & CO.

INCORPORATED

NEW YORK

Condensed Statement of Condition March 31, 1955

ASSETS

Cash on hand and due from banks	$223,076,450
United States Government securities	223,585,490
State and municipal bonds and notes	81,203,019
Stock of the Federal Reserve Bank	1,800,000
Other bonds and securities (including shares of Morgan Grenfell & Co. Limited and Morgan & Cie. Incorporated)	18,854,429
Loans and bills purchased	304,354,531
Accrued interest, accounts receivable, etc.	4,438,802
Banking house	3,000,000
Liability of customers on letters of credit and acceptances	17,997,385
	$878,310,106

LIABILITIES

Deposits: U. S. Government	$ 26,147,555
All other	721,906,599
Official checks outstanding	34,476,146
	$782,530,300
Accounts payable, reserve for taxes, etc.	5,518,623
Acceptances outstanding and letters of credit issued	18,118,122
Capital—300,000 shares	30,000,000
Surplus	30,000,000
Undivided profits	12,143,061
	$878,310,106

United States Government securities carried at $44,019,302 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member Federal Reserve System

Member Federal Deposit Insurance Corporation

MORGAN & CIE. INCORPORATED

14, Place Vendôme, Paris, France

London Correspondents:

MORGAN GRENFELL & CO. LIMITED

23, Great Winchester Street, London E. C. 2, England

DIRECTORS

GEORGE WHITNEY, Chairman

HENRY C. ALEXANDER, President

ARTHUR M. ANDERSON, Vice-Chairman

I. C. R. ATKIN, Vice-President

STEPHEN D. BECHTEL, President, Bechtel Corporation

PAUL C. CABOT, President, State Street Investment Corporation

BERNARD S. CARTER, Chairman, Morgan & Cie. Incorporated

CHARLES S. CHESTON

JOHN L. COLLYER, Chairman, The B. F. Goodrich Company

H. P. DAVISON, Senior Vice-President

RICHARD R. DEUPREE, Chairman, The Procter & Gamble Company

CHARLES D. DICKEY, Chairman Executive Committee

N. D. JAY, Director, Morgan & Cie. Incorporated

DEVEREUX C. JOSEPHS, Chairman, New York Life Insurance Company

THOMAS S. LAMONT, Senior Vice-President

R. C. LEFFINGWELL, Vice-Chairman

L. F. McCOLLUM, President, Continental Oil Company

GUSTAV METZMAN

JUNIUS S. MORGAN, Vice-President

ALFRED P. SLOAN, JR., Chairman, General Motors Corporation

JAMES L. THOMSON, Finance Committee, Hartford Fire Insurance Company

JOHN S. ZINSSER, Vice-Chairman, Merck & Co., Inc.

American Survey

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

Mechanising the President

Washington, D.C.

SINCE Mr Eisenhower has been in the White House, the President's office has been radically reorganised. Officially this has been done in order to make the Administration more efficient and to lift some of the routine burdens from the President; this is not only humane, but also gives him more time for thinking. An underlying purpose is to make the top job one which Mr Eisenhower will be willing to take on for a second term. The new design adapts current principles of public administration to a unique purpose. The unexpected result has been the introduction of automatic handling into the White House, where man-killing toil is the beloved tradition. It is not certain the public is going to like push-button government. It is not quite good taste yet to be really outspoken about the President's golf and vacationing, but the voters are not wholly convinced that he is thinking all the time that he is away from his desk.

The most important innovations are the introduction of a military-type, chief-of-staff approach, the revision of Cabinet procedures, a Cabinet secretariat, and a new reliance on special consultants to deal with massive problems which cut across departmental lines. The chief of staff is "The Assistant to the President," Mr Sherman Adams, whose power is measurable by the fact that in most matters he can speak for the President, and can act on almost anything except a crisis of such dimensions that the Secretary of State, for example, would move in on it. There is no precedent for the formal grant of such broad authority to an officer whose duties have no constitutional basis nor statutory description. Mr Adams, under existing arrangements, can in turn delegate this power to his deputy, General Wilton Persons, retired, and General Persons can pass it to Colonel Andrew J. Goodpaster, the able staff secretary; this is sharing responsibility in depth.

The staff Mr Adams commands is divided into functional units handling presidential appointment schedules, the press, liaison with Congress, liaison with executive departments, legal questions, the writing of speeches and papers and day-to-day economic problems. These people are the secretaries and administrative assistants. The style of organisation is carried over from other Administrations; the definition of lines of command and the creation of a staff secretariat to co-ordinate it and do its housekeeping are new. Under this arrangement much decision-making and policy-forming can be stopped short of the President. The concept frankly follows a pattern to which Mr Eisenhower became accustomed while in uniform and his relationship to the staff appears to be somewhat aloof.

The aim of the new procedures for the Cabinet is to avoid the haphazard, superficial, and hasty methods of the Roosevelt inner council. An all-important task of the new secretariat is to prepare a written agenda circulated in advance with relevant papers to members of the Cabinet; it is asserted that no previous United States Cabinet ever had a written agenda. Members are held responsible for "doing their homework," and the President is stern with delinquents. The Cabinet continues to serve only as an advisory group, and in this business-minded Administration is referred to as a board of directors. The power of final decision is wholly the President's, and he can reject the collective judgement of his Cabinet. It is never strictly true to say that the Cabinet has "decided" something. No votes are taken; proposals are made and dissents freely expressed; the sense of the meeting becomes apparent in discussion. The President gives such weight to it as he likes and when he has heard enough, says in effect: "We'll do it this way." From then on the team is required to support him.

★

Mr Eisenhower is making intensive use of Cabinet committees which work hard and produce reports which have no authority unless he chooses to support them. A most ambitious report on fuel and energy policy came to nothing recently, and at least one other on the local problem of more airport space for Washington was savagely condemned. The Cabinet also acts now as a test area for legislative proposals, which are given a kind of pre-trial there before going to Congress and the public. It is claimed that, as a result, after passing the challenges of the President and all the members, a programme in final form has solid support, and that no department head need worry about attacks on his flank.

Mr Eisenhower has enlarged his Cabinet by inviting regular attendance from the holders of a number of special offices, such as the Ambassador to the United Nations and the Director of the Budget, in addition to the Vice-President and the heads of the permanent departments. The new authority of the National Security Council, a smaller group at Cabinet level which advises the President on foreign and military policy, curtails the deliberations of the full Cabinet in those fields. An entirely new sub-structure, a "little Cabinet" made up of Under-Secretaries with Mr Adams

presiding, works on subjects that almost, but not quite, merit Cabinet attention. Below that is a "sub-sub-Cabinet" of Assistant Secretaries, who have the duty of seeing that their departments follow through what has been decided at Cabinet meetings. Still another group in this elaboration of administrative apparatus maintains White House liaison with other Assistant Secretaries who conduct liaison with Congress for their departments.

Mr Eisenhower himself recently explained his regular use of special consultants, in commenting on Mr Stassen's assignment to foster disarmament: each department of government and almost every citizen has an idea and a different approach; there is nobody in the government responsible for putting them all together; so someone is needed with a small staff who can co-ordinate these different views into a short, easily expressed programme that all can accept. There are part-time and full-time consultants, and their missions indicate what problems are worrying the President. A steel-maker works three days a week on foreign trade policy, a banker wrestles with the organisation of foreign economic activity, and a magnate from the food industry works on farm-surplus disposal. The chairman of the supposedly independent Atomic Energy Commission is a presidential adviser on the subject, and there are justifiable complaints that such a connection is inconsistent with independence. There is a consultant on speechwriting and another on psychological strategy, a mysterious function which seems to explain actions like offering wheat for Albania to turn down.

The new machinery has a high theoretical efficiency, looks pretty and sounds smooth at most speeds, but it has yet to match in quality of product the performance of older models made from salvaged parts held together with baling wire. Designed to spare the President, it ends up by permitting too many other people to do the thinking for him; the Administration, which should have the juice of human personality, becomes an impersonal institution; authority at the top exists principally to ratify decisions ground out below. Amid the mechanical apparatus, the presidency is insulated from the information and pressures which stimulate imagination, feed inspiration, foster insight and develop sensitivity. Too much reliance is placed on briefing, and briefing is not enough; it has only recently led to several mistakes which Mr Eisenhower has had to admit and experience proves that an *aide* might conceivably mislead the President intentionally. There is too little room for the exciting play of politics. For improvisation which can be brilliant there is substituted over-elaborate thought, producing intricacies which Congress sometimes finds impracticable, illegal, and incomprehensible. The lesson is that the President ought not to be spared much more than routine; the inescapable requirement of the job is that it should saturate him and he should saturate the job.

Stevenson in the Straits

ON Monday Mr Adlai Stevenson spoke, as brilliantly as, and more seriously than, usual, of the peril to the free world's alliance of the Administration's ambiguity over Matsu and Quemoy, the offshore islands in the Formosa straits. There are more reasons for this ambiguity than Mr Stevenson admitted but he crystallised the doubts of a growing number of Americans by his three questions: Are the islands essential to the security of the United States? Are we prepared to use nuclear weapons to defend these islands? Are we prepared to fight in China, "standing almost alone in a sullen and hostile world?"

Americans only began to face these questions a short time ago, when they read the now discredited report that a Communist attack on the islands was to be expected this week. But already, before Mr Stevenson's speech, the public disquiet had brought what looked like a shift, but may merely have been a clarification, of the Administration's policy. Previously the impression had been given that the President would probably decide that the United States must defend Quemoy and Matsu, and perhaps also attack the mainland directly, if Formosa were to be defended. Now it is suggested that he is prepared to abandon the islands, and to delay aiding even Formosa until he is sure that American aid is essential. Mr Stevenson's case against the Administration is therefore not now so sharp as it would have appeared a few weeks ago.

Nevertheless the Administration has tacitly admitted the strength of his attack in a detailed reply from Mr Dulles, the main target of his censure. The Secretary of State pointed out that he had been moving towards a permanent settlement of the Formosan question in the direction advocated by Mr Stevenson, although along different and, many people believe, less promising lines. Mr Stevenson's constructive proposals for organising a collective defence of Formosa and for leaving its future to the United Nations should provide the rallying point which until now the critics of the Administration have lacked.

★

That, of course, is exactly what Mr Stevenson wants to do. For he is a politician as well as a statesman. In making his first important speech for four months, his purpose was not only to embarrass the Republicans but to push his own party into more active opposition. He was speaking for the many Democrats outside Congress, and the few in it, who think that their leaders were carried away by bipartisanship last January when they supported so uncritically the resolution authorising the President to defend Formosa and, if necessary, the offshore islands. These Democrats feel that their party then lost the only real vote-winning issue that has developed during the present session of Congress, one that might have enabled them to steal Mr Eisenhower's Korean peace making laurels.

But Mr Stevenson is in the convenient position of having no executive and little political responsibility. Maybe President Eisenhower is making unnecessary and dangerous concessions to Senator Knowland and the other Republicans who believe that all Asia will fall to the Communists unless Quemoy and Matsu are defended. Maybe he is, as Mr Stevenson suggests, unwise in relying on his sole judgment to determine whether or not an attack on the islands must be countered immediately by American force if Formosa is to be saved. But these are decisions which must be taken by the leader of the Republican party and the President of the United States. There is no justification for supposing that Mr Eisenhower is deciding wrongly just because he seems to have handled the affair ineptly.

Vaccine *versus* Virus

New York

THE new vaccine against poliomyelitis, which is one of several under investigation, is the latest in the series of dramatic discoveries in medicinal chemistry made since penicillin was introduced in 1942. Its dramatic success—it is claimed to be "eighty to ninety per cent effective against paralytic polio" — has already raised acute problems of equity in distribution. The National Foundation for Infantile Paralysis, which sponsored last year's field test, has underwritten the production of enough vaccine to give free inoculations to some 9 million American children. Six pharmaceutical companies will provide it and will also be able to supply, commercially, an additional amount, variously estimated as sufficient to inoculate between 9 million and 21 million more children. As there are about 60 million in the under-twenty age group—the group most susceptible to polio—the possibility has been envisaged of limited supplies of vaccine, sold under the counter at black market prices by unscrupulous manufacturers, wholesalers and retail druggists, to the wealthier parents willing to pay far more than the $6 required for the complete vaccination.

But even if a temporary shortage exists—necessitating strict export controls to all countries except Canada—the steps already taken by the pharmaceutical companies to expand their output of the vaccine can be counted on to ensure sufficient stocks for 60 million people by the end of this year, and Europe as well in 1956. The willingness of the industry to take this calculated risk, in advance of the official findings, is another example of the swift commercial development by American firms of new vaccines and drugs discovered in the research laboratories of Europe and North America. Antibiotics, the mainspring of many of the foremost pharmaceutical companies, have branched out into the new "broad spectrum" drugs such as tetracycline, whose introduction in 1953 brought an entirely new range of diseases under control. Tuberculosis, already treated with much success for over ten years with streptomycin, is now being fought by a broad spectrum antibiotic, cycloserine, in the attempt to obtain a complete cure.

In the field of hormone therapy, cortisone may be replaced in the treatment of 7½ million sufferers from rheumatoid arthritis by other synthetic drugs many times as potent. Hardening of the arteries, high blood pressure, and similar diseases, which together cause more than half of the deaths in the United States, are now being effectively treated by new drugs. Perhaps the most significant development of all during recent years was the discovery that some forms of mental illness can be influenced by drugs which counteract high blood pressure. The importance of a potentially successful chemical approach to mental illnesses must be measured against the fact that these fill more than half of the hospital beds in the country.

Reflecting the speed and scope of these new developments is the rapid growth of the pharmaceutical industry. It is not unusual for half of a firm's current sales to consist of products absent from the catalogue five years ago. And in few industries is competition as keen as between the makers of these "wonder drugs." Tetracycline, for example, one of the most potent of the new broad spectrum antibiotics, was introduced almost simultaneously by two companies and is now being sold—to the confusion of both chemist and public—by five different companies under five different trade names, in the face of constant patent litigation. This competitive stimulus, although it has undesirable "side-effects," in the guise of secrecy and commercial espionage, is not without its impact on price. As new companies have entered the field, the discovery of competitive drugs, of cheaper methods of making existing drugs, or of means of circumventing patents have brought cuts in both costs and profit margins. Penicillin, for example, once expensive, now sells for a fraction of its original price, having dropped so far that the package costs as much to make as its content.

Lesser Part of Valour

THREE months ago, Mr Edward Corsi, a former Republican candidate for Mayor of New York and a nationally known expert on immigration, was persuaded by Mr Dulles to join the State Department as special consultant on refugees and migration. At the time, the Secretary of State described Mr Corsi as his "old friend" and "the best qualified man in the United States" to deal with this delicate and urgent problem. Last week, Mr Corsi was abruptly informed that his appointment had been a temporary one and that his services were no longer required.

This dismissal is the latest instance of the Administration's tendency to lose its courage and its head at the first sign of extremist opposition, from whichever party it comes. Mr Corsi's job—to speed up the operation of the Refugee Relief Act passed in 1953 so that 209,000 immigrants, mostly from Eastern Europe, might find a haven in the United States by 1956—involved him in constant friction with the restrictionist group in Congress and the State Department. Representative Walter, a Democrat and co-sponsor of the 1952 McCarran-Walter Immigration law, and Mr Scott McLeod, chief of the State Department's Bureau of Security and Consular Affairs, tend to see in every immigrant a potential spy and in Mr Corsi a dangerous radical. Their suspicions were confirmed when he took his job seriously and sought to improve the security-ridden procedures under which only about 22,000 visas have so far been issued under the Act. Mr Walter then brought unsubstantiated charges that Mr Corsi had associated with Communist-front organisations in the nineteen-thirties. No one in the State Department offered Mr Corsi any support, and a short time after he found himself dismissed.

The State Department had naïvely overlooked the fact that it would stir up a political hornets' nest in dismissing a prominent Republican and a man with great influence in New York's Italian and Jewish communities. Rushing in where more experienced politicians would fear to tread, Mr Dulles quickly offered Mr Corsi a less controversial job and then accused him of seeking powers beyond his terms of reference. Mr Corsi indignantly rejected both the offer and the charge. As so often before, President Eisenhower knew nothing about the whole affair until he read about it in the press. Repeated incidents of this kind do not make it any easier to persuade distinguished men to work for the government. They also explain why the facts of America's immigration programme lag so far behind the ideals set forth on many occasions by the President.

Bombs and Genes

FOR a long time, Mr Lewis Strauss, chairman of the Atomic Energy Commission, has been making reassuring noises about the dangers to health of radiation from the nuclear tests being conducted in the United States. Nevertheless, the chorus of public disquiet and scientific doubt has been growing louder. Scientists at the University of Chicago, at Brandeis University and in California have issued warnings that present precautions against radiation are based on insufficient knowledge and that "disease, malformation and mental disability" might be the fruit of unchecked nuclear explosions. At the same time, the Defence Department grudgingly admitted that past tests in the Nevada desert had caused injuries to at least four men. Sheep farmers in Utah, moreover, have filed claims against the government for the death of animals allegedly exposed to passing atomic clouds and there have been rather disturbing variations in recent statistics for leukemia in human beings.

In view of these developments, the AEC had to agree to co-operate fully with a projected study of the effects of radiation to be undertaken by the National Academy of Sciences. This is the most powerful and respected scientific body in the United States and is far above political suspicion. Dr Bronk, president of the academy, has stated frankly that biologists and geneticists are in frequent disagreement on the subject of radiation and that far too little is known about atomic fallout to justify any complacency about the explosions that have been taking place since 1945 in various parts of the world.

Meanwhile, the latest series of tests in Nevada is continuing, and is now being watched by Sir William Penney and a group of British and Canadian scientists. Among the weapons detonated have been a fantastic atomic missile fired from a plane and exploding six miles above the earth, and several small "trigger" devices. It is against a background of multicoloured flashes in the western sky, and of a trip to America for plastic surgery of twenty disfigured "Hiroshima maidens," that the scientists must decide whether the nuclear arms race or the potential genetic threat takes first priority.

Too Little Wheat?

WHEAT provides the latest example of the inconsistencies that spring from attempts to protect the American farmer. This week's estimate for the 1955 harvest forecast a total wheat crop of some 840 million bushels, about 130 million less than last year and small enough to make it probable that some inroads will be made on surplus stocks to meet requirements during the 1955-56 crop year. This is the combined result of the cuts in acreage, forced on farmers by the law, and of the now serious drought in Colorado and nearby states. The Department of Agriculture might have been expected to welcome such a satisfactory outcome of its efforts to reduce the government's agricultural obligations to manageable proportions; both losses on farm price supporting operations and total commitments under them are still increasing, and for this wheat is largely responsible.

But in fact the department is now concerned that the pendulum has already swung too far and that in the summer wheat farmers may reject government controls altogether for 1955-56, as they nearly did last year. For with the amount of land that may be planted to wheat likely to be cut and with the level at which prices may be supported due to drop again, farmers may feel that government assistance is not now worth the unpopular restrictions it brings with it. But, if they reject controls, the legal level at which wheat prices may be supported in 1956 falls to about $1.25 a bushel—this year it is $2.06—and many farmers will not be eligible even for that. Moreover, in an attempt to make up for losses by increasing output, wheat acreage may be greatly expanded. The final effect might be a collapse of the wheat market and perhaps also of the government's whole farm policy, originally designed to prevent just such disruptions. It is not therefore so surprising that the Secretary of Agriculture, Mr Benson, is now thinking of ways of making price supports more attractive to wheat farmers and of easing the impact should they spurn these supports.

Docks Run Dry

New York

IF the American merchant marine were in robust health there would be little cause for concern about the American shipbuilding industry. But the American merchant fleet, overloaded with operating costs, is sailing dangerously near the rocks. How, therefore, can American shipyards be kept afloat?

A merchant shipbuilding industry capable of expansion to meet the wartime needs of the United States must employ continuously, in time of peace, a minimum skilled labour force of 36,000 men. To keep this employed a shipbuilding programme of 60 ships a year, which would just about replace the present American merchant fleet over a twenty-year period, has been set as a target. But in the eighteen months to August, 1954, not a single order for an ocean-going merchant vessel was placed by private interests in an American yard. Only 16 merchant ships are now on the slipways, and of these 12 have been ordered by the government. By contrast 52 ships are at present being built in foreign shipyards for American-controlled companies—all but one for operation under foreign flags. As a result American shipyards capable of building ocean going merchant vessels now employ less than 6,000 men. Thanks to lifebelts thrown by the Navy, and to a new government assistance programme for the merchant marine announced late in 1954, renewed activity in some yards is expected later this year, but the annual goal of 60 ships is still far off.

Some ships have been built in American yards for foreign owners since the war, owing chiefly to the attraction of earlier delivery than the crammed European shipyards could offer. Naval ship construction and repairs, moreover, can always be counted on to provide employment for part of the required nucleus of skilled labour. But the standby of the American shipbuilding industry is, of course, the replacement of the merchant fleet under the United States flag. Those shipping lines which receive operating subsidies are required to replace their ships, in American yards, after a life of twenty years. They are assisted by a construction subsidy designed to offset the extra cost—usually between one-third and one-half of the total expense—of constructing a ship in an American, instead of a foreign, yard. In addition, they receive special compensation for "defence features," such as extra speed and troop-carrying facilities, incorporated into the ships at the government's request. They also have the advantage of tax deferment, which in practice provides a substantial tax saving, on sums set aside for ship replacement. Yet with both construction and operating costs made competitive with those of their foreign rivals, with membership of shipping conferences precluding rate cutting, and with cargo preference legislation to assure them cargoes, American shipping lines are still reluctant to build new vessels.

★

The explanation is that this assistance is not so complete as it appears to be. In the first place, nearly 80 per cent of the American merchant fleet tonnage does not receive an operating subsidy, and although, since 1952, construction subsidies have been made available to all ships employed in foreign service, the advantages of tax deferment are confined to the lines receiving operating subsidies. The second difficulty, common to both American and foreign shipowners, is that of rising replacement costs. For the Americans, however, this problem is particularly acute since they can charge depreciation only on the original cost of their vessels, most of which were acquired from the government after the war at cut prices. The depreciation funds of American shipping companies are consequently even more inadequate than those of their foreign competitors, and no accelerated depreciation is allowed on new vessels.

There are as many grounds for arguing that the construction subsidy is excessive as there are for claiming, which the subsidised lines do, that it is insufficient. But they can certainly justify their main complaint—that the subsidy is uncertain. For each of the three largest passenger liners built in America—the *SS United States* built for the United States Lines and the *SS Independence* and the *SS Constitution* built for the American Export Lines—the portion of the cost borne by the government was recalculated at a substantially lower amount after the contracts were signed, and in two cases is still not settled four years after the ships first went to sea.

The central difficulty lies in the fact that nearly all the ships now in the American merchant fleet were built during the last war. Consequently, between 1961 and 1965 over 80 per cent of the fleet will become due for replacement, requiring a peak employment of more than five times as many slipways and men as a steady 60-ship a year replacement programme. It was clear, therefore, that something had to be done to spread this "block obsolescence" over the intervening years when both slipways and workers would be idle, and to avoid the loss of skilled labour to other industries. Government action was sought, but not until late in 1954 was a beginning made.

The first fruit was the negotiation of a long term "package agreement" between the government and American President Lines, in which the company agreed to carry out a large ship replacement programme if it received approval for an additional subsidised route. Taking a leaf out of the motor industry's book, the government then offered an oil tanker "trade-in-and-build" programme, for tankers over ten years old, in the hope of encouraging earlier replacement. A similar programme for dry-cargo vessels is proposed for this year. In addition, the Navy was called upon to order four new tankers on its own account, and to offer charters through the Military Sea Transportation Service for another fifteen new tankers to be built by private companies.

The Maritime Administration, for its part, announced its intention of building seven special purpose ships, for military use, to serve as "mobilisation ships" in any future emergency. It began modernisation and repair programmes for ships "mothballed" in the reserve fleet. Construction subsidies were appropriated for four new combination passenger-cargo ships, two each for the Grace and Moore-McCormack Lines, to replace five over-age ships. Subsidies were also provided for the conversion of several new government Mariner vessels, a by-product of the Korean war, into cargo and passenger vessels for private operation. Finally the extension of operating subsidies to four more shipping lines, if their applications are approved, will ease their vessel replacement problems. Taken together, these varied aids to private shipping constitute a significant attack on "block obsolescence." But, at best, they will provide only a fraction of the 60 ships a year needed by the yards.

★

The new programme has been very slow off the mark. Conditions imposed by Congress have delayed the construction of tankers. The dry cargo trade-in building programme is unlikely to succeed unless the government's trade-in allowance meets the price companies can obtain by selling their ships for foreign flag operations. Moreover, the Administration is a prisoner of its own economic philosophy—the preference for private over government financing. Formerly the shipping companies made a down payment of only 25 per cent of their share of the cost of building a new ship. The balance was financed by the government, and repaid by the company over a 20-year period at relatively low interest rates. Now the shipping companies are required to finance their entire share of the cost of the vessel, with the assistance of a government guarantee of the mortgage. But the government, except for special purpose vessels, will guarantee only 90 per cent of the mortgage, which in turn must not exceed 87½ per cent of the cost of the ship. Short of a 100 per cent government guarantee, it is claimed, no private financing can be obtained in a market traditionally suspicious of erratic shipping earnings.

Thus without much greater government assistance than any yet in prospect, a civilian shipbuilding industry employing 36,000 men is not even within range. Perhaps the only appropriate solution to the problem of retaining a skilled shipbuilding labour force is that already sought by several of the larger shipyards—diversification. Skilled machinists can produce hydraulic turbines and other heavy machinery

for use by other industries; offshore oil drilling platforms provide another valuable market; and some shipyards have even begun to fabricate structural steel for building.

Points of Labour Law

IN a series of complex, but important, rulings the Supreme Court has added new touches to the structure of legal relations between trade unions, employers and the state courts. In reversing a decision by the Missouri Supreme Court, it affirmed that state courts do not have the power to issue injunctions against picketing as long as the dispute in question involves inter-state business and falls within the terms of reference of the Taft-Hartley Act. In effect, this signifies that employers must refer their case to the National Labour Relations Board and cannot circumvent "the tribunal which Congress has selected for determining such issues" by appealing to state courts.

In a further decision, the Supreme Court ruled that a union is not empowered to sue in a federal court for back pay claimed by union members. Such a suit must be brought by individuals. This interpretation of the law, which arose out of a dispute involving employees of the Westinghouse Electric Company in Pennsylvania, was carried over the dissent of Justices William Douglas and Hugo Black. They held that a union was a bargaining and, therefore, a suing agency for its members. Justice Frankfurter, on the other hand, argued that Congress had nowhere "shown any recognition of the type of suit involved here" and that the federal courts could not take it on themselves to do so. This suggests that the law may be modified in future and that, as often before, the dissent of today may become the ruling of tomorrow.

★

Finally, the Court decided, over the strong dissent of Chief Justice Warren, that a federal court—such as itself—could not issue injunctions against proceedings *sub judice* in a state court. After the completion of appeals in a state court, it may review the whole case and decide that the state court went beyond its jurisdiction, as it did in the Missouri case referred to above. But until these appeals have been made, it has no authority to enjoin a litigant from pursuing his action. In its 5-to-3 ruling, the Court defeated an attempt by the Amalgamated Clothing Workers to set aside a temporary injunction against picketing issued by the Common Pleas Court of Ohio. Paradoxically, the Missouri case suggests that the Supreme Court will, in the end, rule that the Ohio court went beyond its jurisdiction in granting this injunction.

After a lapse of fourteen weeks, the NLRB once again has a general counsel, Mr Theophil Kammholz of Chicago. It is his function to act as the government prosecutor in cases involving violations of the Taft-Hartley labour law by unions or employers. Five hundred cases already await his attention and, no doubt, the Supreme Court will have much to do with them in the future.

SHORTER NOTES

On Monday, the Supreme Court opened hearings on how and when it shall implement its historic decision of last May outlawing racial segregation in state-financed schools. Several southern states have filed briefs requesting unlimited time in which to carry out the ruling and have urged that the entire school system might be jeopardised if the Supreme Court's decision were enforced in the near future. Attorneys for various Negro groups, on the other hand, point out that desegregation has already taken place in the District of Columbia and much of Delaware and that further delay will merely aggravate racial tension.

★

Congress reassembled this week after its Easter recess at what should be the half-way point of the session. It is probably no further behind with its programme than it usually is at this stage; but this year the President has set it an unusually heavy programme. He sent in about 175 recommendations for legislation, but so far Congress has dealt with only about 30 Bills. Congress will therefore either have to stay in session beyond July or shelve much of the programme. The latter seems more likely, as already some of the most controversial items—aid for highway development, federal funds for school building, the health reinsurance plan—have run into such difficulties that their passage seems problematical.

★

Democratic hopes have been given a boost by electoral victories in Michigan and Chicago. Although he was seriously challenged by Mr Robert Merriam, the Republican reform candidate for the mayoralty, Mr Richard Daley and his Democratic machine won in Chicago by a margin of more than 120,000 votes. Mr Daley has been associated with Mr Adlai Stevenson and received his support during the campaign. This may have influenced "liberal" and floating voters in Mr Daley's favour.

★

Last week began crucial contract negotiations between employers in the motor industry and representatives of the United Automobile Workers. The latter are hoping to obtain a guaranteed annual wage, and have hinted that they will strike if their demands are turned down. The automotive industry, which is in a highly competitive boom period, must work out an arrangement by June 1st, when the present contract, negotiated in 1950, expires.

★

After a lapse of four years, the Federal Reserve Board has decided to resume purchases of bankers' acceptances—a short-term bill of trade. This move, which eases credit, is primarily intended to help foreign trade. Last year outstanding acceptances rose by $300 million to $875 million, an amount appreciably below the $1.7 billion figure attained in 1929.

THE CHASE MANHATTAN BANK

Head Office: **18 Pine Street, New York**

Incorporated with Limited Liability under the Laws of the State of New York

STATEMENT OF CONDITION, MARCH 31, 1955

RESOURCES			LIABILITIES		
Cash and Due from Banks		$2,018,131,240	Deposits		$6,865,133,336
U.S. Government Obligations		1,701,666,145	Foreign Funds Borrowed		17,344,308
State, Municipal and Other Securities		630,517,729	Reserve for Taxes		31,843,946
Mortgages		135,266,094	Other Liabilities		39,573,079
Loans	$2,974,014,748		Acceptances Outstanding	$125,486,964	
Less: Reserve for Bad Debts	*62,186,976*		*Less: In Portfolio*	*9,359,644*	
					116,127,320
Unallocated Reserve for Bad Debts	*8,000,000*		General Reserve for Securities		12,000,000
		2,903,827,772	Capital Funds:		
Accrued Interest Receivable		20,562,994	Capital Stock (12,000,000 Shares—$12.50 Par)	$150,000,000	
Customers' Acceptance Liability		113,212,430	Surplus	300,000,000	
Banking Houses		57,791,450	Undivided Profits	64,553,729	
Other Assets		15,599,864			514,553,729
		$7,596,575,718			$7,596,575,718

United States Government and other securities carried at $594,888,677 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

LONDON BRANCHES:
6 Lombard Street, E.C.3 **46 Berkeley Square, W.1**

OVERSEAS BRANCHES: Paris . Frankfurt/Main . Tokyo . Osaka . Havana . Marianao . San Juan, P.R., Santurce . Panama . Colon . David . Cristobal . Balboa

Offices of Representatives:
Mexico, D.F. . Buenos Aires . Rome . Beyrouth . Bombay

On March 31, 1955, The Chase National Bank and Bank of the Manhattan Company joined forces as The Chase Manhattan Bank

THE HONOURABLE RALPH CHETWYND
Minister of Trade & Industry for the Government of

BRITISH COLUMBIA
CANADA

will welcome discussions with industrial and financial interests concerning British Columbia's trade and manufacturing opportunities during the forthcoming visit to Britain of The Vancouver Board of Trade. Appointments by mutual arrangement, April 18th to noon, April 22nd, by contacting Mr. W. A. MacAdam, Agent-General for British Columbia, at British Columbia House, London, England.

SINCE MID-VICTORIAN TIMES



QUITE UNIMPORTANT

Thompson: *(interrogatively, to Beauteous but Haughty Damsel, whom he has just helped to alight)*: "I BEG YOUR PARDON?"

Haughty Damsel: "I DID NOT SPEAK!"

Thompson: "OH, I THOUGHT YOU SAID 'THANKS'!"

[Thompson thereupon installed himself within the first-class compartment so lately vacated by the ill-graced Young Miss. Fortunately, the delight engendered from his Three Castles cigarette — that cigarette without peer — did much to restore a better humour toward the Fairer Sex.

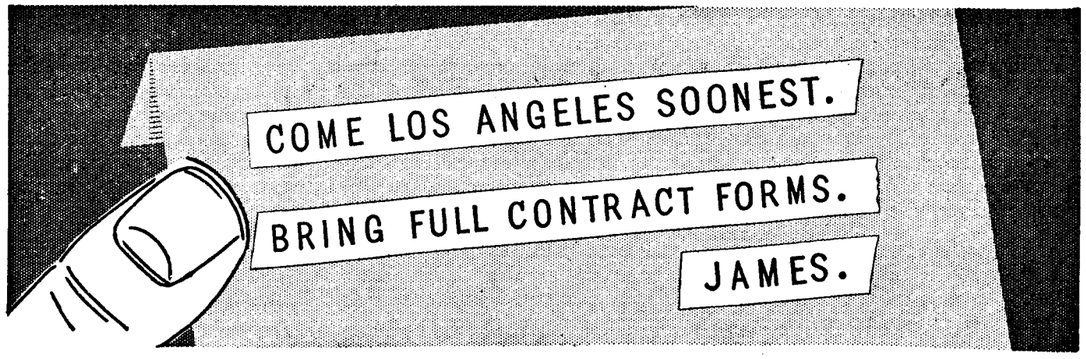


20 for 3/11d.

It's always been
THE
"THREE CASTLES"
CIGARETTES
for The Quality

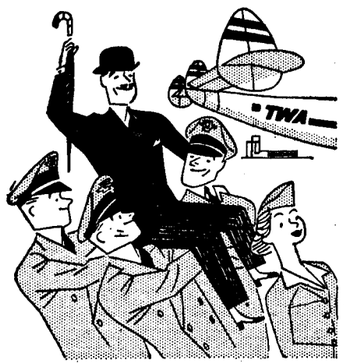
W. D. & H. O. Wills, Branch of The Imperial Tobacco Co. (of Great Britain & Ireland), Ltd.

TT 278 P.

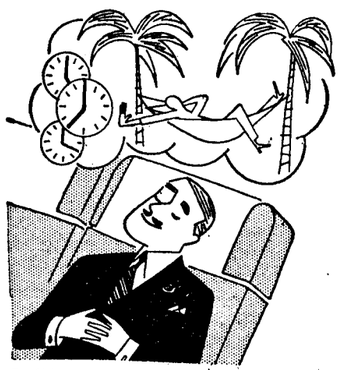




"Soonest", said the company secretary, "that means you'll be flying TWA, my lad . . . *that* means there won't be any need for you to change airlines between here and Los Angeles . . . you'll stay . . .



. . . in TWA's good hands all the way. They do all the worrying about arranging through flights for you . . . their knowledge of America makes it easy for them . . . it'll save you a lot of time and trouble."



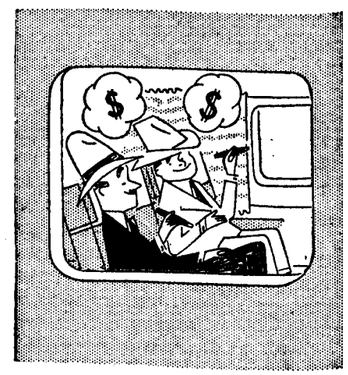
It did, too . . . as soon as I boarded their Constellation—they've got the largest fleet of them in the world—everyone in TWA seemed to be working for *me*. . . . I was in a hurry . . .



. . . but TWA looked after me so well I nearly forgot how urgent the job was (better not tell James that). It's really wonderful what TWA's brand of comfort can do for one's morale . . . In fact . . .



. . . when I arrived at Los Angeles, I felt completely calm, collected and rarin' to go . . . good thing I was . . . James and I had a pretty hard selling job to do for those contracts we wanted.



Coming home? We knew exactly what we were going to do . . . as I told James, "Can't think why we ever flew any other way. Let's hurry back TWA—it'll give us time to *relax*".

For full details of daily TWA services from London to 60 U.S. cities and particulars of TWA's Air Travel Plan (for business travellers) or TWA's Time Pay Plan (for travel now and payment later), see your travel agent, or 'phone Trans World Airlines, 200 Piccadilly, W.1. TRAfalgar 1234. TWA Manchester, BLAckfriars 4649.



The World Overseas

Europe's Bounding Economy

THE sixth report of the OEEC published last week is of unusual interest.* Unlike those of many international organisations, the yearly reports of the OEEC are documents which reflect not only the expert analysis of the technical staff of the organisation but the agreed views of the member countries. This tradition of agreement by national governments on the text of the document has sometimes resulted in reports so peppered with cautious qualifications and explanations of why more had not or could not be done that none but the government officials who helped to write them could bear to read them. This year's report is a welcome exception. The first half succeeds admirably in assessing with freshness and candour, as well as with a high degree of technical competence, past progress and future problems. Some of the chapters which discuss in detail the specific tasks of the organisation are of less general interest. But the interweaving of the analysis of economic trends and policies with descriptions of the operations of the OEEC, although it makes for a repetitive presentation, conveys an impression of the process by which national policies are reinforced, or modified, by international action.

The most striking thing about the report, and the most refreshing, is its ebullience. Although the hard facts of the progress reported are impressive, it is the tone of voice in which successes are described, and the fact that shortfalls are simply admitted without pages of apology, that gives this report its remarkable air of confidence and well-being.

Looking backwards, the OEEC finds that the ambitious targets drawn up in 1948 for accomplishment by 1952-53 were met, and sometimes exceeded, in 1953. As compared with the prewar year 1938, the volume of Western Europe's exports increased some 70 per cent between 1938 and 1954, while the rise in imports was held to 12 per cent. Industrial production increased by more than 50 per cent, agricultural production by about 30 per cent. The increase in intra-European trade was particularly striking; in 1953 it was half again as large as in 1938 and in 1954 it increased by another 10 per cent.

Reviewing in more detail the record of the last two years, the report contrasts the strong expansion in production in 1953 and 1954 with the stagnation of 1952. In 1953 industrial production in member countries increased by 5 per cent and is provisionally estimated to have risen another 8 per cent in 1954; the real gross national product is estimated to have risen by 5 per cent in each year. The OEEC countries hope that these trends will continue but they are not blind to the problems ahead. The report points out that there is much less slack in the European economy than there was at the beginning of 1953, and shortages of both productive capacity and trained manpower are developing in those branches of production where demand is strong. For the long run, the need to improve productivity in both agriculture and industry is heavily underlined: "In the 1930's the great common problem was unemployment, and in the postwar years it was reconstruction; today, however, the problem of raising productivity has pre-eminence." Any possible smugness at the fact that productivity in Western Europe is now 15-20 per cent above prewar is punctured by contrasting this change with the rate of change in the United States (about double the European rate) and by illuminating descriptions of some of the reasons for the difference.

Turning to the internal financial situation of the member countries, the report records a period, since 1953, of rising production and stable prices, and of notable relaxations in internal controls and restrictions. And on the whole the report finds that financial policies have been correctly adjusted to the tempo of production. For most of the two-year period official policies were generally expansionary, but recent signs of inflation have led the United Kingdom and a number of other governments to take steps to damp down demand. For the future the signs are mixed. But even in those countries where demand is still rising and resources are already fully employed the OEEC seems confident that the inflationary pressures can be mastered by "small but timely adjustments of policy."

The report deals at length with Western Europe's trade and payments. Again, although problems are not minimised, and the dimensions of American aid and military expenditures are calculated with commendable caution, the outlook is generally optimistic. And, in particular, the report goes out of its way to dispose of the bogey that when the United States sneezes the rest of the world has influenza. If an American recession coincided with a European recession, rather than with a time of rising economic activity in Europe, or if raw material prices were particularly sensitive, "serious consequences could only be averted by strong government action." But the authors conclude that the inevitability of a serious blow to Europe's balance of payments and level of activity from a slight American recession "was too easily accepted on the strength of the 1949 precedent."

*Sixth Report of the OEEC, *From Recovery towards Economic Strength*, Paris, March, 1955. Obtainable from HMSO, 6s. net.

Despite the fact that a marked deterioration in the current balance of payments of member countries developed in the latter part of the year, and that final information is expected to reveal a small deficit (excluding military receipts) as compared with a surplus of $0.4 billion in 1953, gold and dollar reserves of member countries continued to rise in 1954, and with reserves around $12.5 billion at the end of the year the OEEC is outspoken in prescribing for the future a larger dose of dollar liberalisation and the substitution of the discipline of competition for that of government control.

Throughout the report, as a guide to both internal and external policies, expansion, liberalisation, and competition are given an emphasis which is strikingly new.

> *Expansion* and *liberalisation* are the two watchwords of European economic policy for the future. . . . In linking a policy of internal expansion with one of liberalisation culminating in convertibility, Member countries aim at achieving something new.

No precise timetable for convertibility is given, and no secrets are revealed, but convertibility is discussed in considerable detail, not as a distant goal but as the culmination of a process already well under way.

Both in overcoming the remaining obstacles to convertibility and in establishing convertibility on a lasting basis, the OEEC lays emphasis on the need for close international cooperation. Although dodging, for the time being, the exact rôles varying international organisations will have once convertibility becomes general, the report confirms what was already apparent from the recent decisions on the future of Gatt ; that is, that the burden of formulating and applying world-wide rules must then rest with global, rather than regional, organisations. But although recognising that its role in trade and payments will change in the future, the OEEC countries are perfectly clear that the method of cooperation which they have evolved is a pattern which must endure. René Sergent, the new Secretary General of the OEEC, inherits from his predecessor Robert Marjolin an organisation which may, for the time being, be very short of economic crises ; but it is very well stocked with goodwill.

Japanese-American Discords

FROM OUR TOKYO CORRESPONDENT

THE ineptitude and amateurishness of Japanese foreign policy reached an appropriate climax when Mr Dulles rebuffed the casually confident proposal that the Foreign Minister, Mr Shigemitsu, should visit Washington. The official voice of this proposal may appear to have been the voice of the *Gaimusho* (Foreign Office), but the hands were certainly the fumbling hands of the Prime Minister, Mr Hatoyama, whose slapdash approach to foreign affairs is the despair of Mr Shigemitsu and the *Gaimusho* career officers.

The rebuff also reflects the hardening American attitude towards Japan as relations between the two countries uneasily deteriorate. It would have been absurdly naïve not to have expected bland and probing Japanese objections to certain aspects of American policy ; but the evidence of a growing passive resistance to and positive obstruction of Washington hopes and wishes has already passed far beyond realistic expectations. The trend was there before Mr Yoshida—whose strong, if intolerant, hand is sorely missed in the Diet—fell to the knives of vendetta intrigue. But "trend" is too mild a term today, when the left-wing Socialists are infuriated by Mr Hatoyama's calm and triumphant appropriation of their policy of friendship with Peking and Moscow, and when American businessmen in Tokyo are shrugging their way out under pressure of rising taxes and bureaucratic excesses.

Negotiations on practically all issues between Washington and Tokyo are at present either stalled or limping along painfully. When there are no Japanese demands for special concessions, there is plenty of the toughest haggling and bargaining. There is the fundamental question of defence, on which the Japanese continue to drag their feet, demanding reductions in their 30 per cent contribution to the joint defence pool. The proposal has been made that the United States should accept a $65 million cut in this contribution, which the Japanese would divert for the stipulated small build-up in their armed forces for the coming year. This arrangement would have the happy dual effect of facilitating pledged tax cuts and of shifting the defence budget cost to Washington. More than dollars are involved. The Americans are impatient to pull their remaining ground troops out of Japan, but the Japanese want to concentrate on the reconstruction of modern heavy industry "for basic rearmament" rather than on the training of manpower.

Haggling and Stonewalling

A second point is Japan's indebtedness to the United States. Japan owes nearly $2,000 million for help received during the Occupation. The Americans have offered to settle this, on the generous basis of the German formula, for about $600 million, spread over 37 years with nominal interest at 2½ per cent. But the Japanese jibbed at signing and the talks have hung fire for six months. In addition, the Japanese are demanding substantial advantages over other nations in the purchase of surplus American agricultural products. The American terms, accepted by other countries, were: $100 million worth of products, for which only $85 million would be charged—$59.5 million on loan at 4 per cent for 30 years and $25.5 million to meet American military expenses in Japan. The Japanese want a 40-year term at only 2½ per cent interest and are haggling over repayment conditions.

There are many other straws of discord in the wind. The Japanese have refused an application for an additional weekly flight by an American airline into Tokyo. They have turned down requests for the assembly of two makes of American cars in Japan with Japanese labour and American capital—a facility which has been granted to British and French firms. They have refused to grant American consular officials the normal exemption from customs duties ; and they have said "no" to an offer by American interests to supply capital and technical know-how for a merger with Japanese sewing-machine interests. They have also turned down urgent American air force representations for the lengthening of dangerously short airstrips for jet planes at bases leased to the United States.

It is impossible to say to what extent all these irritations and frustrations are part of a fixed pattern, or are merely coincidental and indicative of an irresponsible attitude of mind rather than of a calculated attitude of policy. The

effect on the United States Embassy here, however, has been cumulative and profound ; although he has personal sympathy for the harassed Mr Shigemitsu, the US Ambassador, Mr John Allison, himself recommended Mr Dulles' firm refusal to allow the present negotiations to bypass his Tokyo staff—to the political advantage only of the government.

The hardening Washington line will not help Mr Hatoyama in his exuberant overtures to Communist China and Soviet Russia. The delicate game of playing off one side against another depends, of course, to a large extent on the willingness of both the other sides to play along. The industrial interests behind the conservative forces in the Diet know only too well how essentially committed they are to the United States. The risk for the West is that the feeble and fumbled showing of the divided conservatives, since the eclipse of the redoubtable and patriotic Mr Yoshida, may stimulate the resurgence of the Socialists, whose "neutralist" instincts would promote even greater recklessness in approaches to Peking and Moscow.

The Southern Sudan and Egypt's Water

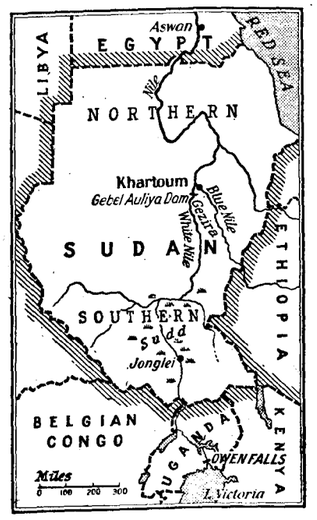
BY A CORRESPONDENT

WHETHER the Nile waters are to be a source of unity or discord between Egypt and an independent Sudan is still an open question. Last week, the first talks held on the division of the waters broke down almost at once on an issue irrelevant to the main question of how two populous countries are going to divide their main source of life. Even at the height of the tiff, both parties seemed to remain aware of the importance of agreement. A point that occurs to them less frequently is the extent to which the successful execution of any plan conceived between them hangs on the attitude of the Southern Sudan.

The representatives of the South hold a quarter of the seats in the Parliament at Khartoum, and the local "Hansard" shows them as mainly concerned with the extraction of more funds for their local needs from the budget of the central government, and more rapid advancement for individuals as the price of their adherence to one or other of the main parties, the NUP (pro-"link") and the Umma (anti-"link"). Some of them are also already making considerable play with the obvious fact that the South is not yet ready for self-determination, and are demanding federation in place of union with the North. "We are a backward people of different race ; we need development, economic and cultural," the argument runs, "and if the North will not provide the money to pay for it, we will not follow the lead of the North." What precisely they will do is less clear ; but it seems likely that they will at first give their votes to whichever party promises most to the South or to its representatives. The equally insistent demands of the northern MPs, together with increasing financial stringency, make it improbable that both sides can be satisfied for long.

But the future of the Southern Sudan rests very insecurely with those who represent it at Khartoum. A few of them are northerners by race and/or nominees of the NUP ; the rest are nearly all products of the Christian mission schools, though several, in switching their activities to politics, have also adopted Islam. In certain areas, away from the river, where development schemes have been started, some realisation of economic factors has penetrated, but to the unsophisticated millions who live among the swamps that clog the White Nile beyond the 12th parallel, northerners and their nominees mean nothing ; the young men from the mission schools mean little more. To them nothing in the world matters except cattle. So long as they can be left to tend and contemplate their cattle they are content. The occasional payment of taxes, and abstention from throat-cutting, are no doubt more acceptable than they used to be, but interference with their ancient grazing-rights would seem a gross and wanton act of tyranny.

And yet it is in their country, and among their cattle, that all the great irrigation schemes so long planned by Egypt are to materialise. So far these have not reached the stage of construction—indeed, the practicability of some of them is still in dispute. The great dam at Owen Falls has been built, but it cannot operate to the benefit of Egypt until the Jonglei Channel has been cut through the wide marsh area called the *sudd* so that the vast new supplies of water can pass downstream. When the Gebel Auliya dam was made in 1937 to preserve existing supplies until the time of their release to Egypt, the resultant flooding and displacement of population for 300 miles upstream was offset by the provision of canals linking the triangular area between the White and Blue Niles called the Gezira, by the installation of pumping schemes and by the resiting of villages ; but this was in the Northern Sudan where the people are of an advanced and progressive type. The cutting of 175 miles of channel through the *sudd* will flood 900 miles of the country of the Nilotic cattle-owning negroes, and the task of reconciling them to this apparent catastrophe, and of introducing a novel regime of life, will be a colossal one.



If the project materialises, the administrative process will fall upon the government of the Sudan, the cost being met by Egypt. But imagination boggles at the measures of enforcement that may be called for. Neither the deliberations of the politicians at Khartoum nor their verbal reassurances on the spot will greatly affect the issue, and the gap between South and North will inevitably be intensified. If, on the other hand, the project is abandoned, it will mean the end of Egypt's hope of millions of additional acres to be cultivated in Egypt to support the ever-growing population ;

the Owen Falls Dam will be of little benefit, and the vast new High Dam projected at Aswan will cease to be an economic proposition. Some fleeting compensation would accrue from the fact that Egypt would not have to find the huge sums required for building the dam.

But the main problem remains: what is to be done with Egypt's surplus population, and what permanent security will it have that there will be an undiminished supply of water even for its existing population? When the Sudan government decides, as it certainly will, that it must increase its own quota, whether Egypt consents or not, that will be bad enough; but if, in addition, the South turns nasty, the position will be far worse. Egypt dare not push matters too far for it is obvious that the Sudan holds the hostages, and if the unpredictable Southerners play rough there is little that Egypt can do about it even if it has—and it may not have—the goodwill of the Northerners. Ironically enough, Egypt's one real way of salvation lay in the continuance of British control safeguarding its vital interests, but instead it preferred systematically (and in the end effectively) to intrigue for the dissolution of British control before alternative guarantees could be devised and made effective.

Holland and the WEU

FROM A CORRESPONDENT IN HOLLAND

NEVER has Holland ratified any treaty with less enthusiasm but less opposition than the Paris agreements. At the end of last month the Second Chamber passed the bill of ratification with only the six Communist deputies voting against, and the first Chamber will complete the process by the first part of May. There is virtually no doubt about the outcome. But since Holland ratified the EDC not primarily for military reasons, but rather as a means to further European integration, it is obvious that a substitute that does not offer the semblance of integration, even in the military sphere, is not likely to arouse much enthusiasm.

Holland has no neutralists in its parliament—not even among the Socialists. For all except the six Communists, the real significance of the Paris agreements lies in the fact that they provide a way of rearming Western Germany within Nato. In spite of the widespread feelings aroused by the German occupation during the last war, Holland is more keenly aware of the urgent importance of rearming Germany than any other European country except perhaps Denmark. Dutch territory cannot be defended unless the defence line is shifted back to the Elbe. No amount of faith in the effectiveness of the Western alliance can remove Dutch concern about the indefensible eastern border of the country.

Naturally enough, the Dutch are worried about the lag in Western European integration, for they regard this integration as a development made necessary by technological progress. And within the framework of the Western European Union integration appears to be out of the question. Both the government and the politicians realise that Britain will never follow the European integration road by way of the supranational institutions that the Dutch believe to be indispensable. The government has plainly told the Dutch parliament that the WEU is a military organ, not a device for general integration; all attempts to refloat the stranded integration boat must take place outside the WEU.

According to the Foreign Minister, Mr Beyen, a new initiative towards integration will be taken by the Benelux governments. There is soon to be a meeting of the foreign ministers of the six Schuman pool countries, and it is hoped that this will lead to a new resolution directing the dormant *ad hoc* Assembly of the Six to redraft the statute for a European political community in the light of the EDC's rejection and the WEU's birth. This would mean a statute without military provisions, and with more leeway for economic and monetary integration than was provided in the draft presented to the six governments in March, 1953.

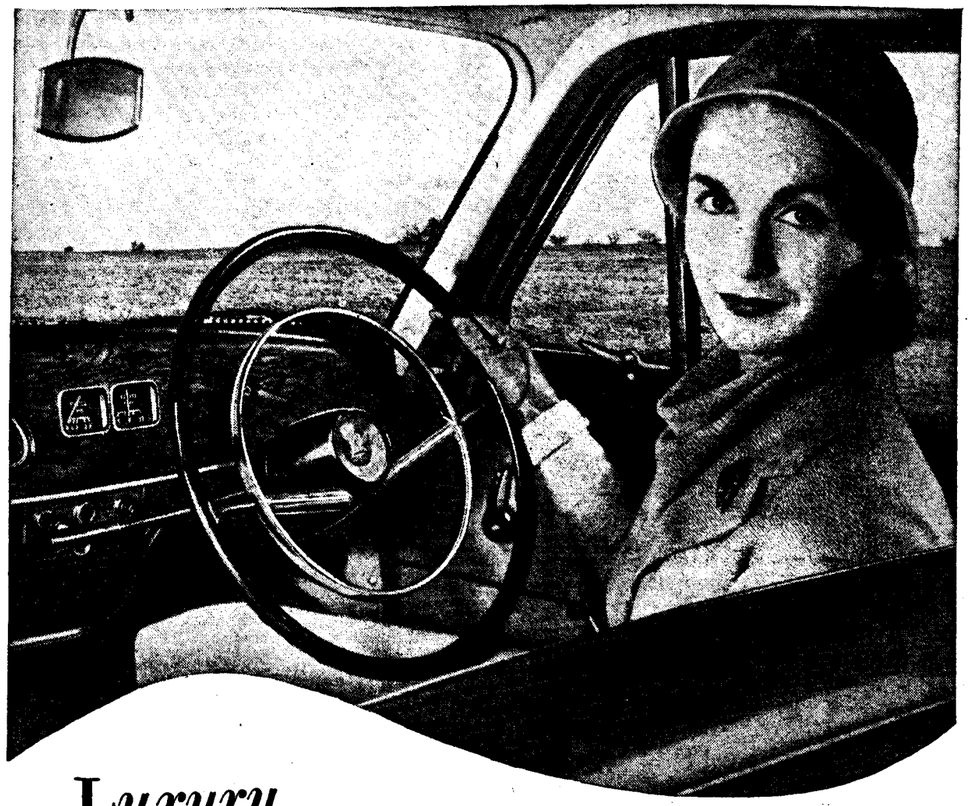
Finally, during the recent parliamentary debates it was plain that there was much concern over the forthcoming East-West negotiations. It is, perhaps, more fully realised here than in some bigger countries that previous talks have been poorly prepared and that Western statesmen are still largely in the dark about what can or should be attempted. Moreover, some feel that the suggestion of talks with the Russians has been used by the West as little more than a bait to encourage France and Western Germany to accept the Paris agreements. A spokesman for the biggest government party expressed this concern when he said: "The small countries know that their interests are hardly secure even in a big conference in which they themselves partake. We read in the Yalta documents what happens if the problems are tackled by "these exclusive clubs to which only those are admitted who can pay an entrance fee of five million soldiers." The spokesman continued: "I believe that there is only one thing worse than a conference which fails, and that is a quasi-successful conference." That is what Holland fears.

"Operation Nenni"

FROM A SPECIAL CORRESPONDENT

"OPERATION NENNI," Signor Nenni's new formula of an "opening to the Left," with its offer of collaboration between Socialists and Christian Democrats, was launched on the eve of the Italian Socialist party's conference at Turin at a time when the Scelba coalition government is menaced by dislocations and divisions. It was received with relief by many Italians who are worried about the future of democracy in their country. Fear of a Christian-Democrat coalition with the right-wing (Monarchists and neo-Fascists of the MSI) together with the inexhaustible *combinazione* power of the Italian mind, served to build up what to the Italian looks like the best logical solution for the political instability from which his country suffers.

The fact that Nenni's "proposal" was fully debated during the four days of the Turin congress furnished further material for this wishful thinking. But there is an air of unreality about it all. For Signor Nenni is not a free agent. He is too tied to the Communists and his party is in their hands. Since the time of the split in the Italian Socialist party in January, 1947, Pietro Nenni and the then theoretician of the party, Lelio Basso, have lost so much ground to Rodolfo Morandi, Deputy Secretary and head of the "organisation and cadres commission," who is gener-

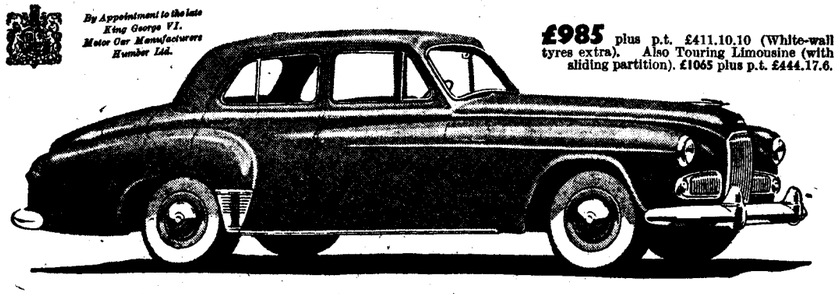


Luxury goes with speed in the

Beauty and luxury perfectly matched . . . comfort and performance exquisitely balanced . . . foam-soft comfort of deep, spacious seats . . . controls placed for instant, effortless command. The Blue Riband engine's indomitable power will sweep the needle to an easy ninety, or whisper its way through traffic in top gear . . . and at a price that puts Humber first among fine cars in value.

HUMBER Super Snipe

By Appointment to the late King George VI. Motor Car Manufacturers Humber Ltd.



£985 plus p.t. £411.10.10 (White-wall tyres extra). Also Touring Limousine (with sliding partition). £1065 plus p.t. £444.17.6.

HUMBER LTD. COVENTRY · LONDON SHOWROOMS & EXPORT DIVISION: ROOTES LTD · DEVONSHIRE HOUSE · PICCADILLY W.1.

"I pay people to know these things"

You may not have studied **refractories**. "Technical details?" you may say. "I pay people **to know** these things."
Well, it is true that refracto**ries are** technically complex: their selection is a specialist**'s job. It** is also true that there are people **who know** all about them—only, they ask nothing for **their advice.**
Morgans are refractory **specialists**: their co-operation is worth having. They manufacture **a** range of the finest refractories ever made. **They designed** and they operate the most up-to-date refractories **plant in** Europe. Their advice may be free, but it is **completely** authoritative.

You may never have seen a refractory, but refractories may be in your balance sheet, unseen. Refractories are the materials of which furnaces are built. A change in the refractories of a batch furnace can increase the output by 50%. You see?

MORGAN refractories

ASK MORGANS ABOUT REFRACTORIES—THEY KNOW

THE MORGAN REFRACTORIES LTD., NESTON, WIRRAL, CHESHIRE. TEL: NESTON 1406

NE8

ally believed to be hand-in-glove with the Communists, that the latter is practically the boss of the "old house."

The extent to which Nenni is dependent on Togliatti is best shown by the development of the conflict which took place between him and Morandi over the organisation of the party, after the June, 1953, elections. Morandi, who thought the moment ripe to show his hand, proposed new statutes, which were in fact copied from those of the Communist party, with the object of obtaining a "more efficient machine." Nenni, who was against the project, had no other recourse than to bring the matter before Togliatti for arbitration. His old friend, who in any case preferred the *status quo*, which makes him the arbiter of the internal life of the Italian Socialist party, decided in favour of Nenni. But as discussion within the party had gone too far for Morandi to be able to withdraw his project, it was arranged that some of the "Morandists" should vote against his project so as to bring Togliatti's verdict in officially. Morandi did, however, get his way to some extent and was able to present to the delegates at Turin a modified draft of the new statutes which condemns the existence of factions and strengthens the authority of the Communist bureaucracy inside the Socialist party.

The terror reigning in the party is such that every sign of real life has died out. To discuss even unimportant events, such as the departure of Malenkov, the old members have to go to a café. Only tactical considerations enabled "The Trotskyist," Lelio Basso, to speak from the platform of his own party's congress, and even then it was only after long discussions in which the official Communist representative at the Congress had the last word. And the editor of *Avanti* could be heard accusing Lombardi, an important figure in the party, who advocated an enlarged version of Nenni's point of view, of "right deviationism," an accusation without precedent in a free socialist congress.

In order to maintain their positions, Nenni and his friends have to indulge in a never-ending courtship of the Communists and repeatedly, and often in a not very dignified manner, have their reliability impugned. Not long ago, the Communist president of the youth section of the peace movement, who was troubled by his conscience, sought advice from the adult chairman of the movement, who was a Socialist. Next day, to his surprise, he was summoned by the chairman's Communist deputy who had been told everything and proceeded to ask for his resignation. The chairman of the peace movement is none other than Pietro Nenni.

Yet all those followers of the famous Italian "Maximalism," who are suffocating in the new atmosphere of the party, remain at their posts. They argue paradoxically—pointing to the Social-Democrats' experience—that in Italy, if one is to work with the Christian Democrats without inevitably becoming their instrument, one must be the ally of the Communists. And they say this although they themselves have demonstrated that the Socialist party is anything but independent. The second paradox of Italian politics is that in spite of this, Signor Nenni's party still represents a centre of attraction for part at least of Signor Saragat's Social-Democrats. The Social-Democrat party is, unfortunately for Italian democracy, losing its battle, and in the confusion of the moment the men on its left are more or less ready to go back to the "old firm." Some who have left Saragat have already rejoined and one of them, Antonio Greppi, even made his confession, Moscow fashion, at the Congress.

The leaders of *Unita Socialista*—the left wing faction in Saragat's party—sent a telegram of sympathy to the Congress, which was very badly received by the delegates, the majority of whom were "Morandists," but received an encouraging reception from Signor Nenni in his final speech. He hopes to increase the number of his supporters in his internal struggle with Morandi by absorbing the *Unita* into the party. Their presence would not, however, change the existing balance in the party. The Communist-Socialist alliance is "definitive," said Nenni. The Communist fraternal delegate summed up the relationship between the two parties even better: "They are two in one and one in two," he said. What he did not say is that one of the two is the master, while the other is the obedient servant.

The Paper Bulletin

This is a new bulletin service for paper users and makers. It deals with the supply, demand and price trends for paper, paper products and raw materials. The first quarterly issue will be available at the end of this month. Full details from:

THE ECONOMIST INTELLIGENCE UNIT,
22 Ryder Street, London, S.W.1. Whitehall 1511, Extension 144.

Coal Price Dilemma

AGAIN, as last year, maximum prices for Ruhr coal have been extended by the High Authority of the Coal and Steel Community into the new coal year which began on April 1st. And again, as last year, the underlying reason for this action is that no settlement has thus far been reached on the basic problem, the dominant position of the German monopoly sales agency, GEORG, in the Ruhr.

Last year, the Dutch, who thought prices would fall unless attracted to the ceiling by the setting of maxima, and who felt that the High Authority was dragging its feet on the cartel problem, appealed to the Court against the action of the High Authority. However, at the end of March, the Court found in favour of the High Authority, thus clearing the way for the latest extension of the maximum prices on Ruhr coal. Given the changed market situation and the pressures from the German mine owners for higher prices, the Dutch representative this year was willing enough to agree with his colleagues on the Council of Ministers that the High Authority was right to maintain the present ceilings.

The decision to extend the maximum prices in effect rejected the contention of the German mine owners that existing wage rates (that is, before the agreement reached last week on further increases) required higher prices. Although last week's agreement between the operators and miners on wage increases averaging 9.5 per cent averted the threatened strike of some half million miners in the Ruhr, it will undoubtedly lead to renewed pressure by the mine owners for higher prices. It may also mean pressure for a reduction in the levies which, in accordance with the

transitional provisions of the Schuman plan treaty, are collected from the more profitable enterprises within the common market and used to assist less fortunate mines to become competitive.

In any case, on the High Authority's own arguments, the maximum prices will have to be reviewed whenever the larger question of the "organisation of the market," a euphemism meeting the position of GEORG, is finally determined. Discussions with GEORG have now dragged on for almost a year and it is difficult to see how the High Authority can face the next session of its Assembly in Strasbourg in May, without something more definite than the assurance that it is investigating the problem with which it has thus far bought time.

Canada's Budget Deficit

FROM OUR OTTAWA CORRESPONDENT

THE Canadian government has produced a shining example of fiscal planning on the strictest lines of economic theory. But instead of boasting of it, the government publicly disavows any such intention. Mr. Walter Harris, the new Finance Minister and a possible successor to Mr St. Laurent, has adopted the text-book device of a budget deficit to be distributed in tax cuts as a means of stimulating economic expansion. The deficit is moderate—barely 4 per cent of estimated revenues, but then the government's view is that only moderate stimulus is required. Indeed the size of the deficit has been determined—for the public eye anyway—by the standard of what revenues would be if the economy were fully employed.

Mr Harris spelled this out in his budget speech. He said that if there had not been a period of slackness last year, the gross national product would have been $25 billion, instead of $24 billion. In that case the 1955 gross national product would have reached $26 billion. So the Finance Minister accepted $26 billion as representing the 1955 level of the economy in a state of full output and employment. At that level, he said, his tax revenues would be about $200 million higher than he actually expects them to be. This $200 million is the measure of his deficit and his tax reliefs.

The hypothetical calculation of where the economy ought to be in terms of overall output if it were expanding at a "normal" rate of growth is an exercise now very popular among economists, especially those of the Keyserling school in the United States. This may be the first time a national budget has avowedly been based on it. Mr Harris's figures reveal that the Canadian government has assumed the "normal" growth for this country to be at an annual rate of 3½ per cent. That is the percentage increase applied to 1953's record gross national product to give the $26 billion figure for 1955.

Actually 1954 declined from 1953 by nearly 2 per cent (mainly because of a bad crop and poor wheat marketings), and Mr Harris's best guess for 1955 is that it will actually show an increase of 5 or 6 per cent over 1954. This gives a national product for 1955 of $25¼ billion (instead of the optimum of $26 billion); and most observers think it is decidedly on the optimistic side, though it was a figure produced after the most careful prognostication by a group of the government's economic experts. By basing his revenue forecasts on this $25¼ billion forecast of g.n.p., the Finance Minister could have balanced his budget at the existing level of taxation. Even after including last year's deficit of $62 million on the Old Age Security Fund in next year's expenditures, revenues on the old level of taxation would have very nearly matched them. So the budget has been pushed into deficit deliberately in order to provide some tax cuts.

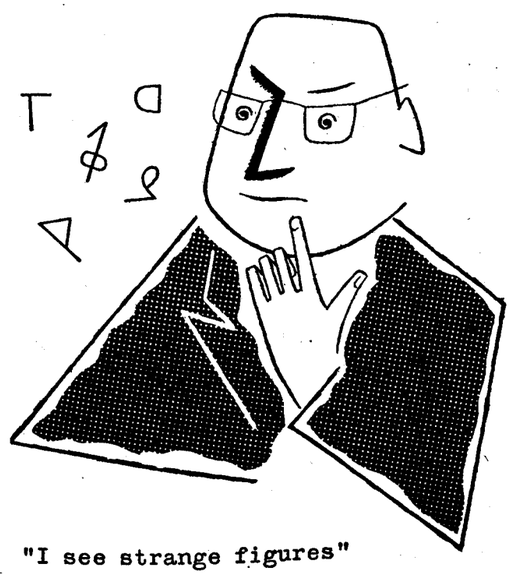
Three quarters of the tax reduction has been given to personal income tax payers and it is concentrated on the lower income groups. The economic defence of this is that it is the quickest way of showing results by increasing consumer spending which incidentally has been much the strongest element in the Canadian economy throughout the period of slackness. A 2 per cent reduction in the corporation tax (from 49 to 47 per cent) is the other major tax cut, together with lower excises on cars, tyres and tubes.

On the assumption that Canada needs some stimulus to get back to its proper rate of expansion after last year's modest setback, this financing of tax cuts out of deficit is easily defensible. The budget speech in fact made it perfectly clear that this was the intention. But the government refuses to say so explicitly. It has never admitted that anything was wrong with the Canadian economy that required artificial stimulus, and it will not do so now. It would rather do good by stealth. The result is to leave it without any logical defence of the plunge into deficit financing.

Unemployment Goes Up

Politically this is unlikely to be a liability. In the eyes of the public, tax cuts are perhaps always their own justification. Certainly to understand them is no help—and may be a hindrance—to forgiving them. Moreover the Conservative opposition has been calling for tax reductions, and is left in something of a dilemma. But once you cross the line from solvency into debt it is always more difficult to set a limit. In preparing the 1955 estimates of expenditure Mr Harris was very hard on a number of government departments, and his colleagues accepted a reduction in their votes on the ground that the government was facing a deficit. Since the budget has not been balanced anyway it is much more difficult to support the cuts in expenditure. From the other side also—as already from some people on the left—comes the complaint that the deficit is not big enough.

There seems very little doubt that just one thing led Mr Harris and Mr St. Laurent to propose this deficit budget. That is the high rate of unemployment this winter. Until the end of 1954, it really looked as if this winter's unemployment would be no worse, and might be less, than last winter's. This impression was fortified by the undoubted pick-up in all the production indices in the last three months of 1954. And the production indices are still rising satisfactorily. But the number of people without jobs and seeking work jumped in January to nearly 7 per cent of the labour force. It rose again in February, and probably (though no figures are yet available) in March. In the face of a barrage of complaints in the House of Commons the government refused to acknowledge undue alarm about the figures. But it has now become very clear that it is not prepared to face another winter of the same kind without trying to do something about it. Hence the curious dualism of buoyant forecasts of economic progress coupled with a deficit budget designed to stimulate greater expansion.



"I see strange figures"

observed the Chairman,

"figures that will change our whole policy for the South.

Why did we never have them before?"

'Because we were in our pre punched-card era, sir' explained the accountant.

'These figures would have taken weeks by hand but with Powers-Samas machines we now get them in hours,

especially since we have installed their latest electronic equipment.'

There is a range of Powers-Samas punched-card equipment for every type of application.

Office Efficiency : Powers-Samas supply a complete range of the latest office furniture.

Write for illustrated catalogue.

POWERS-SAMAS

Powers-Samas Accounting Machines (Sales) Limited, Powers-Samas House, Holborn Bars, London, E.C.1.

Queue Questions

4



ROOM FOR ALL

Looking at London from the top of a bus is an instructive pleasure for both Londoner and visitor. But while the stranger is looking for a glimpse of history or the picturesque, the Londoner is frowning at the surge and stop of the traffic. He will see side streets neatly halved by lines of parked cars. He will see his own bus hemmed in and slowed to the speed of the traffic around him. And he will notice that more than half the cars belong to private motorists who are going the same way as his bus, at the same speed, suffering with him the frustration of delay.

He may be excused for wondering if they would not do better to leave their cars at home and travel with him on the bus.

But would there be room?

Yes. Except perhaps during the rush hours, when everyone needs transport at the same time, there is always a seat on the bus. Moreover, as things are, if a particular route is hard-pressed, putting on extra buses is merely adding to the congestion, increasing the delay on the buses already in service. But were all private motorists to leave their cars at home, then congestion would largely disappear and *the buses would go through.* Not only would existing routes regain the regularity and efficiency for which they were planned, but extra buses could be run where needed, reducing the service interval, giving an even better service, and restoring to the Londoner his pride in the appearance of his city.

ISSUED BY LONDON TRANSPORT



SHREDS OF EVIDENCE...

But evidence of what ? Some happening, back in geological time, left behind this strange material, with its long, thin, hairlike fibres ; but, so far, the fibres have kept their secret. Their present usefulness, however—a usefulness which springs directly from this unique, fibrous composition—is no mystery at all. There is scarcely a branch of industry which does not make use of Asbestos in one form or another, either for its remarkable resistance to heat, or for its other highly distinctive properties. Asbestos, we suggest, is a material well worth looking into.

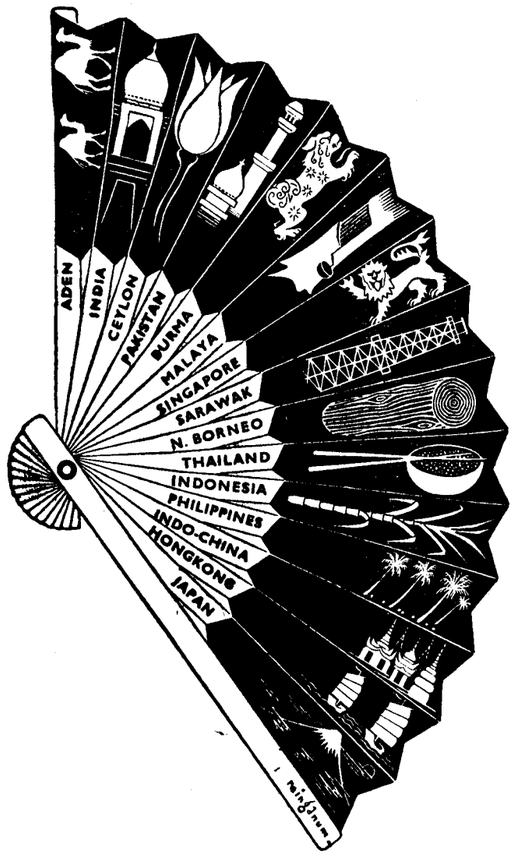
THE CAPE ASBESTOS CO. LTD.

ASBESTOS PRODUCERS AND MANUFACTURERS

114-116 Park Street, London, W.1

Telephone : GROsvenor 6022

CAPE



Spanning the East

Branches of The Chartered Bank of India, Australia and China under British management directed from London are established in most centres of commercial importance throughout Southern and South Eastern Asia and the Far East. At all these branches a complete banking service is available and, in particular, facilities are provided for the financing of international trade in co-operation with the Bank's offices in London, Manchester and Liverpool, its agencies in New York and Hamburg and a world-wide range of banking correspondents.

In London and Singapore the Bank is prepared to act as executor or trustee.

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA

(Incorporated by Royal Charter, 1853)

Head Office: 38 Bishopsgate, London, E.C.2

THE BUSINESS WORLD

A Cry from Lancashire

A DECISION on the claims of the cotton industry for government assistance is expected to be announced after Parliament reassembles next week. One of the last acts of the Churchill government was to receive a deputation from the industry to hear its case for protection against imports of cheap Indian cloth and for the abolition of the purchase tax on cotton textiles. Will the Government agree to restrict imports of grey cloth for processing and sale on the home market? It would prefer instead to see India reduce its high tariffs on British cotton textiles—and there was a hint of that possibility from New Delhi this week. Will the Government abolish, or reduce, the purchase tax ? Even if Lancashire's whole case were conceded, no one will suppose that that would reach the heart of the cotton industry's main problem.

That problem is to recapture a larger export trade. Only thus can a further painful shrinkage in production be avoided. There is little prospect of an expansion of sales in the home market—which now absorbs over three-quarters of its output—to offset the decline in exports. In Britain, as in the United States and other Western countries, rising living standards have not in recent years brought a higher consumption of textiles, and the British population has been relatively steady. The production of more attractive goods at lower prices might relieve, but could hardly reverse, that stagnation.

Nor can the cotton industry count on an expanding world market to assist a recovery in exports. World consumption of textiles is still growing, but world trade in them is smaller than before the war, because demand is being fed more and more by domestic industries sheltered behind high tariffs. And Lancashire's share of world exports is being squeezed—mainly by competition from the relatively low-wage industries of India and Japan. It was Lancashire's fortune to give birth to the first industrial revolution, and its misfortune to see that revolution imitated all over the world.

The postwar expansion of Lancashire's exports was cut short in 1953. In that year British exports of cotton piece goods failed to recover from the "recession" level of 711 million square yards in 1952, while other countries' exports did recover, and in 1954 British exports fell sharply to 637 million yards ; that was the lowest figure for seven years, and less than half the 1937-38 average of 1,450 million yards. In Lancashire, full employment does not rest upon the home market. It depends upon this marginal export trade and the recent decline in exports is the reason why the industry now hesitates on the brink, as many fear, of another recession. Other factors—the import of Indian cloth, the "D-scheme" of purchase tax, and the fear of a subsidy on the new American cotton crop—are irritations, not root causes.

Can exports be increased? There is indeed no assurance that the most resourceful efforts will be adequately rewarded ; there never is. But no responsible industry can fail to try—by reducing costs, and by specialising on the production of goods in which it can hope to retain the greatest competitive advantage. The big opportunities of clothing the teeming masses of Asia with the products of Lancashire's looms no longer exist. But there remain two categories in which Lancashire has worth-while chances. The first, and smaller, is the luxury article, in which Lancashire's skills are still supreme. The second is the medium-priced article which succeeds because price is still secondary to the quality of design and finish (the poplin shirtings in which Lancashire still beats all comers provide a good example). A number of vertical organisations producing the second type of article under their own brand

names have carved out for themselves profitable and expanding niches in world markets. And the growing range of synthetic fibres made in this country—at prices that are as low, or lower, than any in the world—offers Lancashire the opportunity of beating a new path to the world's doorstep with fabrics that exploit the blending merits of the newer synthetics.

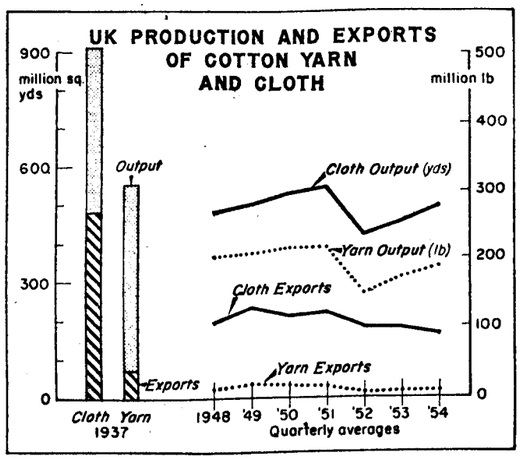
*

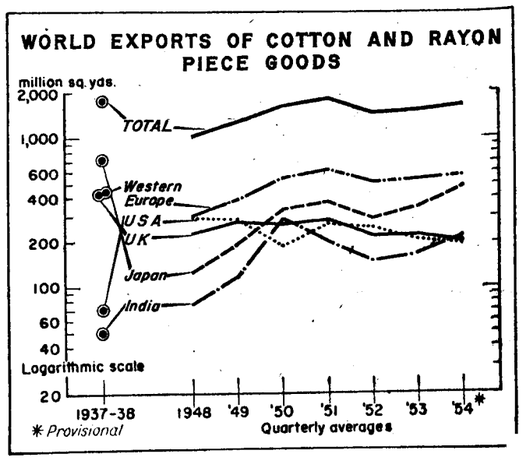
The path to reductions in costs—through the use of new machinery and of techniques that obtain the maximum efficiency from machines and labour—has been pointed by the working party under the chairmanship of Sir George Schuster, the productivity missions to the United States, the special departments run by the Cotton Board, the spinners' and weavers' associations and the Shirley Institute. But while many mills have taken full advantage of modern techniques—some ring departments in spinning mills, for example, have matched the productivity of American mills—it remains unhappily true that the industry as a whole has done too little to bring itself up to date. Rough indications of the lack of progress can be given. The proportion of mills in the Spinners' Federation that are using work study methods in one or more departments is little more than 40 per cent. Only about one-sixth of the weaving mills have introduced the wage list that was devised to facilitate improved methods of production. The number of spinning mills that have gone over to two shifts is negligible.

Why has too little been done? Many firms lacked the will to advance when the sellers' market provided the money. And Lancashire, still sore from the blows of the thirties, often shies away from expansion, to take refuge in the restrictive agreements that have grown up in all sections of the industry except the weavers (who would like one if a workable scheme could be devised) and the merchant-converters. Such agreements may not be as vicious, nor, indeed, as effective, as they are sometimes said to be, but they do coddle the inefficient: to that extent they are helping the industry to dig its own grave.

Another reason is the restrictive attitude of labour, which naturally tends to be exaggerated by managements that will not lead: there was some truth in the claim of one labour leader that seldom has a management been unable to introduce new techniques when the workers were properly consulted. But the unions could help in three ways: by making greater efforts to exorcise hostility to re-deployment where it still exists; by agreeing to streamline wage structures that are fiendishly complicated; and they could assist the introduction of double-shifts by conceding a shift of 40 hours a week for the same wage as for a 45-hour single-shift week, in place of the present minimum of 37½ hours.

The emergence of a buyers' market should speed up the changes that have been taking place in Lancashire since the war—the concentration of the industry into larger units, and the move away from the still dominantly horizontal structure of the industry towards vertical organisation. The pace may indeed quicken and Lancashire may show more mettle than its critics suspect. But there is little reason for optimism. Whatever the fate of the restrictive agreements at the government's hands (the calico printers' scheme already stands condemned), the defensive attitude behind them will die hard. The same attitude lies behind the appeal to the Government for protection against Indian grey cloth. If the Government concedes the protection asked for, it will have set a precedent that it may well regret. Imported goods will reappear in the home market, next time perhaps from the Continent, and the industry's main problem will have been brought no nearer solution. It may not be possible to avoid some further shrinkage, but for the good of Lancashire and of the British economy it is to be hoped that the industry will fight for a place in the sun, rather than accept a minor role in world markets.

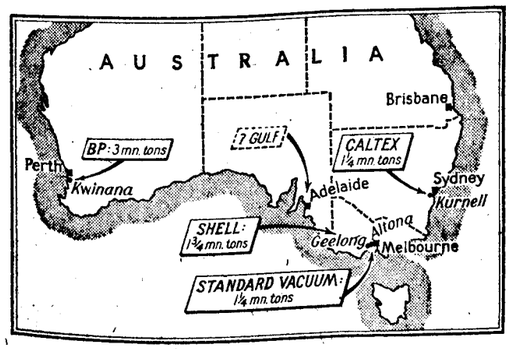




Oil for Australia

IN a country's economic development, there are some well recognised symbols. The first sign of dawning industrialisation is likely to be a cotton mill, to which presently a cement works is almost bound to be added. At a much later stage, there are two gleaming landmarks of industrial arrival—the continuous strip mill and oil refineries. Australia is getting both, and neither can be dismissed as a theatrical gesture. The hot strip mill which is now being completed by Broken Hill Proprietary at Port Kembla, together with the finishing lines that are being laid down by two other companies nearby, are so clearly right, given Australia's resources and the prospects for future demand, that they do not call for argument. So, probably, is the oil refinery programme, which in essential outline will be completed this year.

This programme will have cost the major oil groups well over £A100 million, and although the oil industry



does not shy at millions, a hundred millions is a matter for passing thought. Nearly two-fifths of this total will have been spent by British Petroleum's new refinery at Kwinana in Western Australia, and there are three other major projects completed, or near completion, each costing up to £A25 million. The total costs, including ancillary works and housing, must be stretching out towards £A140 million. It is never easy to say when a refinery starts or where it finishes. Shell's refinery at Geelong, near Melbourne, came on stream nearly a year ago, but next year the catalytic cracker, which is now being built, should be turning out high grade gasoline, complementing the distillation unit. The Geelong plant is planned to take 1¾ million tons of crude oil a year. Standard-Vacuum's remodelled refinery at Altona, Victoria, was officially opened by Mr Menzies last week and will have a capacity of 1¼ million tons, and the Caltex refinery now being completed at Kurnell on Botany Bay, will have a similar throughput. Outstripping all these in size, the Kwinana refinery will be capable of processing 3 million tons of crude.

Thus the major groups are completing the first stage of a programme that will give Australia a total refining capacity of about 8 million tons when the present projects are on full stream. In all oil products, Australia should then be self-sufficient, save perhaps for highest grade gasolines and some lubricants. There will be a notable saving in foreign exchange—how much, it is impossible to guess, for until crude oil is found in Australia itself, it will have to be imported from the Persian Gulf and the East Indies. The landed cost of oil supplies has been running at about one-sixth of Australia's total import bill—say over £A100 million—and a guess at the saving from home refining might be a quarter of this. But since there is the clearest expectation that demand for oil products will continue to increase—last year there was a jump of the order of 10 per cent—there is not likely to be much net relief until commercial oilfields are discovered; and experience has shown how much time and money will still be needed. After last year's excitement and disappointments at Rough Range, Australian speculators in Ampol Exploration shares have been in a distinctly chastened mood. Indeed, this is no field for the uninformed speculator. Ampol Exploration's strength, like that of other ventures in which British Petroleum, Standard Vacuum, Zinc Corporation, and Shell are concerned, rests in its powerful connections, for Caltex has an 80 per cent interest in this company and continues to spend with a free hand on exploration. It is not tracing oil that matters, as at Rough Range I, where oil was found at 3,000 feet, and nothing else down to 20,000 feet: it is the proving and opening up of a payable oilfield. No doubt this will one day be done in Australia and New Guinea, too; but the cost and effort promises to be great.

Meanwhile, the new refineries will provide the foundations of important oil and chemical industries. Coming comparatively late into this field, Australia has the advantage of many improvements in design and petroleum technique that some of the well-established refineries in this country and elsewhere cannot boast. In the compactness of its design, and in the economies that result when even cat crackers seem almost to be mass produced, BP's new refinery at Kwinana can be reckoned "cheap." It has taught many lessons to local craftsmen and contractors, whose work during 1953 and 1954 was uninterrupted by any significant labour dispute among the 3,500 men employed at the site.

That it should have been built near Fremantle must have owed something to the big bunkering business that BP has long done at that port. It involves a

shorter haul of crude from the Middle East than the south and east coasts, and would be convenient for back-hauling refined products to South Africa or South East Asia if the markets favoured such movements. But the main markets are bunkers at Fremantle and elsewhere (fuel oil will represent more than half the output), gasoline diesel fuel and gas oil in Australia and New Zealand. Save at Kwinana, where the bunkering business occupies such a large place in the economic scheme, the Australian refineries emphasise the high and increasing demand for motor spirit. A projection of demand into next year suggests that imports of half a million tons of gasoline will still be needed to meet total demands perhaps exceeding 3 million tons.

If that figure is reached in 1956, it will mark a 50 per cent increase in five years. Yet motor spirit is a highly competitive and sensitive market. When Shell started the "single pump" policy in Australia in 1951, there was much concern among other oil companies and much raising of eyebrows by the state and federal governments. The single brand station, as American experience has shown, is an economical station to supply; the filling station with six different brands is not. Where Shell and Vacuum started, the others were bound to follow in developing exclusive sites. The governments—which until lately have regarded oil and beer as the key commodities that the Australian consumer should enjoy at a controlled price—have not warmed to the idea that oil companies in Australia compete with each other, nor to prices varying with quality.

It is possible to see the distant prospect of a young petro-chemical industry based on the new refineries. Shell have a plant in contemplation for fertiliser production; the more elaborate chemicals rest on the development of an Australian market capable of absorbing them, and other companies have laid a foundation for new chemicals that does not rest exclusively on oil refinery practice. On the best assumptions, petro-chemicals on any sizeable scale in Australia will remain a long way off. The more immediate question for the refineries is how to earn their reasonable keep in a country where distribution costs are high, where public opinion keeps a critical eye on what the big oil groups do, and where the motorist is completely tolerant of the idea of a more or less standard, and not especially high-grade, gasoline. There is no rapidly expanding inland market for fuel oil, and discriminatory taxes on road haulage have virtually strangled the development of a trucking industry on the scale that Australia needs and could otherwise afford. It might be something of an exaggeration to say that Australia has secured a complicated oil refining industry to meet needs that are commonplace by comparison with those of America or Europe. But it is necessary to make the fullest use of these new resources if they are to produce a fair return on what has been spent on them, and if they are to be expanded as Australia's own needs for oil expand.

Business Notes

Strength of Sterling

STERLING has this week again shown reassuring signs of strength. The quotation against the dollar in the official market has moved from \$2.79⅜ to \$2.79⅞. All the evidence suggests that this strength is natural, and that the movement would have gone further had not the Exchange Equalisation Account been an occasional seller of dollars against sterling in the market. Although the strength of sterling is unaided, part of it springs from further movements of short-term capital. With the three months' bill rate at about 3¾ per cent in London as against 1⅝ per cent in New York, short money continues to be attracted to London. The persistence of this factor is reflected in the recent widening of the premium on forward dollars, which are now quoted 1⅛ to 1 cent premium for three months, as the buyers of spot sterling insure an exit for their money by simultaneously buying forward dollars. Expressed as an annual percentage rate, this premium nearly obliterates the margin between the prevailing level of bill rates in the two markets.

Some of the dollars gained by Bank of England intervention in the official market have probably been spent in giving support to the rate for transferable sterling, which this week has risen to \$2.77¼. Since this intervention began on February 24th, the supporting operations have in the main been focused on Zurich. In that market the rate for transferable sterling has over the past six weeks strengthened from \$2.72 to \$2.77¼, the highest level quoted for nine months past. The British authorities appear to be endeavouring to maintain the margin between the transferable and the official sterling rates at a figure that will remove all incentive for commodity shunting. The dollars that have recently been spent on supporting operations appear to have been only a small fraction of those gained in the official market, and must also have contributed to the strength of official sterling. The official market is once more gaining dollars against direct exports of such sterling commodities as rubber, tin and cocoa to the United States, now that the dollar proceeds of such exports are no longer diverted through shunting to merchants in transferable account countries. The recent strength of sterling has been evident not only against dollars but against most European currencies. Against the Belgian franc the rate has risen to 140.20 and against the guilder to 10.64⅞—each of these being the best levels reached for more than six months.

Markets Hold Firm

VALID reasons point towards quiet and narrow markets in the period between Easter and the budget. The added expectation this year of an early election makes operators even more disinclined to operate, and, though the newspaper strike has still done nothing to depress markets, it has certainly helped to restrict business. Thus the volume of Stock Exchange business has been abnormally low this week. The number of bargains marked on Tuesday was down to 7,830, an exceptionally small figure for the first working day of the week, and on Wednesday it fell further to 7,298. By contrast, in the first two days of last week, when business was by no means active, markings were 9,707 and 8,750.

But a narrow, even a neglected market, does not mean a weak one. The market has been steady and even firm with prices, at least until Thursday when some industrials eased off, edging slightly upwards. The *Financial Times* industrial index has gained ground gradually; on Wednesday it was 188.4. The rise was only 1.0 on the week, but still the index was at its highest point since February 17th, which was before the latest Bank rate increase. Gilt-edged securities have this week given the lead. The fixed interest index at 110.23 compares with 109.97 a week earlier. A small but steady volume of investment buying by the institutions that have held off the gilt-edged market as long as they dared, has held the market under-pinned. The pronounced strength of sterling, particularly on Wednesday, has added a spice of faith that the dearer money policy is doing its work.

Nearly all sections of the market—gilt-edged, industrials, steel shares, and even gold shares—have joined in the general firmness, though the narrowness of jobbers' books on the one hand and the small volume of public investment on the other, leave that firmness largely untested. One section at least has shown itself liable to a quick change of direction. Copper shares that had held persistently firm up to Tuesday, fell abruptly on Wednesday when the Government announced the release of 45,000 tons of copper and the spot metal dropped £27 a ton. Selection Trust fell 3s. to 70s. and Rhokana 17s. 6d. to £37 12s. 6d.

Mixed Blessing in Copper

THE government has finally yielded to pressure from consumers and decided to release 45,000 tons of electrolytic copper from its trading stock. Rather less than half that quantity—almost all of which is of Rhodesian origin—has already been sold to the British agents of the Rhodesian producers, and the Board of Trade is now discussing the disposal of the remainder with agents, merchants and representatives of consumers. The intention is to deliver the copper over the rest of this year at an even rate. The copper already sold will be priced on the basis of the average spot price ruling on the London Metal Exchange during the month of delivery, and the remainder will probably be sold on a similar basis. The price of copper in London, which had recently fallen to £332 a ton for spot, fell sharply after the announcement to close on Wednesday at £305 a ton for spot, and the discount for three months' copper narrowed to £5 a ton.

Consumers are naturally delighted at being able to buy 45,000 tons of government copper, an amount roughly equal to the loss of Rhodesian copper during the strike of African labour and the Rhodesian producers, who have been consulted, will not be sorry to see copper fall to a more reasonable price. But the government may come to regret its decision. It is true that the copper had to be disposed of some day, unless it was to be absorbed into the strategic stock, and when the government withdrew from the market last May, it carefully avoided committing itself on future policy. Now was the time to sell, if sell it must.

But having resisted the cry for help from the copper and other industries during the dock strike, the government has set a precedent that will make it harder to resist similar pleas in the future. Consumers will not be impressed with the argument that releases from trading stocks are quite different from releases from the strategic stock, and may well tend to hold smaller stocks in the future, thus increasing the potential strain on the strategic stock.

Bill Rate Tactics

THE bill rate eased sharply last week, showing its first perceptible movement since rates were abruptly raised in response to the increase in Bank rate to 4½ per cent on February 24th. The average rate for the Treasury bills allotted at the tender just before the holiday was about 3 23/32 per cent, compared with a little under 3 31/32 per cent in the six preceding weeks. This move does not mean either that there has been any change in official policy or that a new trend of rates has begun. In recent weeks the wide margin between bill rates and deposit allowances, and even between bill rates and average rates for floating short money has stimulated a strong demand for bills from many investors who normally have no interest in the money market. The discount market has been meeting this demand by profitable resales, but the rising competition at the Treasury bill tenders was preventing it from sufficiently replenishing its portfolios.

The market obviously welcomed the wide margin as the means of enabling it to make good the losses sustained through the sudden rise in Bank rate; and although it had no reason to fear a further rise in that rate, the tight-money policy pursued by the Bank of England emphasised the desirability of keeping market rates firm. But the pressures of demand were mounting, and the satisfactory gold figures—among other reassuring features—gave an opportunity to meet the competition by reducing the bill rate

without undue risk that the reduction might be misunderstood. It would be regrettable, however, if the movement proceeded much further, for there is no evidence yet that the dearer money policy has already imposed a sufficient restraint upon the economy. And the surest way of maintaining the restraint is by keeping the Treasury bill appreciably more attractive to big holders of liquid funds than money on deposit. For their switches into bills are helping to prevent seasonal influences from easing the banks' liquidity ratios. If the tautness of those ratios is sustained, the banks will be obliged to keep a firm hand on lending policy—unless they are prepared to sell more gilt-edged securities, as some of them still appear to be doing.

February in the Shops

RETAIL sales dipped in February as they always do, but beneath the seasonal pattern, two sharply conflicting trends are at work. One is the persistent buoyancy of the demand for durable household goods, furniture and furnishings as well as television sets and electrical goods ; the other is the slackness of trade in clothing. The retail index (1950 = 100) stood at 122, five points lower than in January, seven points higher than in February, 1954. Retail sales as a whole were 6 per cent higher in value than they were in February, 1954, which—excluding food sales—is the same increase that was recorded then on sales for February, 1953.

Sales of nearly all the durable goods were much better than the total figures suggest, reaching values from 10 to 20 per cent higher than a year ago ; even sales of jewellery and leather goods, which usually lag well behind other departments, showed the same substantial increases in turnover. The one plain lesson of these figures is that the public has lost interest in the popular occupation of beat-the-Chancellor. For the first time in years people are not hedging against the possibilities of changes in purchase tax in the budget. The contrast with clothing sales is marked. Turnover in clothing business in February was up a little on the year before, but it is noticeable that wholesalers' deliveries of spring goods to retailers were no higher in value than they had been in February, 1954. Much the same trends were at work in January. If they persist, retail sales are not likely to rise as much this year as they did last.

Unilever's Dividend

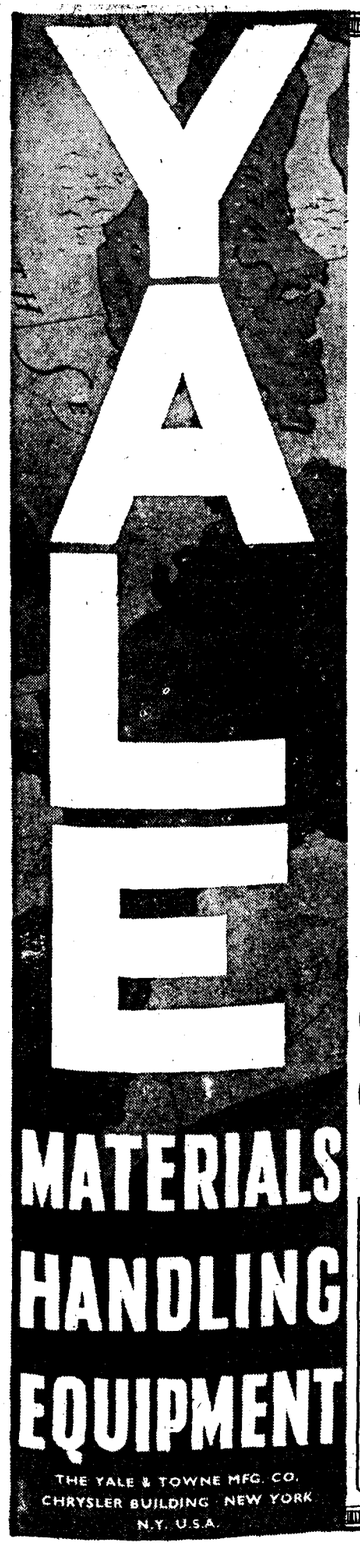
THE ordinary dividends from the Unilever twin companies may set a pattern for other equity payments. They have been increased, but only moderately so. They are within the bounds that a cautious investor could have expected after the diarchy announced the 25 free scrip issues last December. Then the directors left the interim rates unchanged on the enlarged capital (6 per cent for Unilever, Ltd., and 5¼ per cent for Unilever NV), and it was a reasonable guess—though not an over-optimistic one—that the final dividend rates would also be maintained on the bigger capital. That is what has happened, with Unilever, Ltd., declaring a final payment of 9¾ per cent and NV 8¾ per cent. Allowing for the free scrip issues, the total payments have been raised from 12.6 to 15¾ per cent for Unilever, Ltd., and from 11.2 to 14 per cent for NV. Scrip issues often tempt the optimists to look for something more than is immediately probable ; their zest has been checked by the Unilever dividends, for after their announcement the price of the Unilever, Ltd., £1 stock units fell by 1s. 7½d. to 79s. 6d. and that of the NV Fl. 1,000 shares by 1s. to 90s.

In part, the optimism was based on the boom in consumption last year. That boom meant for Unilever higher sales and profits over its wide range of edible and washing products as a whole though not necessarily on every one of them. And duly they have been recorded. The turnover of the diarchy has gone up from £1,310,121,000 to £1,437,429,000 and its gross profit from £61,584,000 to £70,095,000. Taxation has risen (from £33,821,000 to £38,218,000), but the net profit is £31,854,000 (including £2,677,000 of non-recurring profits), compared with £25,799,000 (including £575,000 of non-recurring credits) in 1953. The net profits of Unilever NV, up from £8,908,000 to £12,737,000, show a bigger proportionate increase than those earned by the British twin, which have risen from £16,891,000 to £19,117,000.

Dearer Money in New York

AMERICA'S business recovery and the slight hardening of Federal Reserve monetary policy that began at the end of last year have lately produced a notable hardening of money rates. The upward trend was temporarily checked in early March, following the Treasury's refinancing operation of early February. Since March 8th, when US Treasury bills were allotted at an average rate of 1.231 per cent (compared with 1.088 per cent a month before) there has been a continuous rise. The sharpest movement in the series occurred at last week's tender, when the rate rose from 1.466 to 1.652 per cent. Market rates for commercial paper have naturally kept roughly in step with this movement, and on Wednesday last dealers raised quotations by ⅛ per cent to 1⅝ per cent for 30-90 day paper and 2¼ per cent for six months.

This latest rise carried rates beyond the level of the rediscount rates of the Federal Reserve Banks, which had been unchanged at 1½ per cent since their reduction from 1¾ per cent in April and May last year. In the American market, unlike London, the rediscounting conventions make it possible for rates to stand above the official rate without provoking undue pressure upon the Federal Reserve Banks. But recent indications of official policy, including a speech by Mr Allan Sproul, president of the New York Federal Reserve Bank, early this month, have been taken to mean that a general rise may be impending. The Federal Reserve Bank of Kansas City did in fact raise its rate to 1½ per cent with effect from Thursday. It should be observed that the contrary trend of market rates in New York and London has greatly narrowed the gap for "covered" switches of New York funds to London.





In Amsterdam (*Holland*)

Objects so cumbersome and unwieldy that they almost defy safe handling, are lifted and moved quickly and safely as these two YALE fork-lift trucks team up to transport this 5½ ton box at the **Royal Dutch Lloyd,** in the port of Amsterdam.



In Coventry (*England*)

Just one man, with a YALE **Worksaver,** motorized low-lift pallet truck, lifts and moves an 850 pound load of completed automobile engines. Contrast this effortless mechanized handling method with the outmoded, slow, back-breaking manual way — Photo by courtesy of **Humber Limited,** Coventry.



In Milan (*Italy*)

Here, a YALE **Yard-King** pneumatic-tyred fork-lift truck stacks kegs containing chemicals at the **Luciano Cambiaghi** warehouse in Milan. This and many other YALE truck models can make possible increased productivity for you, through greater speed in handling your product.

all over Europe... Yale trucks are on the job!

EUROPEAN REPRESENTATIVES
FRANCE - Fenwick Paris
ITALY - Fenwick Milan
SPAIN - Fenwick Barcelona
BELGIUM - Fenwick Liége
SWITZERLAND Forrer-Fenwick Zurich
HOLLAND Van Eyle & Ruygers Rotterdam
DENMARK V. Løwener Copenhagen
NORWAY A/S Løwener, Mohn, Oslo
SWEDEN A/B V. Löwener, Stockholm

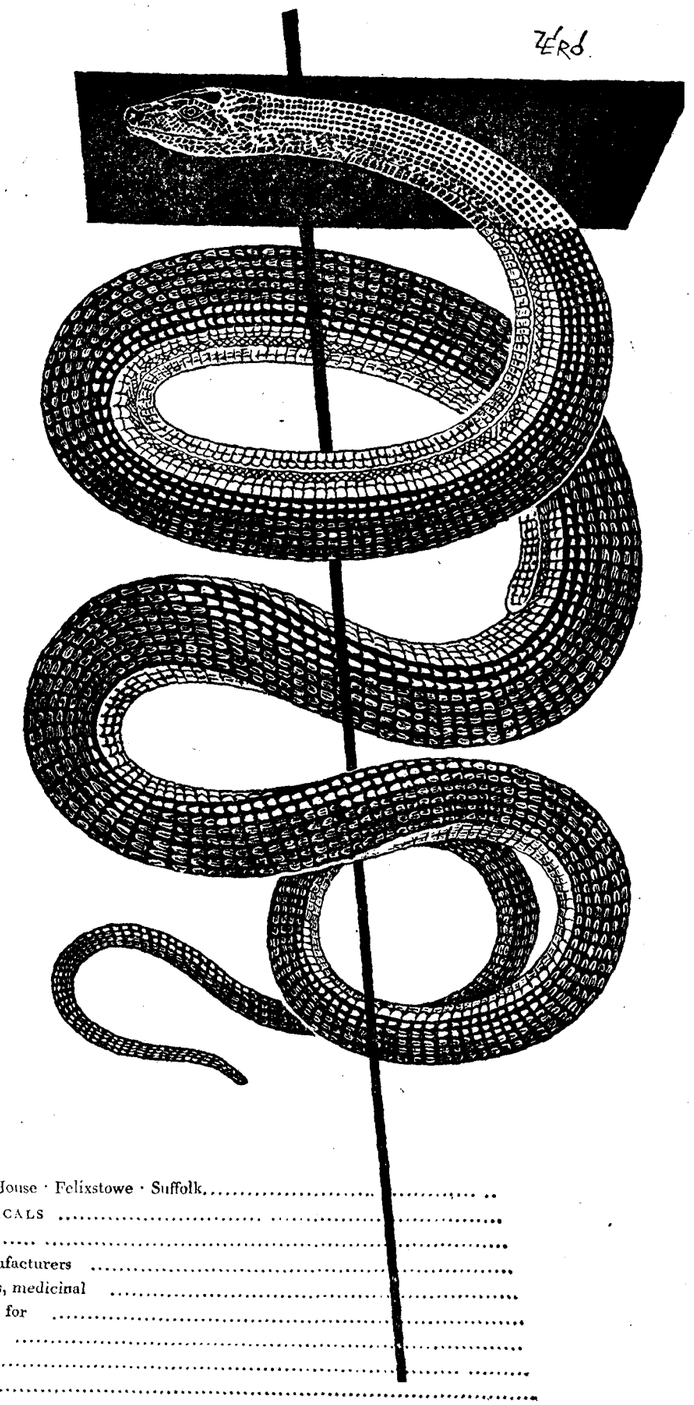
YALE
REGISTERED TRADE MARK
Industrial Lift Trucks are manufactured by:
YALE & TOWNE
Wednesfield, Staffs, England—Velbert Rhld., Germany Philadelphia, Pa., U.S.A
and under licence by:
FENWICK
St.-Ouen, Seine, France

harvests and health

The snake was an ancient symbol of Time
and the turning year, with its earth-seasons
of spring planting, summer growth,
autumn harvest and winter sleep.
And the snake of Æsculapius has,
since classical times, been a symbol of healing.

Agriculture to produce man's food,
and medicine to care for his health ...

The improvement of crops
has been the main business of Fisons
for a hundred years and more,
almost since the science and production
of chemical fertilizers began.
And, in recent years, Fisons have struck roots
in the field of chemicals for medicine.
Fisons today contribute to the harvests
and health of the world.



FISONS LIMITED · Harvest House · Felixstowe · Suffolk.
FERTILIZERS · HEAVY CHEMICALS
Fisons are among the largest manufacturers in Great Britain of pharmaceuticals, medicinal food preparations and fine chemicals for Industry. Many of Fisons products in these fields are household names

it's all in **FISONS** field

Rubicon for Lorry Sales

NEXT Wednesday is the closing date for tenders for the big list of general haulage lorries and depots that the Transport Commission and the Road Haulage Disposals Board put up for sale on March 9th. Full results will not be known for a few weeks yet, but the success of this sale will be critical for the Government's denationalisation policy. The list was a large one; it contained altogether 5,800 vehicles (including 1,400 already offered but not sold) distributed amongst some 150 depots up and down the country and comprised the main trunk operations of British Road Services.

Up to now sales have been going moderately well, if somewhat more slowly than the Government had hoped. So far 14,020 lorries have been sold out of the 32,500 scheduled for disposal under the 1953 Act; only 2,000 or so have not yet been offered. But over half of these sales have been in penny packets of between one and four vehicles each, and the omens have never augured well for the sale of the larger units. Previous pilot offers have not been taken up at all well, and the response has been consistently poor for even the small units that had premises attached. Undoubtedly there are a large number of hauliers willing to add to their fleets by buying a few state vehicles at a time, but ownership of the trunk network and its depots was not intended to be transferred in minuscule units.

If the latest list is a flop—and there are strong indications that results may be disappointing—then the recent moves in the Conservative party and amongst road hauliers and users towards finding some compromise solution will probably gather momentum. But an early election will not be the best background for political second thoughts.

Interdict at Renfrew

A SURPRISE move by the maintenance engineers at Renfrew Airport has landed their reluctant employer, British European Airways, in the Scottish courts. Before Parliament rose, the Minister of Transport said what most people hoped were the last words on an affair that has dragged on through 18 months of argument. Mr Boyd-Carpenter told the House that since Scottish Aviation, Ltd., had received the contract from the Canadian government to overhaul its European-based fighters and was prepared to take over the Renfrew base from BEA, there was no longer any reason for asking the corporation to stay at the airport. The transfer of the remaining Dakotas based at Renfrew to BEA's new maintenance centre at London Airport would be dove-tailed with the start of servicing on the Canadian Sabres and there would be no risk of redundancy.

The 600 engineers, however, appear to like the prospect of working for Scottish Aviation, a local company, no better than that of being employed by Airwork Ltd., which at one time seemed the most likely candidate for the Canadian contract. Two engineers and one local citizen, representing the flying public, have gone to the Edinburgh Court of Sessions and obtained an interim interdict preventing BEA from leaving Renfrew on the grounds that the move would be a breach of their statutory duty under the 1949 Civil Aviation Act. This surprising claim is based on estimates that BEA would lose financially by the move and so be obliged to raise fares, although the Minister had told the House of Commons some days earlier that the transfer of maintenance work to London would save the corporation £800,000 over five years. BEA may have no difficulty in demonstrating this, but it has to go to Court in order to do so, and its plans for the transfer of the base will have to be postponed yet again. It is in keeping with the strong local feelings aroused in the Renfrew debate that a legal device peculiar to Scotland should have been used to try and keep the corporation from transferring its remaining aircraft to London. The choice of Scottish Aviation as the tenant to replace BEA at Renfrew might be expected to mollify local feelings more than the choice of Airwork would have done. Scottish Aviation has plans for using the base for production of its Pioneer civil transport. This gives some guarantee of further employment should the Canadian servicing contract not be renewed after its initial two-year period. But it is plain that in local eyes these opportunities do not have the same attractions as work for a nationalised air corporation.

Cunard's Modest Dividend

THE final dividend from Cunard Steamship Company for 1954 is infinitesimally higher. The profit is lower. The reserve appropriations are lower. All these consequences might reasonably have been expected. Most of 1954 was a time of lower earnings in shipping, but the Cunard Company has much fat on its back and the 66⅔ free scrip issue, though without any promise of a more liberal dividend policy, at least showed that the board felt some confidence. And then there was the enterprising Mr L. M. Childs nagging the board for a more liberal dividend and threatening to contest the election of directors.

It cannot be claimed that either Mr Childs or the weight of the Cunard Company's resources has been able to push the dividend policy far. The final payment is 7 per cent on the increased capital. With the two interim dividends of 2½ per cent each on the old capital it makes the equivalent of 10 per cent in all on the present capital. The 1953 dividends, amounting to 16 per cent on the old capital, were equal to 9.6 per cent on the present capital. For that small mercy shareholders may be the more thankful, in that the consolidated surplus for the year was only £2,517,266, compared with £3,065,339, after allowing for depreciation, and for a sharp drop in tax which cost £2,069,936, compared with £3,076,318. Allocations to reserve have been sharply cut from £1,200,000 to £700,000. The shares, however, fell 2s. on Thursday to 30s. 6d.

Small Savings Rise

THE national income statisticians have estimated that total personal saving actually fell fractionally in 1954, from £910 million to £909 million; direct evidence how-

ever suggests that through the chief institutional channels, at least, personal saving continued to increase. The building societies show record increases in their shares and deposits, whilst saving through the funds of the life offices has plainly risen more steeply than in 1953. Now Lord Mackintosh reports the success story of the national savings movement, of which he is chairman. Net new saving through national savings certificates, defence bonds and through the Post Office and Trustee savings banks reached £60.4 million in the year ending on March 31st, quite the best for seven years. In the year to March 31, 1954, receipts had fallen short of repayments by £63.4 million, whilst in 1952-53 the net dis-saving amounted to no less than £122.1 million. All these figures exclude provision for repayments of defence bonds on maturity, as well as accrued interest.

NATIONAL SAVINGS REVIVAL
(£ million)

	Net Receipts		
	1952-53	1953-54	1954-55
National Savings Certificates....	+ 20·8	+19·0	+ 45·8
Defence Bonds	− 11·3*	+ 0·3*	+ 50·0*
Post Office Savings Bank.....	−116·9	−89·5	− 59·7
Trustee Savings Banks.....	− 14·7	+ 6·7	+ 24·2
Net Saving	**−122·1**	**−63·4**	**+ 60·4**
Net interest accrued.....	88·3	87·4	86·2
Total saving.....	− 33·8	+24·0	+146·6

* Excludes redemptions on maturity, totalling £45·5 million in 1952-53, £38·4 million in 1953-54 and £28·8 million in 1954-55.

The year's improvement, as the table shows, was most marked in defence bonds. But receipts from savings certificates and the Trustee savings banks also increased, whilst net withdrawals from the Post Office savings bank were again reduced. The increase in sales of certificates and, to a less extent, of defence bonds, was demonstrably boosted by the raising of the permitted limits of holdings on November 1st last; but even this increase does not appear to have been at the expense of existing savings in other forms. The prospect continues bright; improvement has not been checked in recent weeks by the attractions of the higher rates on bank deposit acounts. In the first week of the current financial year net small saving amounted to £1.6 million, against net repayments of £0.7 million in the corresponding week of 1954.

No Turbo-Props from Lockheed?

COMPETITION among airline manufacturers for the custom of the world's airlines has been given a new look by a change in the strategy of Lockheed, one of the four or five major manufacturers of civil airliners. Lockheed appears to have abandoned the idea of a high-speed turbo-prop version of the Super-Constellation, the Lockheed 1449, which it has been offering the airlines for delivery as early as 1957, because of trouble with the engines. These were T34s built by Pratt and Whitney, and they are likely to be replaced now by much the same kind of Wright compound piston engine that both Lockheed and Douglas have used for several years.

The Lockheed 1449 was an interim design intended to meet the competition of the long-range Douglas DC7 series that was causing Lockheed some concern. The reversion to piston engines now means that the Bristol Britannia becomes the only long-range turbo-prop civil transport available for delivery for several years. The decision to drop the Pratt and Whitney engines strongly suggests that no American-built turbo-prop engines are likely to be available for civil use for some time; Lockheed has made a close study of the Bristol big BE 25 engine and is at least likely to experiment with this when it becomes available in 1958-60. Whether Douglas will pursue its plans for the much-discussed DC 7D with Rolls-Royce turbo-props is a matter for speculation.

Benign Monopoly

THE speech of the chairman of the Bradford Dyers' Association nearly always contains matter of wide interest, and this year is no exception. Mr James Ewing has treated shareholders to two encouraging news items and a defence —surprisingly woolly for so straight a thinker—of regulation by trade federations. The news items show that even when the path is not easy in the textile trades Bradford Dyers is still in the forefront of progress. The company has made an agreement with Albright and Wilson, the Birmingham chemical manufacturers, for the formation of a joint company to develop in all countries except the United States a non-inflammable finish for cotton and viscose rayon textiles. Because of its cost the new finish is likely to be confined at first to protective clothing used in hazardous industries, but Mr Ewing looks forward to the reduction of costs to a level that would make it available for other purposes, such as night wear. The second item concerns Bradford Dyers, The Bleachers Association, and Joseph Bancroft and Sons of Wilmington, Delaware. The three companies will promote a new process — developed independently by the British companies—for producing controlled ruffles and puckers in patterns on dress and furnishing fabrics.

Shareholders will welcome those progressive developments. What will they feel about Mr Ewing's expression of faith in control by trade federations, provided those federations are properly registered with the government, which would stand as trustee for the consumer? The monopolistic powers of the federations, as Mr Ewing sees them, would not be used to restrict output, but to "maintain" output and regulate prices, with the third party—the consumer, protected by the State. Every section of industry, he believes, should have such a federation; its duty would be "on the one hand to prevent prices from falling too low to recoup all the proper costs (including the service of capital), and on the other hand to prevent prices from rising excessively." Who decides what the proper costs are? Is it the Government official protecting the consumers? Who decides what shall happen when demand falls off and the price obtainable does not cover everybody's "proper costs"?

Narrow Future for the Canals

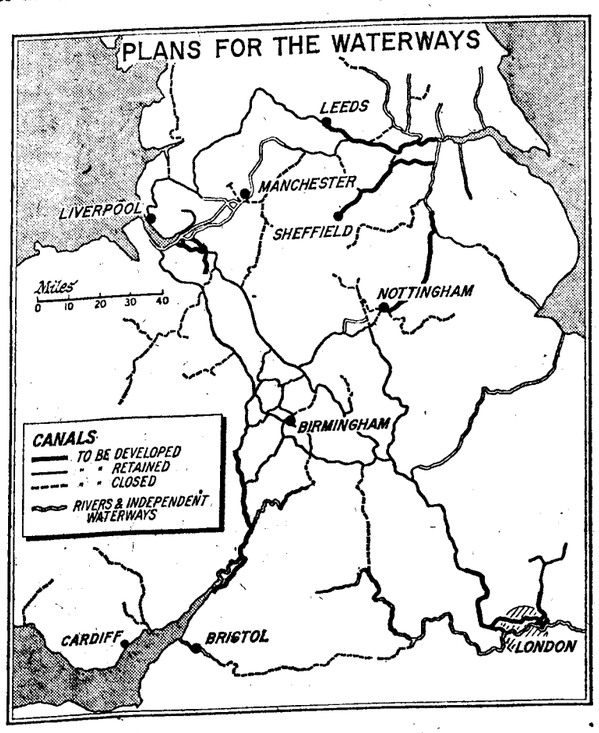
IT took about 70 years to construct Britain's canal system, from 1760 to 1830. By the time that the system was completed—roughly as it exists today—the railways had arrived, and the canal era was over. Their monopoly of goods traffic once breached, the inland waterways lost heavily to railway competition; later, to the roads as well. In more than a century, this decline of the canals has never been generally checked. This week's decision by the Transport Commission to cut its losses on a large proportion of the canals does not mark a new stage in that decline as much as a cold-blooded acceptance of the stage so far reached.

During the canal era a huge network of canals —guessed to have been about 4,000 miles in length—were cut across Britain. Effectively, the inland waterway system today consists of the 2,000-odd miles of canal owned by the commission, plus the Manchester Ship Canal, the Bridgewater Canal and the River Nene. In their heyday, the canals carried almost the whole of inland freight. By the turn of the century, their share was down to about an eighth of the total; and by 1952 the inland canals carried only one per cent of total inland tonnage.

In 1953, 12,747,000 tons were carried on the commission's canals; about 54 per cent was coal, and a sixth "liquids" — mainly petroleum in bulk. For coal, and other traffic, the canals connecting with the ports offer a very competitive form of transport, as handling charges and port dues are lower; but the Central Electricity Authority, one of the largest inland customers, expects its waterborne deliveries to go down. Rent for the use of water from the canals—in particular for industrial cooling—is a significant item of revenue for certain waterways.

The 2,172 miles of canals that the commission took over in 1948 have proved an embarrassing legacy. Since then it has lost £2 million on operating them (without counting any contribution to charges on their book capital value of £22,370,000). By cutting expenditure and obtaining some increase in revenue —mainly tolls and dues, handling charges, and water rent—it managed to reduce its annual deficits on them in recent years, from £574,000 in 1951 to £102,000 in 1953. On the commission's own carrying activities—it handles about 15 per cent of the commercial barge traffic—it lost another £47,000 in 1953.

However, the reduction in losses over the whole systems blurs the fact that only about a dozen of the commission's canals, with about a third of the total mileage, make profits—in 1953, some £302,000; all the others, some 1,300 miles in length, showed losses (£404,000 in 1953). It is not surprising that since it took over in 1948 one of the ways in which the commission has sought to reduce expenditure has been to disembarrass itself of canals that do not pay.

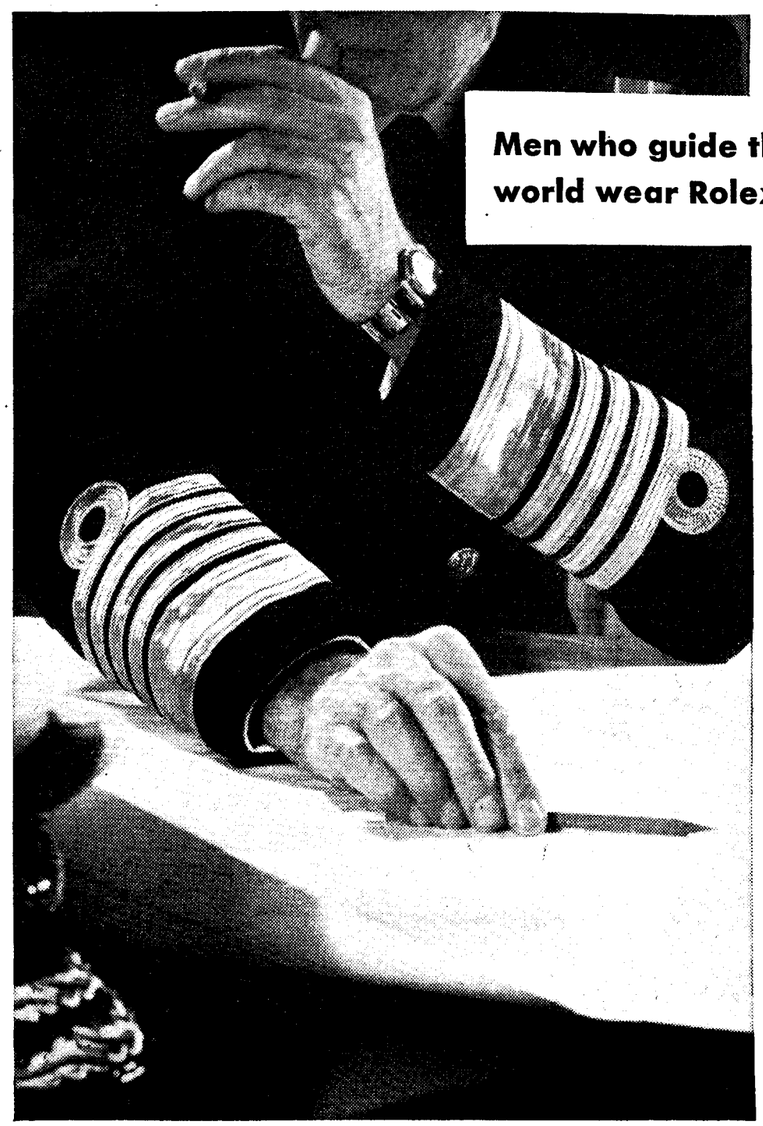


This week's decisions by the commission, in accordance with the recommendations of a "board of survey" that investigated the system last year, include the closing of 771 miles of canals, a third of the total mileage taken over in 1948. This is little more than has already happened. More than 250 miles of these canals have been abandoned or closed, and nearly 500 miles more are out of commercial use. As a group, these waterways were involving the commission in a "dead loss" of £200,000 a year. The Scottish canals fall into the same category—the Caledonian and Crinan canals lost £43,000 in 1953—and the commission hopes to be able to transfer these, as the board suggested, to the Secretary of State for Scotland.

In concentrating its financial and commercial efforts on the remaining two-thirds of total canal mileage, the commission has accepted its board's view that active development, involving heavy expenditure, should be concentrated on seven of the most used waterways: the Acre and Calder Navigation (including Ouse Lower Improvement), the Gloucester and Berkeley Canal and River Severn, the Grand Union (but only the Regent's Canal Dock and Brentford-Berkhamsted sections), the Sheffield and South Yorkshire Navigation, the River Lea (below Enfield Lock), the River Trent, and the River Weaver.

Those canals total 336 miles in length. The remaining 994 miles, "seem to be worth retaining for transport purposes" and are to be "maintained for the present to an adequate standard of efficiency," with "every encouragement" given to the development of traffic.

The board also recommended and the commission has agreed, that a new management should be set up to run the waterways separately from the docks that it owns. In general, the board thought the abandoned canals would not be wide or direct enough to be converted into roads; and it was also anxious that the commission, in handing over control of these canals, should not be saddled with continuing financial responsibilities for them. About the nostalgic hopes of a canal revival nurtured by the Inland Waterways Association—whose president, Sir Alan Herbert, was quoted on the radio as condemning their report before he read it—the board was curt: "unrealistic and impracticable."



Men who guide the destinies of the world wear Rolex watches

YOU KNOW their names as you know your own. You know their faces from a thousand newspaper photographs, their life stories from a hundred magazine articles. You have seen them and heard their voices on newsreels and on your television screen. Their actions and decisions influence the pattern of our lives.

We cannot mention their names, or show pictures of them. It would not be fitting to do so, for they include royalty, the heads of states, great service commanders. But we invite you to look carefully at the next pictures that you see of them, at their wrists as well as their faces and clothes. You will notice that in almost every case they wear a wrist-watch. That watch will most likely have been made by Rolex of Geneva.

We are proud of the service given by Rolex watches to so many eminent men. It is scarcely necessary to point out that the performance of these watches is, in the highest degree, accurate and dependable.

The Rolex Oyster Perpetual Datejust, the most remarkable achievement in watchmaking today. The extraordinary accuracy of its chronometer movement is attested by the fact that every Datejust is awarded an Official Timing Certificate by a Swiss Government Testing Station, with the added distinction "Especially good results." This movement is protected from all hazards by the famous waterproof Oyster case, invented by Rolex. It is automatically self-wound by the Perpetual "rotor" mechanism, another Rolex invention. This keeps the tension on the mainspring constant and makes for even greater accuracy. The date is shown on the dial, changing automatically each night at midnight, and magnified by a "Cyclops" lens for easy reading.



A ROLEX RED SEAL CHRONOMETER

The Rolex Oyster Perpetual—culmination of three Rolex triumphs. In 1910 Rolex gained their first Official Timing Certificate for a wrist-chronometer. Now Rolex have produced 250,000 Officially Certified wrist-chronometers—three times as many as the rest of the Swiss watch industry combined. In 1926 Rolex invented the Oyster case, the first truly waterproof case in the world. The rugged and sturdy Oyster protects the movement, permanently, from water, dust and dirt. In 1931 Rolex invented the first "rotor" self-winding mechanism. A new refinement of this Perpetual "rotor" powers the Oyster Perpetual, silently and automatically, actuated by every slightest movement of the wrist.

ROLEX

A landmark in the history of Time measurement



A ROLEX RED SEAL CHRONOMETER

THE ROLEX WATCH COMPANY LIMITED (*H. Wilsdorf, Governing Director*), GENEVA, SWITZERLAND, *and* 1 GREEN STREET, MAYFAIR, LONDON, W.1.
and THE AMERICAN ROLEX WATCH CORPORATION, 580 FIFTH AVENUE, NEW YORK

Lancashire, with a generation of experience of what does happen, knows the answer. The sections with the tightest federations, the dyers, printers and the bleachers can continue for a time, but not for long, to base their charges on their estimate of costs and the less federated sections—the spinners and the manufacturers—will recover, not their "proper costs," but what is left.

Work for Shorts

CANCELLATION of orders for the Swift fighter has had unfortunate repercussions in Belfast, where Short Brothers and Harland had been sub-contracting sections of the aircraft for Vickers-Armstrongs. The company has been faced with the prospect of dismissing about 900 men, a tenth of its total labour force, knowing that these men have little prospect of finding alternative employment. This has prompted the Ministry of Supply to place some additional orders for Canberras with Shorts, which already has a Canberra line in being; the orders will mean work for a total of 600 men. There is still likely to be some redundancy unless Shorts can find additional short-term contracts.

The company has had more than its fair run of bad luck in the search for work to fill its 1,500,000 square feet of factory space. A production line laid down for Comet IIs is now useless; work on the Swift has been stopped, and plans to duplicate the Britannia production line at Bristol have been held up until Britannia orders come in more quickly. An order has been obtained from the RAF for eight trooping Britannias, and that will employ about 1,500 men next year. Shorts have been prepared to try almost any kind of jobbing engineering that will give local employment; unemployment in Ulster since the war has rarely fallen below 6 per cent and risen on occasions to 10 per cent. The Government as the majority shareholder in Shorts (69½ per cent) is under some obligation not to add unnecessarily to local difficulties, but it is not easy to find work for aircraft factories that are not themselves major designers.

Spring Cleaning the CIC

SLOWLY the powers of the Capital Issues Committee to bless or forbid capital transactions are being whittled down, but the process is exceedingly slow. Last week the Chancellor of the Exchequer announced a list of types of transaction that no longer require the Committee's approval. They are all operations in which no new money is involved and therefore in theory contain no risk of inflation. They include:

Acquisitions and amalgamations of companies.
The formation of new holding companies.
Issues to parent companies for cash.
Issues of shares to extinguish loans.
Issues of shares to secure unsecured loans.
Conversions or renewals of securities.
Postponement of redemption dates.

Impressive though the list looks its real effect is only to relieve the CIC and incidentally the companies and their advisers of a large volume of paper work. An amalgamation that involves one company in increasing its nominal capital for the purpose of a share exchange with another, an internal arrangement whereby a parent company provides cash for its subsidiary against an issue of shares, or a conversion of a maturing debenture when not more than £50,000 of new money is also raised are routine operations that go on frequently. In future the paper relating to them will no longer have to clutter the desks in the CIC.

But the tight hold that that committee has over operations where money in excess of £50,000 is to be raised remains unaffected, and naturally the new freedom for acquisitions and amalgamations between companies does not extend to the raising of money for such an acquisition—for example by a take-over bid. The City will welcome this small step towards reducing the functions of the CIC and will continue to feel that a larger one could safely have been taken.

Easter Traffic in the Commons

THE Parliamentary Secretary to the Minister of Transport let fall some rather ambiguous remarks last week about possible restrictions on motor traffic in London. In replying to a debate on the adjournment in the House of Commons dealing with London traffic, he argued that "indiscriminate use and parking of cars by every individual coming to work in one" could not be accepted.

"Even if we were able to provide, as we hope to be able to provide, additional parking accommodation in the centre of London, it would still be impossible on any roads one can possibly imagine to cope with the influx in the morning and the efflux in the evening of the vast number of cars, each one of them occupied by a single person. . . ."

Previously the government has stopped well short of

ISSUED THIS WEEK

Our three-monthly reports on business conditions in

PAKISTAN
NEW ZEALAND
BELGIUM and BELGIAN CONGO
TURKEY
SPAIN
YUGOSLAVIA
DENMARK
PERU, BOLIVIA and ECUADOR

Fifty similar reports, covering seventy countries, are issued every three months. The annual subscription to one country or territory is £10 and there are discounts when more than five reports are taken. Subscribers receive ANNUAL SUPPLEMENTS giving useful background data. (Single reports cost £3.)

For full information about this and other services apply to:

The Economist Intelligence Unit
22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.

advocating any restriction on the use of private cars in the congested streets of big towns, and Mr Molson was careful to add that he was speaking "only by way of a warning." Whether or not his remarks need be taken seriously, they were addressed to the problem of moving commuters in and out of London at peak hours. General congestion in the central area—of which internal local traffic may be the main cause—is to some extent a separate problem, though linked to the first by the cars that "long-term parkers" leave in the streets.

Members speaking in the debate were mainly concerned with congestion in Central London, and they pressed the Minister to set up yet another committee to prepare a long-term plan for London traffic routes. The Parliamentary Secretary stolidly refused to do so, arguing that there were enough plans in the Ministry's dusty pigeon holes already, and that the government had even started to implement some of the proposals in the more recent ones: the report published in 1951 by the London and Home Counties Traffic Advisory Committee and the County of London Development Plan produced by the LCC in the same year. It is true that the road schemes the Minister of Transport intends to authorise under the £97 million programme to be spent by 1959, which he announced last February, include some of the proposals contained in these two reports, but both Committees drew them up under the shadow of financial stringency, and their proposals were deliberately restricted in comparison with what they felt was really needed. The LCC plan was estimated in 1951 to cost £48 million by 1961 and £90 million over its full 20 years, but even so it was confined to improving the existing road network. It contained no schemes for cutting express ways nor even less ambitious ring roads. Assuming a 50 per cent increase in traffic over 20 to 30 years, which seems conservative enough, the Council then thought that it would need to spend £190 million in the inner area and another £100 million in the outer area. These gigantic sums provide some measure of the need in contrast to what the government is doing.

Maybe in Gold

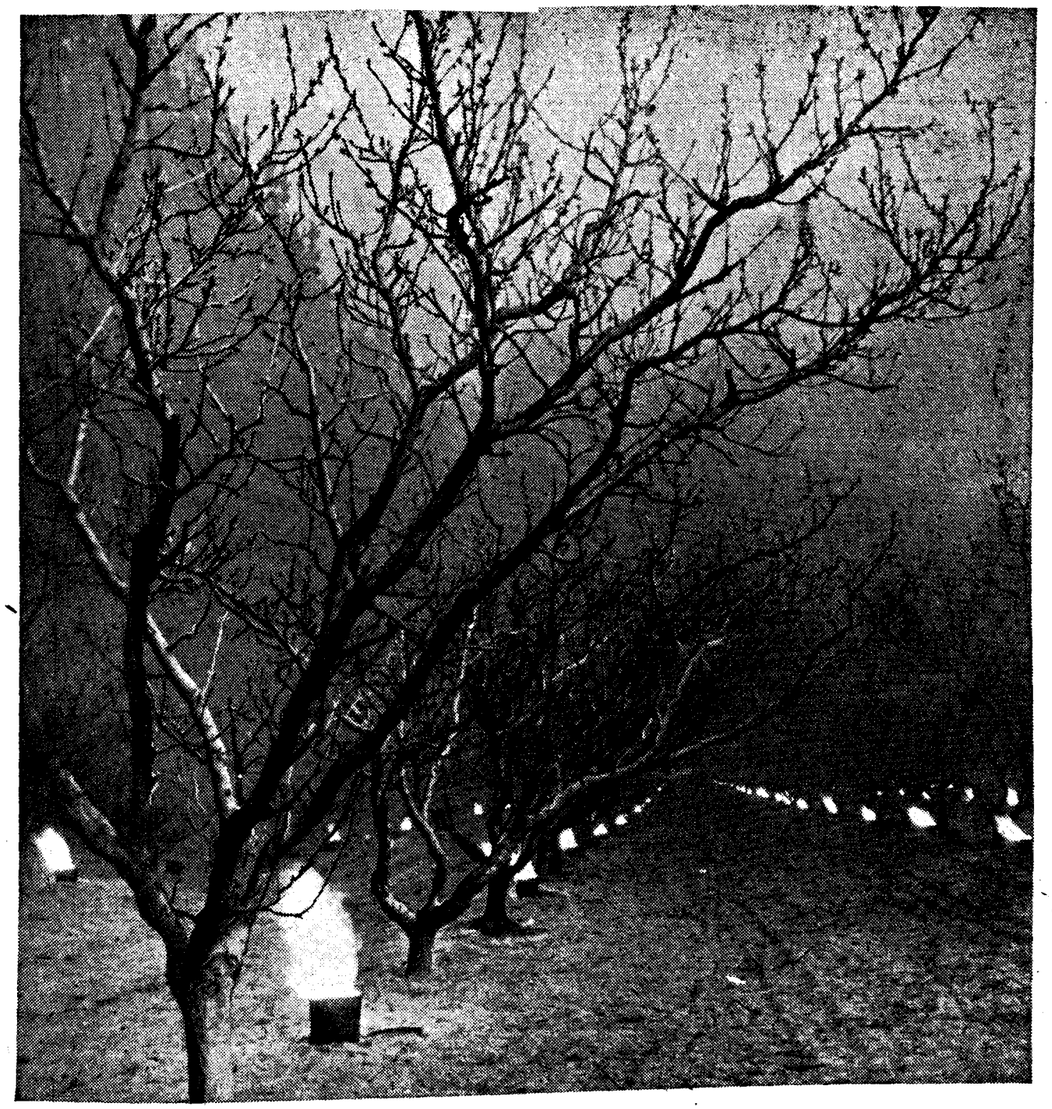
DEVELOPMENT does not always pay off. If it did there would be no risk in risk capital. Over the whole of the Orange Free State goldfield development should pay handsome dividends, but there are a few mines that have lagged behind and may never earn the profits hoped for when they were planned. Freddies Consolidated, the product of the merger of Freddies North and Freddies South, already falls into this category and Welkom may do so. The question mark about the future of Freddies still looks as big as ever after this week's interim report, but the announcement by Welkom of a new issue may do a little to dispel doubts about its prospects.

The interim report from Freddies is an essay in "maybe's." The decision to confine development to the northern area, where the values though not high have been higher than in the southern area, is an implicit admission that one of the main purposes of the merger has failed. Nor can uranium ever wholly redress the shortfall from gold. The directors believe, however, that as only a small part of the northern property has been explored further development operations should be continued so long as there are "reasonable grounds" for hope. Money will be needed for that development of the mine, but it has been provided by the sale of the No. 2 shaft to Free State Geduld and the plant, machinery, buildings, the two reduction plants and the three shafts remaining will provide "ample facilities for operations on a scale which can prove profitable." It is difficult to see how the directors could have made any other decision while hope, however faint, remained.

Welkom, like Freddies, has run into development troubles. Faulting, water, and a lack of adequate stoping reserves has kept profits down in the development of the central part of its properties. But there have been modest profits; Welkom is also scheduled as a uranium producer but so far uranium values have not been high enough to justify extensive production. Now a decision has been taken to develop the south western section of the property, where borehole results have been reasonably encouraging. That will involve the sinking of a new shaft system and an expansion of the capacity of the reduction plant. Money for this development will come from the Anglo American Corporation. That finance house will subscribe immediately for 1,250,000 shares at 22s. 6d. each and use the proceeds to repay outstanding loans. Anglo American will also provide fresh loan facilities of up to £2,500,000 at 6 per cent until end-1959; in return the Corporation will have the right to subscribe for 1,250,000 shares at 27s. 6d. each before the end of 1958 and to use the proceeds to cancel the loans. Anglo American's willingness to put more money into the mine is itself encouraging, and after the announcement the shares rose 1s. 1½d. to 22s. 3d.

Refugees from Band III

THERE has been so much bitter argument about where the users of mobile radio will go in the ether when they are eventually displaced from their tenancy of Band III wavelengths by the Independent Television Authority's commercial television transmitters that a committee was appointed last May to report on the matter to the Postmaster-General. It will be some time before the ITA has so many transmitters operating that it will need the mobile users' wavelengths, but the committee has meanwhile reported that room can be found for all the displaced users in the frequencies that lie between 165 and 174 megacycles; that is, just above the Band II wavelengths earmarked for frequency-modulation sound broadcasts and just below the television wavelengths of Band III. The report has been accepted by the Postmaster-General, but it is not likely to be received with much warmth by the mobile users themselves. One of the members of the committee, Captain Orr, MP, who served as the representative of the Mobile Radio Users Association, did not sign the report at all. In his minority report he raised the question of compensation where new equipment is required and of greater security of tenure than that proposed by the committee (five years), but the real quarrel between the displaced mobile radio



BP GUARDS THE CROPS

NOT ONLY IN Britain do BP products guard the crops. In the rich apricot orchards of New Zealand, BP fuel oil protects the fruit from the ravages of frost. During 1954 this oil saved a large part of the apricot harvest when one of the worst frosts ever recorded threatened complete disaster.

And BP helps in other ways. Oil for lubricants, for grass-drying and grain-drying; for the warmth that hatches chicks and the power that draws the plough—BP provides all this and more. The BP sign is a friend of the farmer in Britain, in Europe and in many countries throughout the world.

The BP Shield is the symbol of the world-wide organisation of

The British Petroleum Company Limited

whose products include BP Super Motor Spirit *and* BP Special Energol 'Visco-static' Motor Oil

THROUGHOUT THE WORLD . . . *as in Britain*



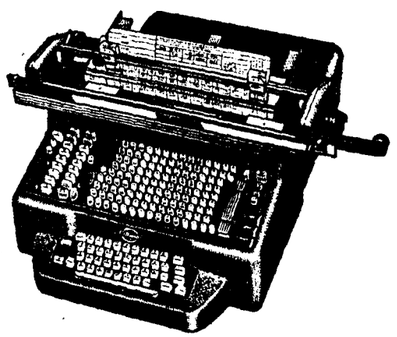
AUSTRALIA, *vast homeland of 9,000,000 of our cousins, is the world's most abundant source of* wool. *Livestock raising, dairy farming, agriculture and mining — Australia's other great and ever-growing industries, steadily enrich a young progressive nation and contribute mightily to the strength of the Commonwealth.*

National

ACCOUNTING & ADDING MACHINES

put business on record...at less cost

COMPLETELY VERSATILE,—The *National* **"CLASS 31" DIRECT-ENTRY ACCOUNTING MACHINE.** INSTANTANEOUSLY ADAPTABLE to all phases of Commercial, Industrial and Financial accounting. PAY-ROLL and SALARY RECORDS ★ LEDGERS of EVERY KIND (with simultaneous analysis and completion of related records and documents) ★ STORES RECORDS ★ MATERIAL and STOCK CONTROL ★ COSTING and all varieties of special records for particular requirements.





FOR SUPER SPEED AND ACCURACY over the entire range of listing and primary book-keeping operations; the **"E.N."** SERIES of **NATIONAL ADDING MACHINES**—in simplex and duplex versions, with and without wide platens and shuttle carriages. High, medium and low capacities.

THE NATIONAL CASH REGISTER COMPANY LTD.

LONDON, and all provincial business centres in Britain and throughout the world.

British Factories at DUNDEE

users and the committee is the belief that the wavebands available could have been better allocated. There is some jealousy about the amount of space given to marine radio and to special government services. But someone must weigh the relative priorities of the different classes of user, the taxis, ambulances, navigational services and the rest, and there is plenty of room available in the ultra-high frequencies for those who feel cramped on their new wavebands.

Prosperous Insurance

So far only the purely life insurance offices have published their 1954 accounts. But from the dividends announced by the composite companies it can be deduced that they, too, have enjoyed a good year ; it seems also a fair deduction that the heavy losses resulting from the American hurricanes rejoicing in the names of "Carol," "Edna" and "Hazel," though they must have affected the fire accounts of those companies that operate in a large way in North America, have been offset by satisfactory results in other countries and in other classes of insurance. Perhaps even motor insurance, so long the Cinderella of the business, has at last yielded a worth-while profit. The table brings up to date the list of insurance dividends since *The Economist* of March 26th. It shows that offices with the smallest stake in fire insurance have on the whole increased their dividends more generously than the others. A bumper year on the Stock Exchange must naturally also have helped materially to supplement underwriting profits.

Company	Total Dividends 1953	Total Dividends 1954
Alliance £1	3/-	3/3
Britannic 5/-	3/-*	3/3*
Caledonian 10/- paid	5/-	5/6
General Accident £1	6/-	7/6
Guardian £1	6/-	7/6
London & Manchester £1	11/-*	9/-*a
North British & Mercantile 25/-	10/-	11/-
Phoenix £1	17/-	20/-
Refuge £2	24/-*	24/-*
Royal £1	11/-	12/1
Scottish Union & National A £1 paid	8/-	8/-
Sun Life £1	3/6*	3/9*b
Yorkshire 10/- paid	8/-	9/9

* Tax free. (*a*) For nine months ; financial year changed from March 24 to December 31. (*b*) Interim for 1955 raised to 2/9 (1/9 for 1954).

The Royal and Caledonian are following the fashion and splitting their £1 shares into 5s. units. The Caledonian proposes to raise £1.1 million from a rights issue of 2 new shares at £5 each for each 7 held and then to pay up the uncalled liability of 10s. a share from the share premium account. As a preliminary to seeking a London quotation the Refuge Assurance is increasing its nominal capital from 150,000 shares of £2 each to £600,000 divided into 300,000 A ordinary shares £1 and 600,000 non-voting B ordinary shares 10s.

Commodities Mainly Steady

PRICES of most commodities have been steady during the past week in quiet trading. But copper has fallen sharply, owing mainly to the British government's decision to sell 45,000 tons from its trading stock. Prices of fine

	April 7	April 14
Copper, prompt, per ton	£341	£307
Tin, " "	£717 10s.	£717 10s.
Lead, " "	£104 10s.	£104 10s.
Zinc, " "	£89 10s.	£89 15s.
Rubber, spot, per lb.	26¼d.	26¼d.
Wool futures, May, per lb.	120½d.	122½d.
Cotton futures, May/June, per lb.	30·83d.	30·84d.
Jute (mill firsts), April/May, cif per ton	£104/108	£104/109
Sisal (1 E. African), April/May, cif per ton	£83	£83
Wheat (1 Manitoba), May, cif per ton	£29 16s.	£29 16s.
Barley (Canadian 2 feed), May, cif per ton	£23 17s.	£24
Cocoa (Accra), April/June, per cwt.	295s.	312s. 6d.
Coffee (Santos extra prime), cif per cwt.	475s.	478s.
Sugar (Cuban raw), cif per cwt.	31s. 3d.	31s. 3d.

Brazilian coffee have firmed because there is not much good coffee left from the current crop ; cocoa has also recovered a little ground, and wool futures are higher.

SHORTER NOTES

The fiduciary issue was raised last week by £25 million to £1,750 million. Although the pre-Easter outflow of currency has been considerably larger than last year, totalling £40.4 million in two weeks against £32.1 million, the increase in the fiduciary issue is both smaller and later this year. In 1954 the issue was raised by £50 million in the middle of March. The explanation is primarily that the post-Christmas contraction in the note circulation this year continued until mid-February.

★

The text of the proposed Charter of the International Finance Corporation was submitted to the governments that are members of the World Bank on Thursday. None of them is yet committed to its details. The Corporation will, it is proposed, have a capital of $100 million in gold or US dollars, the US participation being $35,168,000 and the British participation $14,400,000. The President of the World Bank is to be chairman, but the Corporation is to be a separate entity from the Bank, with its own president.

★

In the Business Note "The Cost of Labour" last week it was incorrectly stated that industrial earnings in October 1954 were 201 per cent higher than in October 1938, and that labour costs of production might hence be 115-125 per cent higher. In fact, earnings were 223 per cent higher than in October, 1938, and labour costs in industry, calculated in the same way, would be 130-140 per cent up.

Company Notes

THOMAS TILLING. Since 1948, when it sold its transport interests to the British Transport Commission for £24,800,000, returning £5 per share to the shareholders, Thomas Tilling has taken a new and highly promising lease of life as an investment holding company—not an investment trust standing aside from the companies in which it invests, but as a real *entrepreneur* buying big blocks in promising concerns and nursing their growth. Profits and dividends have been rising steadily as the development proceeded. This year the ordinary shareholders are to receive 10 per cent, compared with 7½ per cent last year and with only 5 per cent in 1949 when the company started out on its new career. The group net profit attributable to the parent company is again sharply higher at £454,221, compared with £380,040. Only about half that profit is being paid out to shareholders. A sum of £213,801, against £196,227, is retained in the subsidiaries, whereas the net cost of the dividends is £235,675, against £179,025.

★

HUDSON'S BAY. The bigger dividend from trading (12½ compared with 15 per cent) declared by Hudson's Bay owes something to the cessation of EPL but seems to owe a good deal more to a sharp increase in retail sales and a "sudden strengthening of the fur market" in the last two months of the financial year. "Much of the improvement in earnings" from £3,060,842 to £3,362,963 came from this abrupt resurgence. Most of Hudson's Bay's profits are earned in its retail stores, and there, although "economic conditions were not as good as in 1953 for every store," the ratio of net profit to sales was maintained.

	Years to Jan. 31, 1954	1955
Sales and Profits:—	£	£
Total—		
Sales	55,441,000	57,058,000
Profit	3,060,842	3,362,963
Retail stores—		
Sales	34,186,000	35,251,000
Profit	1,997,000	2,044,000
Fur trade—		
Trade sales	7,318,000	7,716,000
Consignment sales	14,358,000	19,759,000
Profit	320,000	585,000
Wholesale department—		
Sales	13,937,000	14,091,000
Profit	322,000	279,000

Commenting on the sharp increase in furs, notably of ranch minx, consigned recently for auction, the governor, Mr W. J. Keswick, warns the proprietors that the trading results were "very much above the average." Although the company's wholesale department maintained its sales, its profits were lower, for losses were made on stocks of raw coffee. Earnings were also affected by "a general price war on tobacco products throughout the year in Canada." But all in all no one can quarrel with Mr Keswick's description of 1954 as "another good year." This year may not be as good for a "very poor harvest on the prairies" has followed a series of bumper crops.

It is from the retail stores, fur trading and the wholesale department that investors receive their dividend while they are waiting to see what Hudson's Bay's interests in the developing oilfields of Canada will yield. It is upon the hopes of a good return from oil that the present high price of the £1 ordinary shares is based. Hudson's Bay owns 25 per cent and Continental Oil the remaining 75 per cent of the 2 million shares of Hudson's Bay Oil and Gas Company. That company is expanding rapidly and in 1954 there was a 48 per cent increase in the number of producing wells and of 59 per cent in the daily rate of crude oil production. In 1954 the company spent $16,600,000 on development and exploration, compared with $11,754,000 in 1953 and $7,182,000 in 1952. Development is moving forward all the time and this year arrangements for long term borrowings by the Oil and Gas Company to replace present bank advances and to finance an extensive drilling programme should be completed.

★

SWAN HUNTER AND WIGHAM RICHARDSON. For many shareholders the most significant piece of information in the full report of Swan Hunter and Wigham Richardson (for the year to December 31st) is not the increase in trading profits from £2,449,332 to £3,002,549 but the chairman's comment that the shipyards have still "about two years' work in hand." A timely word from Mr J. W. Elliott also warns them not to read too much into a sharp fluctuation in profits as earnings are at the mercy of the number of ships actually delivered in the financial year. But Mr Elliott's earlier reference to "another successful period of trading," the decision to raise the ordinary dividend from an effective rate of 10 per cent to 12 per cent and a healthy balance sheet suggest that no reservations need to be made about last year's results.

In commenting on these results Mr Elliott points out that, although steel deliveries are now "almost normal," the earlier steel shortages still had a dislocating effect on the completion of ships in 1954. Indeed, the gross tonnage of ships launched from Swan Hunter's yards last year was slightly smaller than in 1953, notwithstanding the full order book. But the production of machinery went up last year while ship-repairing "again contributed substantially to the year's profit."

Looking ahead, Mr Elliott, like other British shipbuilders, appears to be anxious, but not unduly so, about the state of the order book. The improvement in shipping freights during the year led to a number of contracts being placed with British shipyards, particularly in the last quarter, but still the "output of merchant ships from British yards is greatly in excess of new contracts placed." And foreign competition adds to the significance of a shortening of the order books. Much of Swan Hunter's two years of work in hand is for oil tankers, and the recent improvement in this market leads Mr Elliott to the hope—he puts it no more strongly than that—that there will be "further contracts, if not in the immediate future, then at some time prior to the completion of the existing programme."

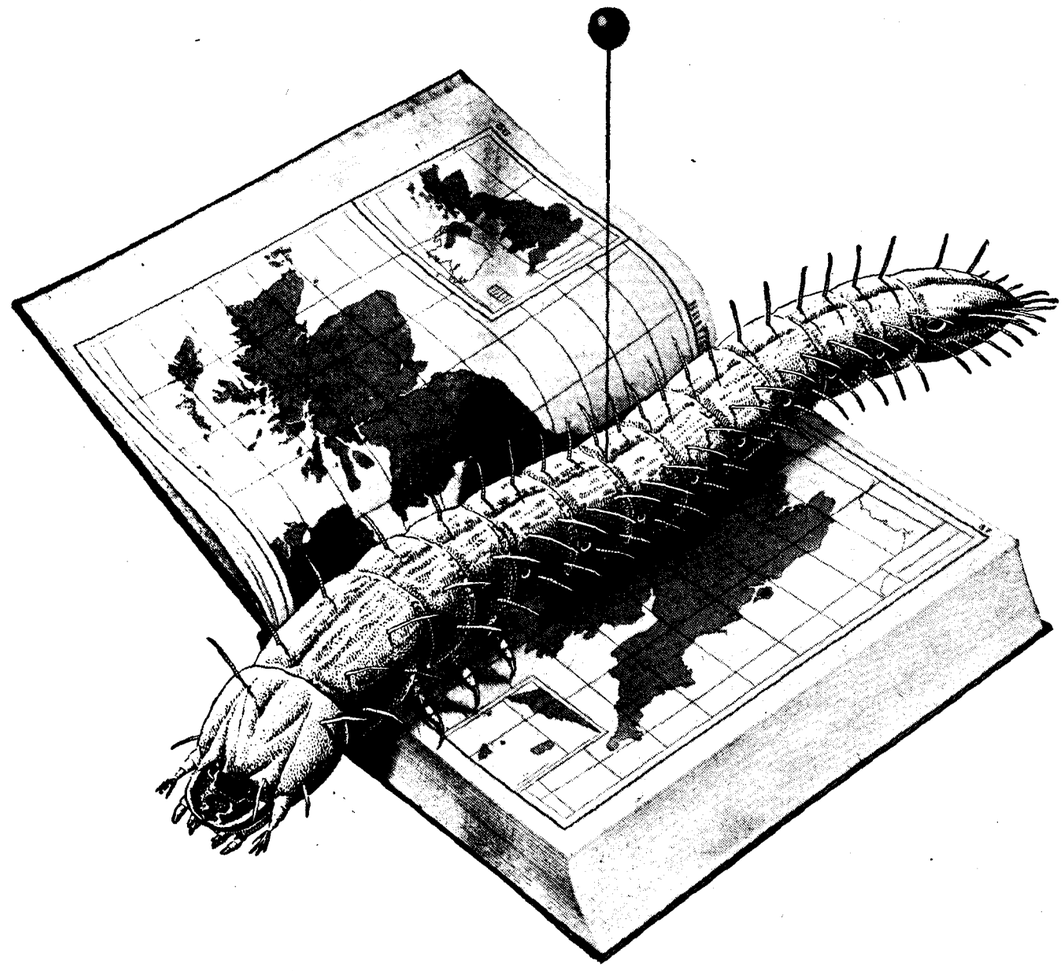
★

JOHN CROSSLEY—CARPET TRADES HOLDINGS. High prosperity has been the recent fortune of the carpet manufacturers whose market grows as the houses spring up. John Crossley-Carpet Trades Holdings is in that class. Business, the profit, and the dividends all expanded in the year ended December 4th which was the first full year since the merger of John Crossley and Sons with Carpet Trades brought the factories at Kidderminster and Halifax under one management. The final dividend this year of 13¾ per cent is payable on a capital increased by the recent one for one scrip issue. The interim payment of 7½ per cent was made on the old capital and the previous year's 25 per cent was based on the pre-merger capital. It is approximately fair to regard the latest year's rate of dividend as being equal to 17½ per cent on the present capital and to compare it with the equivalent of 12½ per cent last year.

The board has given shareholders a set of accounts from which the special factors arising from the merger at the end of 1953 have been ironed out: the previous year's figures have been adjusted. They now show a group trading profit after depreciation for the year ended December 4th of £1,560,603, compared with £1,452,727. For a bumper year and with the benefit of the profits from a small further acquisition—E. Illingworth and Co.—for part of that year a profit increase of £107,876 seems small. But the balance sheet is heavy with stock and the chairman, Mr Maurice Lubbock, records that the order books are well filled and the factories working to capacity. He nevertheless feels it necessary to sound a note of warning. The group may, he believes, feel some effects from the recent hire purchase regulations in its home demand. And he is still more worried about the new Australian import restrictions. The subsidiaries of the group do large business there and must feel some effects, however slight. It must be those fears that have decided the directors to reserve more heavily than usual against the big stocks now held. Stocks have risen by over £1 million from £2,660,554 to £3,707,642, and to match that increase the appropriation to stock contingency reserve has been raised from £130,000 to £400,000.

★

JEREMIAH AMBLER. The Bradford and Ulster mills of Jeremiah Ambler, the worsted yarn spinners, are running at full capacity and the chairman, Mr Edward Beddington Behrens, reports that "the physical turnover of the group



The case of *Agriotes obscurus*...

Wherever potatoes are grown, wireworms are pretty certain to be encountered and to damage the tubers. In the U.K., for example, this destructive pest populates the soil in some areas to the extent of over a million per acre. In heavy local infestations this figure is probably doubled. Damage fluctuates, but it is nothing unusual to find over *half a crop unfit for the table.*

With wireworms on the increase, British farmers have welcomed the arrival of *aldrin.* This year in the United Kingdom alone over 90,000 acres of potatoes will be protected, mostly with aldrinised fertiliser. This Shell insecticide is the most impressive destroyer yet discovered for pests in the soil—non-tainting and exceptionally suitable for compounding with fertilizer. Just 2½ lbs. of aldrin per acre guards potatoes from wireworm and other soil pests right through the growing season.

Aldrin is fast becoming recognised as being the best of all soil insecticides. A little goes a long way and lasts a long time. Now in worldwide use, aldrin *gives full control of many pests previously difficult to 'get at' economically.*

Another recently developed Shell insecticide is dieldrin, *possessing exceptional persistence. On foliage,* dieldrin *controls a very wide range of weevils, beetles, flies and other crop-eating insects. It is also extensively used as a residual spray against disease-carrying insects.*

Have you a stubborn pest problem to be solved?

aldrin

aldrin and dieldrin are SHELL insecticides for worldwide use

For further information apply to your Shell Company

Issued by The Shell Petroleum Company Limited, London, E.C.3., England.

continues to increase." Yet last year the group's profits before tax fell from £263,110 to £238,950. The explanation seems to be an intensification of competition, accompanied presumably by a trimming of margins. The group is expanding its direct export trade but it had to compete with the cheaply produced yarns exported from Japan. More recently other competitors have made their presence felt; they come from France where, Mr Beddington Behrens says, they are "indirectly given a subsidy on exports." But competition has not worked its way through to net profits, for these profits rose last year from £93,561 to £114,754. That increase, however, is simply due to a reduction in tax liabilities owing to the tax reliefs granted on machinery installed last year. As in 1953 ordinary shareholders receive a dividend of 20 per cent and as in the two previous years a 3 per cent free scrip issue. Thus, in effect, dividend payments have been gradually increased.

Since the end of the financial year the company's new factory at Peterlee, County Durham, has been opened. Modern in its machinery and lay-out, tapping a new and ample source of labour and enjoying the benefit of not having to pay a full rent in the first years of its existence, the new factory is a low cost producer. It is not yet up to full production but it should soon make some contribution to earnings.

★

ANGLO-PORTUGUESE TELEPHONE. Britain has always been a big exporter of goods and capital to its "oldest ally," Portugal. It is appropriate, then, that the telephones in Lisbon and Oporto are owned and run by a British company. That company, Anglo-Portuguese Telephone, is linked financially with the Telephone and General Trust. That close tie enables Anglo-Portuguese Telephone to look towards the trust for temporary loans and to find a ready subscriber for permanent capital. It is that tie which, perhaps, explains the peculiar dividend policy of the company. Its ordinary stock can hardly be described as true equity capital, since the ordinary dividend has remained at 8 per cent for the last 27 years—though that rate has serviced a growing amount of stock. Only last June 255,000 £1 ordinary shares were issued at par, followed immediately by the offer of 1 million £1 preference shares at par.

The new money was used to finance the expansion of the company's telephone system and the gradual conversion of the system from manual to automatic exchanges. That expansion continues and temporarily, as usually happens, the money to finance the development has been provided by the Telephone and General Trust. By the end of March these loans had risen to £550,000. But it is the company's policy to back its fixed assets with long-term capital. Hence yet another new issue is on the way; it will consist of a one-for-ten "rights" offer of 280,500 ordinary shares on terms to be announced. The success of the company's latest development programme is illustrated by last year's increase in total revenue, before charging operating expenses, from £1,820,525 to £2,029,814, accompanied by a growth in the fixed assets, from £7,259,105 to £8,609,385, and by the increase in profits from £323,156 to £492,846. The company's intention to go on expanding is illustrated by the £1,454,000 of outstanding capital commitments at the end of December and by the decision to revise the development plan so as to install 60,000 new lines, against the 51,000 originally planned. But for the shareholder in Anglo-Portuguese the expansion in the value of his equity would seem to turn not on the rate of dividend but on the "bonus" element in the "rights" issues, on an advance in earnings, and on an improvement in "break-up" values. This is a stock for the trusts.

A QUARTER'S CAPITAL ISSUES

(Excluding Conversions)

First Quarter	Old Basis*		New Basis†		First Quarter	Old Basis*		New Basis†	
	1954	1955	1954	1955		1954	1955	1954	1955
	Total Borrowing (£ million)				**Analysis of Issue Applications** (£ thousand)				
Br. Govt.‡	92·5	37·5	92·9	37·5	Br. Govt.‡	92,451	37,487	92,857	37,487
Br. Corp.(a)	4·9	Nil	4·9	Nil	Br. Corp. (a)	4,900	Nil	4,900	Nil
Br. Cos.	57·2	61·8	64·6	69·4	Dom. & Col. Govt.	6,414	Nil	6,849	Nil
Br. Total	*154·6*	*99·3*	*162·4*	*106·9*	For. Govt.	Nil	Nil	Nil	Nil
Empire	12·2	4·3	12·6	4·3	Bank & Ins.	2,210	4,372	2,210	4,372
Foreign	Nil	Nil	Nil	Nil	Iron & Steel	9,675	26,853	10,000	26,853
Total	**166·8**	**103·6**	**175·0**	**111·2**	Eng'ing, etc.	851	7,547	1,911	7,547
Indices	99	61	234	148	Electrical	93	11,502	782	12,832
	Total Company Issues§ (£ million)				Textiles	46	Nil	1,057	150
Deb.	31·8	16·4	35·6	20·8	Motors, etc.	383	161	383	161
Pref.	14·7	6·7	15·9	6·9	Breweries	Nil	2,008	Nil	2,957
Ord.	16·5	42·9	18·9	45·9	*Shipping*	*Nil*	*Nil*	*350*	*Nil*
					Mines	6,086	1,900	6,086	1,900
Total	**63·0**	**66·0**	**70·4**	**73·6**	Others	43,691	11,743	47,643	16,915
					Total	**166,800**	**103,573**	**175,928**	**111,174**

* Only includes direct offers to the public and to shareholders; (index 1928=100). † Includes direct offers to the public and to shareholders, "permission to deal" and stock exchange introductions; (index 1935=100). ‡ Includes net receipt or repayment of national savings certificates and defence bonds. § Includes British and foreign companies. (a) Includes loans to town and county local authorities and to public boards.

LONDON STOCK EXCHANGE

Next Account begins: April 20th
Next Contango Day: April 20th
Next Settlement Day: April 26th

With the Budget only a few days away and with the possibility of an early election there was every reason for quiet trading conditions in Throgmorton Street after the Easter holiday. Prices were not fully tested in a market where the jobbers were short of stock. Even so prices were firm immediately after the holiday in most sections of the market. The gilt-edged market was inactive, but the gentle rise in prices, encouraged in part by the strength of sterling, continued. Foreign bonds were neglected, German Potash bonds having attracted most of the interest on Tuesday. They and other German issues turned dull on Wednesday when some of the buying interest switched to Japanese securities. Dollar stocks were marked up in line with Wall Street.

Industrial equities, too, continued to climb in a narrow market. By the close on Wednesday the *Financial Times* ordinary share index had risen to 188.4, compared with 187.4 immediately before the holiday. On Thursday, however, prices were a little easier. Almost all sectors joined in the gentle advance earlier in the week, with steel shares and brewery issues (on the hope of a cut in beer duty) catching the eye the most. Paper shares were notably firm. Among individual features in the market were another rise in Borax (quoted 120s. 6d. at the close on Wednesday) and the sudden jump in Hudson's Bay by 6s. 9d. to 160s. 6d. on Canadian buying. At the close on Thursday Daily Mirror were quoted 4½d. down at 20s.; the company's dividend has been raised from 20 to 22½ per cent.

Oil shares were firm on the encouraging report from Standard Oil, but turned a little weaker later. Tea and rubber shares were given some selective support. The Kaffir market began the week rather unsteadily, but on Wednesday prices took a turn for the better. Copper shares were marked down sharply on the fall in the price of the metal.

FINANCIAL TIMES INDICES

1955	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
April 5	186·4	109·97	3·93	4·70
„ 6	186·7	109·97	3·93	4·69
„ 7	187·4	110·00	3·93	4·68
„ 12	188·3	110·10	3·92	4·65
„ 13	188·4	110·23	3·91	4·65
			Total bargains 1955	
1955, High	197·5 (Feb. 3)	115·97 (Jan. 7)	April 5	8,750
„ Low	175·7 (Mar. 15)	107·61 (Feb. 24)	„ 6	8,435
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 7	7,218
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 12	7,830
			„ 13	7,298

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Apr. 13 High	Prices, 1955 Jan. 1 to Apr. 13 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, April 5, 1955	Price, April 13, 1955	Net Yield, April 13, 1955 § £ s. d.	Gross Yield, April 13, 1955 £ s. d.
97⅛	94 ⅛	Exchequer 2% 1960	95⅛	95⅛	2 3 0	3 2 2
99⅛	92⅞	Exchequer 2½% '63-64	93⅜	92⅝ *	2 5 5	3 8 8
104⅛	98⅛	Exchequer 3% 1960	99⅛	99⅛	1 16 1	3 3 10
102⅛	97	Exchequer 3% '62-63	98⅛	98⅛	1 18 6	3 7 1
100⅛	96⅛	Serial Funding 2½% 1957	97⅛	97⅛	2 4 5	3 4 3
100⅛	99⅜	Serial Funding 3% 1955	99⅜	99⅜	2 4 2	3 7 5
100⅛	98⅛	War Bonds 2½% '54-56	98⅛	98⅛	2 5 4	3 10 10
100⅛	98	*Funding 2½% '52-57*	98⅛	98⅛	2 0 0	3 8 10
100⅛	98	War Loan 3% '55-59	98⅛	98⅛	1 19 10	3 7 1
100⅛	97⅛	Savings Bonds 3% '55-65	95⅜	95⅜	2 3 3	3 11 6
100⅛	93⅛	Funding 2½% '56-61	95⅛ *	95⅛ *	2 2 8	3 5 9
97	94⅛	*Funding 3% '59-69*	91⅝ *	91⅝ *	2 6 11	3 15 3
98⅛	89⅜	Funding 3% '59-69	93⅛	93⅛	2 5 5	3 14 1
95⅛	90⅛	Funding 3% '66-68	93⅛	92⅜	2 4 1	3 18 0
103⅜	88	*Funding 3½% 1999-2004*	91⅛	91⅛	2 0 11	3 16 5
96⅛	98⅛	Funding 4% '60-90	100⅛ *	100⅛ *	2 6 9	3 15 6
95⅛	87	Savings Bonds 3% '60-70	91⅛	91⅛	2 6 11	3 10 8
05⅛	87⅛	Savings Bonds 2½% '64-67	89⅝ *	89⅝ *	2 2 1	3 18 3
94⅜	98	Victory 4% '20-76	101⅛	101⅛	2 7 4	3 16 9
97⅛	85⅛	Savings Bonds 3% '65-75	88⅜	88⅜	2 6 2	4 4 4
89⅛	90	Consols 4% *aft. Feb. '57*	95⅜	95⅜	2 5 2	4 2 3
03	79⅛	Conv. 3½% aft. April '61	85	85⅛	2 2 6	3 14 10
99⅜	94⅛	Conv. 3½% 1969	97⅛	97⅛	2 2 9	3 2 5
66⅛	95	Conv. 2% 1958-59	96⅛	96⅛	2 3 7	3 19 4
78⅛	69⅛	Treas. 2½% aft. April '75	62⅞	63⅛	2 4 2	4 0 4
98⅛	70⅛	Treas. 3% aft. April '66	74⅛	74⅛	2 5 2	3 18 8
99⅜	91	Treas. 3½% '77-80	93⅞	94⅛	2 5 8	3 18 11
88⅛	91	Treas. 3½% '79-81	93⅛	93⅛	2 5 7	3 16 3
88⅛	78	Redemption 3% '86-96	83⅛	83⅛	2 5 1	4 2 6
66⅛	79⅛	War L'n. 3½% aft. Dec. '52	85⅛	86⅛	2 5 1	3 18 4
94⅛	60	Consols 2½%	63⅛	63⅛	2 3 1	3 18 4
93⅛	86	Br. Elec. 3% '68-73	89⅛	89⅛	2 7 6	3 16 5
09⅛	85⅛	Br. Elec. 3% '74-77	88⅛	88⅛	2 6 7	3 15 11
98⅛	100⅛	Br. Elec. 4½% '74-79	103⅛ *	104⅛	2 1 9	3 19 2
88⅛	91	Br. Elec. 3½% '76-79	94⅛	92⅛ *	2 5 11	3 18 8
94⅛	79⅛	Br. Trans. 3% '78-88	84	84½	2 7 2	3 17 11
105⅛	86⅛	Br. Trans. 3% '68-73	89⅛	89½	2 7 6	3 16 5
89⅛	98⅛	*Br. Trans. 4% '72-77*	101½	101⅛	2 2 8	3 19 4
102⅛	79⅛	Br. Gas 3% '90-95	83⅛ *	83⅛ *	2 5 7	3 16 0
105⅛	94⅛	Br. Gas 3½% '69-71	96⅛	96⅜	2 3 5	3 15 10
	99	Br. Gas 4% '69-72	102⅛	102⅛	2 0 6	3 16 8

(e) To earliest date. (f) Flat yield. (l) To latest date. (§) Net yields are calculated after allowing for tax at 9s. 0d. in £. * Ex dividend. † Assumed average life 11½ years approximately.

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan. 1 to Apr. 13 High	Prices, 1955 Jan. 1 to Apr. 13 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, April 5, 1955	Price, April 13, 1955	Yield, April 13, 1955 £ s. d.
97⅞	90⅛	94⅛	87⅛	Aust. 3½% '65-69	90⅛	91⅛	4 3 0
101⅛	97⅛	101⅛	95⅛	Ceylon 4% '73-75	96⅛	97⅛	4 3 9
106⅛	98⅛	103⅛	98	N. Zealand 4% '76-78	98⅛	98⅛	4 2 3
79⅛	71⅛	75⅛	66⅛	L.C.C. 3% aft. 1920	71⅛	71⅛	4 3 11
99⅛	95	99	91	Liverpool 3% '54-64	92⅛ *	92⅛ *	4 0 0
87⅛	80⅛	84	75	M.Wtr.'B' 3% '34-2003	77⅛	77⅛	4 1 6
104⅛	100	102	100	Agric. Mort. 5% '59-89	101⅛	101⅛	4 11 6
109⅛	71⅛	102⅛	91	German 7%	99⅛	98⅛	...
168⅛	102	164	149	German 5½%	160	162	...
170⅛	132⅛	171	160	Japan 5% 1907	170⅛	170⅛	...
198⅛	167	195⅛	190	Japan 5½% Conv. 1930	194⅛	195	...

Prices, 1955 Jan. 1 to Apr. 13 High	Prices, 1955 Jan. 1 to Apr. 13 Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, April 5, 1955	Price, April 13, 1955	Yield, April 13, 1955 £ s. d.
58/6	48/9	% 5	% a		BANKS & DISCOUNT			
76/7½	64/-	7	a	8 b	Barclays £1	52/6	53/6	4 9 9
82/3	79/9	8	a	10 b	Lloyds 'A' £5, £1 pd.	65/6	66/-	4 10 11
87/-	78/3	8½	a	9½ b	Midland £1, fully pd.	81/-	81/-	4 8 11
96/10½	87/-	8	a	8 b	N. Prov. 'B' £5, £1 pd.	79/-	79/-	4 11 2
69/-	52/-	7½	a	8½ b	Westmstr 'B' £4, £1 pd.	89/6	90/-	4 8 11
58/6	49/6	5	a	7 b	Alexanders £1	52/6	52/6	4 16 3
60/-	51/3	5	a	7½ b	Nat. Disc. 'B' £1	51/-	51/-	4 14 1
48/10½	39/6	4	a	4 b	Union Disc. £1	52/-	54/-	4 12 7
51/9	43/3	7½	a	7½ b	Barc. (D.C.O.) £1	42/-	42/6	3 15 4
					Chart. Bk. of India £1	44/-	44/-	6 16 4
17⅞	14⅛	50	a	110 b	INSURANCE			
23⅛	20⅛	20†a		45 b	Leg. & Gen. £1, 5/- pd.	15½	16½	2 9 8
26⅛	21⅛	112½†c		117½†c	Pearl £1, fully pd.	22⅛	23	5 2 8
					Prudential 'A' £1	44	44	4 17 1
					BREWERIES, ETC.			
		10	a	33 b	Bass £1	132/6	132/6	6 9 11
		25	c	10 a	Distillers 6/8	25/6	26/6	3 15 6‡
		8	a	15 b	Guinness 10/-	46/10½	46/10½	4 18 2
		7	a		Whitbread 'A' Ord. £1	88/9	90/-	5 0 9

Prices, 1955 Jan. 1 to Apr. 13 High	Prices, 1955 Jan. 1 to Apr. 13 Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, April 5, 1955	Price, April 13, 1955	Yield, April 13, 1955 £ s. d.
		%	%		STEEL & ENGINEERING			
97⅛	94 ⅛	15	c	17½ c	B.S.A. £1	38/-	38/-	4 12 1
99⅛	92⅞	...		...	Cammell Laird 5/-	12/6	12/9	5 16 1
104⅛	98⅛	...		...	Colvilles £1	28/-	29/-	...
102⅛	97	...		8 c	Dorman Long £1	27/-	27/3	5 17 5
100⅛	96⅛	10	b	5 a	Guest Keen N'fold £1	68/9	68/9	4 7 3
100⅛	99⅜	...		12½ c	Stewarts & Lloyds £1	52/6	53/9	4 13 0
100⅛	98⅛	3	a	6½ b	Summers (John) £1	34/6	33/6	5 17 5
100⅛	98	4	a	6 b	United Steel £1	35/-	34/6	5 15 11
100⅛	98	15	c	2½ a	Vickers £1	40/3	40/3	3 14 6
100⅛	97⅛				TEXTILES			
100⅛	93⅛	6	b	8 a	Bradford Dyers £1	24/3	24/6	8 3 3
97	94⅛	4	a	6 b	Brit. Celanese £1	29/9	30/-	6 0 0
98⅛	89⅛	10	b	2½ a	Coats (J. & P.) £1	25/-	26/9	5 12 2
95⅛	90⅛	4	a	4½ b	Courtaulds £1	39/-	39/-	4 2 1
103⅜	88	10	a	7½ b	Lancs. Cotton £1	30/6	30/-	8 6 8
96⅛	98⅛	15	b	2½ a	Patons & Baldwins £1	29/-	29/-	6 17 11
95⅛	87				MOTOR & AIRCRAFT			
05⅛	87⅛	6	b	3½ a	Bristol Aeroplane 10/-	19/7½	19/10½	5 0 7
94⅜	98	8	b	8½ b	British Motor 5/-	11/-	11/3	5 11 1
97⅛	85⅛	7	c	7½ c	De Havilland £1	25/6	25/9	5 16 6
89⅛	90	10	b	5 a	Ford Motor £1	78/1½*	80/9*	3 14 3
03	79⅛	7	b	7½ b	Hawker Siddeley £1	52/3	53/9	3 18 2
99⅜	94⅛	25	c	30 c	Leyland Motors £1	40/-	40/-	5 0 0m
66⅛	95	5	a	5 a	Rolls Royce £1	78/9	80/-	2 18 0
78⅛	69⅛	12	c	12 c	Standard Motor 5/-	7/3	7/3	8 5 6
98⅛	70⅛				SHOPS & STORES			
99⅜	91	10	a	10 a	Boots Pure Drug 5/-	27/6	28/6	3 19 0
88⅛	91	20	b	20 b	Debenhams 10/-	40/-	41/9	6 15 0
88⅛	78	15	a	15 a	Gt. Universal 5/-	50/6	50/3	3 14 7
66⅛	79⅛	5	a	17½ b	Lyons (J.) 'A' £1	102/6	105/-	4 5 9
94⅛	60	15	a	15 a	Marks & Spen. 'A' 5/-	67/-	69/-	2 14 4
93⅛	86	20	a	36½ b	Woolworth 5/-	60/6	60/6	4 2 8
09⅛	85⅛				OIL			
98⅛	100⅛	5	a	5 a	British Petroleum £1	75/-	76/3	2 4 7
88⅛	91	16	c	17½ c	Burmah £1	113/11½	116/10½	2 19 11
94⅛	79⅛	12	b	6 a	Royal Dutch 100 fl.	£57	£58	2 3 0
105⅛	86⅛	10	b	5 a	Shell Reg. £1	128/1½	130/-	3 9 11
89⅛	98⅛	15	b	15 a	Trinidad L'holds 5/-	30/9	31/6	5 15 5
102⅛	79⅛				SHIPPING			
105⅛	94⅛	5	a	5 a	Cunard £1	32/6	32/6	5 18 5
	99	12	c	12 c	Furness Withy £1	48/6	48/6	4 19 0
		16	b	3 a	P. & O. Def. £1	69/6	70/-	3 2 10
					MISCELLANEOUS			
		10	b	10 b	Assoc. Elect. £1	70/-	72/6	3 17 3
		12½	b	5 a	Assoc. Port. Cem. £1	95/7½	98/1½	4 1 7
		16	c	7½ a	Bowater Paper £1	79/1½	80/7½	2 19 6
		7½	b	2½ a	B.I.C.C. £1	48/6	50/-	4 0 0
		4	a	8 b	Brit. Aluminium £1	42/6	42/6	5 12 11
		15†	c	5† a	Brit. Amer. Tob. 10/-	55/3	54/9	4 19 3
		3	a	3 b	Canadian Pacific $25.	$53½	$54⅛	5 1 0
		14⅛	a	41½ b	Decca Record 4/-	32/6	32/6	4 12 4
		14	c	4 a	Dunlop Rubber 10/-	30/6	30/6	4 11 10
		4	a	8½ b	English Elect. £1	63/9	63/9	3 18 5
		12½	c	4½ a	General Elect. £1	55/-	56/3	4 8 10
		9	b	4 a	Imp. Chemical £1	42/3	43/3	3 18 7
		8½	a	12½ b	Imp. Tobacco £1	63/-	63/-	6 13 4
$2·35c	$2·90c				Inter. Nickel n.p.v.	$117	$117½	4 7 9
		7½	a	10 b	London Brick £1	62/6	66/3	5 5 8
		6½	a	15½ b	MonsantoChemicals 5/-	29/-	29/6	3 16 4
		3½	a	14½ b	Tate & Lyle £1	64/4½	65/9	4 7 8g
		7½	a	10 b	Tube Investments £1	77/6	77/6	4 10 4
		5	a	17½ b	Turner & Newall £1	105/-	106/3	4 4 9
		6	a	9½ b	Unilever £1	81/-	81/6	3 17 4
		†7½	b	†4 a	United Molasses 10/-	38/-	38/3	5 15 0q
		10†	c	2½ †a	Cons. Tea & Lands £1	40/6	41/-	8 17 4
		10	c	10 c	London Asiatic Rbr. 2/-	2/-	2/-	10 0 0
		15	b	7½ a	United Sua Betong £1	43/1½	43/1½	8 2 4w
					MINES			
		20	a	50 b	Anglo-Amer. 10/-	7⅞*	7⅛*	4 8 2
		80	a	120 b	De Beers 5/- Bearer	116/3*	116/3*	8 12 0
		...		...	Free State Geduld 5/-	83/9	87/6	Nil
		5	a	10 b	Randfontein £1	63/9	64/4½	4 13 3
		22	c	24 c	London Tin 4/-	7/6	7/9	12 7 9
		200	b	50 a	Rhokana £1	38⅛	37⅛	6 13 4

New York Closing Prices

	Apr. 4	Apr. 13		Apr. 4	Apr. 13		Apr. 4	Apr. 13
	$	$		$	$		$	$
Balt. & Ohio	43½	45	Am. Smelting	48	48½	Inter. Paper	87½	91½
Can. Pac.	29½	30½	Am. Viscose	46½	47½*	Nat. Distill.	21½	21½
N.Y. Cent.	36½	40½	Cel. of Am.	22½	23½	Sears Roebuck	80½	82½
Pennsyl.	26½	28½	Chrysler	72½	75½	Shell	61⅛	61⅞
Amer. Tel.	179½	181	Gen. Elec.	51½	52½	Std. Oil of N.J.	113½	115
Stand. Gas	10½	11½	Gen. Motors	94½	95½	U.S. Steel	78½	82
United Corp.	6½	6⅞	Goodyear	58	61½	Westinghouse	78⅛	78
W. Union Tel.	95½	102½	Inter. Nickel	64½	64½	Woolworth	49½	49½

* Ex dividend. † Free of tax. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 14·4%. (h) Also 4% tax free bonus and 50% tax free from capital profits; on 14·8%. (i) On 13⅓%. (j) On 11½%. (k) On 8%. (l) To latest date. (m) On 10%. (n) On 9⅓%. (o) On 9%. (p) On 8⅔%. (q) On 22% gross. (r) On 37½%. (s) On 22·7% gross. (u) Interim for 15 months. On 12%. (w) On 17½%. (x) On 12½%. (y) On 11%. (z) On 8⅓%. (§) On 20%. ‡ On 15%.

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	April 2nd	Western Europe: Production and Trade	April 2nd
Production and Consumption	April 9th	British Commonwealth	April 9th
Manpower	This week	Western Europe: Prices and Money Supply	This week
External Trade	Mar. 26th	United States	Mar. 26th
Financial Statistics	This week	World Trade	Jan. 15th
Industrial Profits	Jan. 15th		

Manpower in Great Britain

	Unit	Monthly averages			1954				1955		
		1952	1953	1954	Jan.	Feb.	Mar.	Dec.	Jan.	Feb.	Mar.
TOTAL MANPOWER (1)											
Working population:											
Total	'000s	23,294	23,373	23,667	23,583	23,565	23,543	23,816	23,844	23,852	...
Men	"	15,864	15,883	15,974	15,980	15,971	15,943	16,049	16,077	16,084	...
Women	"	7,430	7,490	7,693	7,603	7,594	7,600	7,767	7,767	7,768	...
Armed Forces	"	872	865	839	847	844	846	830	831	829	...
Civil employment:											
Total	"	22,119	22,238	22,604	22,375	22,375	22,385	22,714	22,726	22,745	...
Agriculture, forestry and fishing	"	1,112	1,087	1,074	1,043	1,039	1,040	1,022	1,027	1,027	...
Mining and quarrying	"	875	877	869	868	869	869	865	868	868	...
Building and contracting	"	1,435	1,437	1,453	1,415	1,418	1,429	1,438	1,421	1,430	...
Distributive trades	"	2,616	2,664	2,743	2,712	2,708	2,708	2,802	2,781	2,772	...
Public administration	"	1,336	1,320	1,326	1,320	1,321	1,321	1,311	1,311	1,311	...
Manufacturing industries	"	8,626	8,746	8,976	8,931	8,933	8,927	9,171	9,206	9,216	...
CHANGES IN EMPLOYMENT (1)											
Increase or decrease since June, 1950:											
Employees in engineering (2)	"	+ 212	+ 213	+ 338	+ 305	+ 309	+ 310	+ 459	+ 487	...	...
" " consumer goods industries (2)	"	− 126	− 8	+ 59	+ 53	+ 48	+ 43	+ 98	+ 98	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	414·2	342·0	284·8	372·8	387·3	342·8	256·3	297·8	281·6	269·9
" " —men	"	227·8	218·2	184·4	244·9	261·7	224·1	163·3	194·7	179·0	173·6
" " —women	"	186·4	123·8	100·4	127·9	125·6	118·7	93·0	103·1	102·6	96·3
Temporary or under 2 weeks—men	"	87·8	68·7	58·0	82·5	83·1	63·2	50·1	70·8	54·1	54·1
" " —women	"	94·7	43·9	36·4	49·4	40·4	38·0	32·1	44·5	36·5	34·9
Over 8 weeks—men	"	85·9	96·7	81·7	96·7	103·9	106·9	70·9	74·4	77·0	79·8
" " —women	"	50·2	46·3	37·1	47·9	48·3	49·4	32·2	35·4	36·0	36·2
By industry (4):											
Textiles	%	8·6	1·4	0·9	1·0	1·0	1·0	0·9	1·1	1·1	1·4
Clothing	"	2·9	1·3	1·3	1·7	1·4	1·3	1·2	1·3	1·0	0·9
Vehicles	"	0·7	0·8	0·5	0·7	0·7	0·6	0·4	0·4	0·4	0·4
Engineering, etc.	"	1·4	1·4	1·1	1·3	1·4	1·4	0·9	1·0	0·9	0·9
Coal-mining	"	0·2	0·2	0·2	0·2	0·2	0·2	0·1	0·1	0·1	0·1
Distributive trades	"	1·5	1·5	1·3	1·6	1·7	1·6	1·0	1·3	1·3	1·3
By regions (4):											
Great Britain	"	2·0	1·6	1·3	1·8	1·8	1·6	1·2	1·4	1·3	1·3
London and South Eastern	"	1·3	1·2	1·0	1·4	1·5	1·2	0·8	1·0	0·9	0·8
Eastern	"	1·3	1·3	1·2	1·6	1·9	1·6	1·0	1·3	1·3	1·3
Southern	"	1·4	1·4	1·1	1·5	1·8	1·4	1·1	1·2	1·1	1·0
South Western	"	1·5	1·6	1·5	1·9	2·0	1·9	1·6	1·6	1·5	1·4
Midland	"	0·9	1·1	0·6	0·8	0·8	0·7	0·5	0·5	0·5	0·5
North Midland	"	1·0	0·7	0·6	0·7	0·9	0·7	0·5	0·7	0·7	0·7
East and West Ridings	"	1·9	1·2	0·9	1·3	1·3	1·1	0·8	0·9	0·8	0·8
North Western	"	3·6	2·1	1·5	1·9	1·9	1·7	1·3	1·4	1·4	1·4
Northern	"	2·6	2·4	2·2	2·8	2·8	2·7	2·0	2·5	2·2	2·3
Scotland	"	3·3	3·1	2·8	3·4	3·5	3·3	2·7	3·0	2·9	2·8
Wales	"	2·9	3·0	2·5	3·1	3·2	2·8	2·2	2·6	2·3	2·1
VACANCIES											
Unfilled vacancies notified to Employment Exchanges:											
Total	'000s	230	270	338	261	258	288	338	338	352	...
Men	"	131	147	191	140	136	154	191	189	199	...
Women	"	99	123	147	121	122	134	147	149	153	...
DISPUTES (5)											
Workers involved	"	35	114	37	47	37	42	32	31	46	...
Working days lost:											
Total	"	149	182	206	128	130	175	82	91	156	...
Mining and quarrying	"	55	33	39	39	42	91	22	41	103	...
Engineering, etc.	"	66	127	62	14	14	22	35	27	22	...
Other industries and services	"	28	22	105	75	74	62	25	23	31	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding and electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) United Kingdom.

Prices and Money Supply in Western Europe

WHOLESALE PRICES (1) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
1938	31	25	44	6	51	0·4	43	2	36	55	52	21
1953	239	107	134	155	111	173	129	96	134	152	139	107
1954	250	105	134	152	110	194	126	97	136	154	139	118
1954, October	254	105	133	150	110	199	127	97	136	154	138	117
" November	258	106	136	151	110	199	128	98	136	154	139	118
" December	258	106	136	151	110	200	127	98	136	155	140	121
1955, January	260	107	137	151	111	202	...	98	...	154	140	...
" February	...	...	136	151	...	199	...	...	...	153	141	...

COST OF LIVING (1) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
1938	31	27	60	6	64	0·4	55	2	49	63	65	29
1953	205	106	123	144	108	160	126	117	129	136	130	112
1954	213	107	124	143	108	184	126	120	137	142	131	123
1954, October	213	107	125	143	109	185	...	121	138	143	131	122
" November	213	107	...	144	110	187	127	121	137	143	131	123
" December	214	107	...	145	110	188	...	121	137	144	131	125
1955, January	217	108	127	145	110	189	...	...	140	143	131	...
" February	215	107	...	145	...	187	...	...	...	...	...	...

IMPORT PRICES (2) (1948 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
1938	27*	27	40	7	39	...	39	2	24	32	45	21
1953	270	110	119	168	106	...	121	103	117	125	139	89
1954	260	104	...	166	102	...	123	103	111	122	139	92
1954, September	251	104	115*	166*	104	...	126	102	109	119	138*	101
" October	243	101	...	} 163	{ 101	...	124	102	111	122	} 139	{ 87
" November	245	103	...	}	{ 103	...	126	104	109	123	}	{ 79
" December	258	102	...		{ 102	...	125	102	109	118	}	{ 88
1955, January	260	...	...	...	103	...	...	...	...	...	...	...

EXPORT PRICES (2) (1943 = 100)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
1938	33*	25	40	6	51	...	37	2	25	32	42	24
1953	239	101	110	147	123	...	127	97	104	119	132	110
1954	236	92	...	140	118	...	125	100	99	118	130	107
1954, September	239	91	107*	138*	117	...	126	98	97	115	131*	98
" October	236	91	...	} 137	{ 117	...	125	100	98	123	} 130	{ 105
" November	233	94	...	}	{ 117	...	125	98	101	119	}	{ 110
" December	237	92	...		{ 117	...	126	100	98	118	}	{ 107
1955, January	237	...	...	...	119	...	...	...	...	...	...	...

CURRENCY IN CIRCULATION (3)

End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. £T.
1938	...	23·6	425	112	...	...	18·2	19	1,048	455	1·04	213
1953	10·25	105·9	2,032	2,310	11·97	3,503	74·3	1,424	3,394	2,998	4·89	1,461
1954	11·97	...	2,054	2,551	12·75	3·47 [6]	78·2	1,533	3,682	...	5·13	1,527
1954, October	11·30	105·7	1,880	2,471	12·58	3·58 [6]	73·1	1,397	3,553	3,031	4·80	1,607
" November	11·32	104·4	1,906	2,457	12·56	3·45 [6]	74·1	1,401	3,551	3,024	4·79	1,553
" December	11·98	...	2,054	2,551	12·75	3·47 [6]	78·2	1,533	3,682	...	5·13	1,527
1955, January	11·60	...	...	2,473	...	...	77·5	...	...	...	...	1,618
" February	...	...	...	...	...	...	77·1	...	...	...	...	...

GOLD AND FOREIGN EXCHANGE HOLDINGS (4) (mn. US Dollars)

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
1938	...	780	76·7	2,791	...	26·8	59	201	1,003	128·3	512	34
1953	271·4	1,090	166·8	956	1,984	10·5	234	952	1,161	138·3	425	212
1954	371·9	1,046	143·4	1,372	2,682	10·8	260	...	1,276	122·8	479 [7]	206
1954, November	385·2	1,043	134·6	1,240	2,585	10·8	250	...	1,253	130·4	377	209
" December	371·9	1,046	143·4	1,372	2,682	10·8	260	...	1,276	122·8	479 [7]	206
1955, January	364·8	1,064	141·5	...	2,724	11·8	253	...	1,299	108·8	466 [7]	218
" February	363·1	1,074	131·4	...	...	11·8	257	...	1,264	...	453 [7]	215
" March	359·0	...	...	...	...	...	...	...	...	...	...	...

(1) Relates only to prices in capital cities for Austria, France, Greece and Turkey. Cost of living in Paris based on 1949=100, and wholesale prices in Western Germany on July-December, 1948=100. (2) Index numbers of unit value which compare the current average value of trade with its value in 1948; they are influenced by changes in the composition of trade as well as price movements. Index numbers for Germany based on 1950. (3) Notes only for France and Austria. (4) Holdings of the government and central bank at end of period; figures for Greece are gold reserves only. (5) Beginning May, 1954, a new drachma equal to 1,000 old drachmas was introduced. (6) Average for third quarter. (7) Beginning Dec., 1954, figures include foreign investments. (8) 1937.

Financial Statistics

EXCHEQUER RETURNS

For the nine days ended April 9th there was an "above-line" deficit (after allowing for Sinking Funds) of £23,983,000 compared with a deficit of £21,346,000 in the previous five days and a deficit of £11,162,000 in the corresponding period of last year. Net expenditure "below line" was £20,038,000 bringing the total deficit to £44,021,000 (£20,002,000 in 1954-55).

£'000	Estimate 1954-55	Financial Year 1953-54	Financial Year 1954-55	Ten Days ended April 10, 1954	Nine Days ended April 9, 1955
Ord. Revenue					
Income Tax	1800,000	1730,991	1892,965	54 9 1	55,217
Surtax	132,000	132,400	154,700	5,630	4,900
Death Duties	164,575	164,500	187,900	6,300	4,900
Stamps	55,000	56,600	75,100	2,200	2,100
Profits Tax & EPT	172,000	188,400	172,800	4,500	6,300
Excess Profits Levy	60,000	65,850	76,500	2,600	3,000
Special Contribution and other Inland Revenue	1,000	1,390	1,280	...	...
Total Inland Rev.	2384,575	2140,131	2541,245	76,101	55,817
Customs	1062,500	1042,596	1100,049	33,533	24,825
Excise	719,000	721,975	771,637	10,945	11,345
Total Customs and Excise	1781,500	1764,371	1871,686	44,478	36,168
Motor Duties	77,000	73,115	78,980	3,153	2,756
PO (Net Receipt)			5,100	...	...
Broadcast Licences	21,000	16,400	22,500	...	...
Sundry Loans	24,000	38,014	23,024	108	54
Miscellaneous	245,000	136,099	195,568	5,503	5,917
Total	4532,075	4388,130	4737,892	129341	99,692
Ord. Expenditure					
Debt Interest	570,000	579,760	569,723	28,726	27,764
Payments to N. Ireland Exchequer	51,000	50,064	50,191	1,712	1,747
Other Cons. Fund	10,000	9,324	8,812	...	...
Supply Services	3859,739	3599,719	3639,953	109800	92,950
Total	4490,739	4238,867	4298,680	140238	122461
Sinking Funds	56,000	55,625	36,067	265	214
"Above-line" Surplus or Deficit	+	93,638	433,166	11,162	23,083
"Below-line" Net Expenditure*		379,401	493,647	8,840	20,018
Total Surplus or Deficit*		286,783	60,481	20,002	44,021
Net Receipts from:					
Tax Reserve Certificates		54,764	18,704	9,271	12,755
Savings Certificates		19,050	45,850	100	2,400
Defence Bonds		58,088	21,290	1486	508

* Since end September the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at April 9th this item stood at £1,300,000.

FLOATING DEBT

£ million

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
Apr. 10	3,150·0	1,587·8	296·2	...	4,856·0
1955					
Jan. 8	3,400·0	1,771·4	264·7	...	5,436·0
" 15	3,350·0	1,719·2	260·4	...	5,330·0
" 22	3,310·0	1,662·7	262·3	...	5,235·0
" 29	3,270·0	1,642·2	243·2	...	5,155·4
Feb. 5	3,240·0	1,575·9	236·8	...	5,052·7
" 12	3,190·0	1,557·1	251·8	...	4,998·9
" 19	3,160·0	1,674·1	286·4	...	5,120·4
" 26	3,150·0	1,691·5	268·0	...	5,109·5
Mar. 5	3,160·0	1,709·4	286·2	...	5,123·9
" 12	3,170·0	1,710·8	274·6	...	5,155·4
" 19	3,180·0	1,731·3	297·4	...	5,208·7
" 26	3,180·0	1,741·5	329·1	...	5,250·6
" 31		4,931·4	315·2	...	5,246·6
Apr. 9	3,200·0	1,801·9	274·1	...	5,276·0

THE MONEY MARKET

THE discount houses raised their bid at last week's Treasury bill tender by the unusually large margin of 5d. per cent (or nearly ⅛ per cent) to £99 1s. 5d. per cent (or 3.12 per cent). This move took outside tenderers by surprise, and despite the reduction in the offer by £20 million, to £250 million, the market's allotment rose from 48 to 61 per cent. The average rate of discount fell by only just over ⅛ per cent, to £3 14s. 5d. per cent. Rates on three months commercial bills were reduced by ⅛ per cent after the tender.

Credit in Lombard Street was generally short before the holiday, but on Tuesday conditions turned more stringent; relief from the authorities came only in the form of a number of special orders, and one or two houses were forced to take a trifling amount of seven-day loans at the Bank. On Wednesday market supplies of credit were adequate, though business was exceptionally quiet. June bills have this week changed hands at 3½ per cent, compared with the prevalent rate of 3⅜ per cent before last week's tender.

The price of gold in the London market has fallen steadily with the rise in sterling. The price at the fixing fell from 250s. 10½d. an ounce on Wednesday before the holiday (when spot sterling stood at $2.79⅛) to 250s. 7d. an ounce on Thursday of this week (with sterling at $2.79⅛).

The fiduciary issue was raised last week by £25 million to £1,750 million.

LONDON MONEY RATES

	%		%
Bank rate (from 3½% 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	3⅝
Banks	2½	3 month	3⅝
Discount houses	2½*	4 month	3⅝–3½
Money Day-to-day	2½	6 month	3½–3⅝
Short periods	2½	Fine trade bills	
Treas. bills 2 months	3⅛	3 month	4¼–4⅜
3 month	3⅛	4 month	4¼–4⅜
		6 month	4¼–4⅜

*Call money

BANK OF ENGLAND RETURNS

£ million

	1954	1956	
	April 14	April 6	April 13
Issue Department:			
Notes in circulation	1,609·0	1,725·7	1,730·0
Notes in banking dept.	16·3	26·6	20·4
Govt. debt and securities*	1,621·8	1,746·2	1,746·2
Other securities	0·7	0·7	0·8
Gold coin and bullion	2·9	3·4	3·4
Banking Department:			
Deposits:			
Public accounts	14·6	11·8	18·4
Treasury special account	1·0	4·1	4·1
Bankers	278·1	272·2	274·3
Others	64·6	65·9	64·1
Total	358·3	354·0	358·9
Securities:			
Government	335·0	308·4	331·3
Discounts and advances	7·8	20·1	8·8
Other	14·1	14·2	13·7
Total	356·9	342·6	353·8
Banking department reserve	19·1	29·0	22·8
"Proportion"	5·3	8·1	6·3

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced from £1,775 million to £1,725 million on January 20 1955

TREASURY BILLS

Date of Tender	Amount £ million: Offered	Amount £ million: Applied For	Amount £ million: Allotted	Average Rate of Allotment s. d.	Allotted Max. Rate %
1954					
April 10	250·0	357·6	250 0	48 4·20	62
1955					
Jan. 7	250·0	575·5	250·0	58 4·29	63
" 14	250·0	344·1	250·0	38 11·97	63
" 21	250·0	351·1	220·0	40 5·46	63
" 28	210·0	376·8	210·0	46 7·35	63
Feb. 4	220·0	387·4	220·0	46 5·37	63
" 11	250·0	365·0	250·0	46 5·57	63
" 18	250·0	366·9	250·0	46 1·97	63
" 25	260·0	381·9	260·0	75 8·32	63
Mar. 4	260·0	390·0	260·0	75 8·93	63
" 11	270·0	393·9	270·0	78 0·65	63
" 18	270·0	385·2	270·0	75 11·64	63
" 25	280·0	410·2	280·0	78 11·21	63
April 1	270·0	408·5	270·0	75 10·33	63
" 7	250·0	402·4	250·0	74 5·00	63

* On April 7th tenders for 91 day bills at £99 1s 0d secured about 61 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £250 million

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates April 13	Market Rates: Spot April 5	April 6	April 7	April 9	April 12	April 13
United States $	2·78–2·82	2 79⅛–2·79⅛	2·79⅛–2·79⅛	2·79⅛–2·79⅛	2·79⅛–2·79⅛	2 79⅛–2·79⅛	2·79⅛–2·79⅛
Canadian $		2·74⅜–2·74⅜	2·74⅜–2·75⅛	2 75⅛–2·75⅛	2·75⅛–2·75⅛	2 75⅛–2·76⅛	2·76⅛–2·76⅛
French Fr.	972·65–987·35	980–980½	980–981½	982½–983	982½–983	982½–983	984–984½
Swiss Fr.	12·15⅛–12·33⅛	12 28½–12 28½	12 28½–12 28½	12 28½–12 28½	12 28½–12 28½	12 28½–12 28½	12 28½–12 28½
Belgian Fr.	138 95–141·05	140·00–140 05	140·02½–140 07½	140·00–140·05	140·02½–140·07½	140·10–140 15	140·22½–140·27½
Dutch Gld.	10·58–10·72	10·65–10·65½	10·65–10·65½	10·64½–10·64½	10·64½–10·64½	10·64½–10·64½	10·64½–10·64½
W. Ger. D Mk.	11·67⅛–11·84⅛	11 80–11 80½	11 80–11 80½	11 80–11 80½	11 79½–11 80½	11 80–11 80½	11 79½–11 80½
Portuguese Esc.	79·90–81·10	80 10–80·20	80·10–80·20	80·10–80·20	80·10–80·20	80·10–80·20	80·10–80·20
Swedish Kr.	14·37⅛–14·59⅛	14·55½–14·55½	14·55½–14·55½	14·55½–14·55½	14·55½–14·55½	14·55½–14·55½	14·55½–14·55½
Danish Kr.	19·19½–19·48½	19·40½–19·40½	19·40½–19·40½	19·40½–19·40½	19·40½–19·40½	19·40½–19·40½	19·40½–19·40½
Norwegian Kr.	19·85–20·15	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½
One Month Forward Rates							
United States $		¼c. pm	¼c. pm	¼c. pm	¼c. pm	¼c. pm	¼c. pm
Canadian $		⅛c. pm	⅛c. pm	⅛c. pm	⅛c. pm	⅛c. pm	⅛c. pm
French Fr.		Par 1 dis	Par 1 dis	Par 1 dis	Par 1 dis	Par 1 dis	Par 1 dis
Swiss Fr.		2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm
Belgian Fr.		½–¼ pm	½–¼ pm	½–¼ pm	½–¼ pm	½–¼ pm	½–¼ pm
Dutch Gld.		3 2½c. pm	3 2½c. pm	3 2½c. pm	3 2½c. pm	3 2½c. pm	3 2½c. pm
W. Ger. D Mk.		1½–1pf. pm	1½–1pf. pm	1½–1pf. pm	1½–1pf. pm	1½–1pf. pm	1½–1pf. pm
Swedish Kr.		½–⅜ pm par	½–⅜ pm par	½–⅜ pm	½–⅜ pm	½–⅜ pm	½–⅜ pm
Danish Kr.		Par–3c dis	Par–3c dis	Par–3c dis	Par–3c dis	Par–3c dis	Par–3c dis
Norwegian Kr.		½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/9½	250/10½	250/10	...	250/8½	250/7



Liverpool and Birkenhead . . .

stand at the import and export gateway to the great industrial regions of England.

Martins Bank, with its Head Office in Liverpool, offices in London, and a network of over 600 branches covering the important provincial cities and towns of England and Wales, is organised to assist industrial and commercial enterprises large and small.

MARTINS BANK LIMITED

London District Office: 68 Lombard Street, E.C.3
HEAD OFFICE: WATER STREET, LIVERPOOL, 2
Total Assets (as at 31st December, 1954), £363,655,940

HALIFAX BUILDING SOCIETY

ASSETS £237,000,000
RESERVES £12,000,000

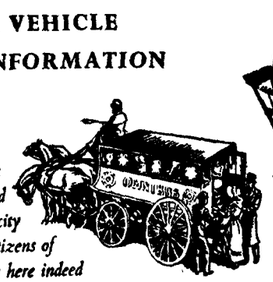
SAVINGS AND INVESTMENTS
The interest rate on Paid-up Shares is now 2½% with income tax paid by the Society — maximum investment £5000.
Apply for Investment Brochure

HEAD OFFICE HALIFAX YORKS.
LONDON 51-55 STRAND W.C.2

Branches and Agencies throughout the United Kingdom

THE LONDON OMNIBUS

A VEHICLE
OF INFORMATION



WHEN Shillibeer's omnibus first clattered its way through the city streets in 1829 the citizens of London realized that here indeed was a public service worth knowing and using.

Likewise, the London Assurance offer the public another kind of useful service by journeying into print with selections from their own omnibus collection of insurance policies.

Better Terms
When school fees come in, some fathers find themselves wrestling with sums. Others have discovered, however, that the right answer to this particular problem is to take out an Education Policy with us well before schooling begins. It's just a matter of good arithmetic.

"How to be Well Assured"
The many different kinds of Life Assurance we provide deserve a volume to themselves—and they have one. Our booklet "How to be Well Assured" has helped many people to find the Life Policy that suits them exactly. Would it help you?

Valuables Advice
"Rings on her fingers and bells on her toes, she shall have cover wherever she goes" if her jewellery, furs and other valuables are safeguarded by our All-Risks Policy.

There's more to be said . . .
If you would know more about any of the policies outlined here, if we can provide any information about any other particular policies or about insurance problems generally—pray make what use of us you wish. Our address is 1 King William Street, Department X6, London, E.C.4.

THE LONDON ASSURANCE

"Very good people to deal with"

ALLIANCE

ASSURANCE COMPANY LIMITED

Head Office:

BARTHOLOMEW LANE, LONDON, E.C.2

Established 1824

The Finest Service

for

All Classes of Insurance

REPRESENTATION THROUGHOUT
THE UNITED KINGDOM
THE BRITISH COMMONWEALTH AND
ELSEWHERE ABROAD

The Company undertakes the duties of Executor and Trustee

THE BOWATER ORGANISATION

The Bowater Corporation of North America Limited announces that a new company, The Bowater Power Company Limited, (incorporated in the Province of Newfoundland, Canada) has been formed with the object of acquiring and operating the hydro-electric development, at present owned and operated by Bowater's Newfoundland Pulp and Paper Mills Limited, and of acquiring the undeveloped water powers and the water power rights at present owned by that Company.

The value of the assets now to be taken over by the Power Company have been appraised at a sum in excess of $34,000,000.

The directors of the Power Company will include Sir Eric Vansittart Bowater (President)—Chairman of The Bowater Paper Corporation Limited and President of The Bowater Corporation of North America Limited, G. S. Currie (Vice President), Gordon R. Ball, President of Bank of Montreal, Paul Bienvenu, President and Managing Director of Catelli Food Products, Eric Cook, Q.C., H. M. Spencer Lewin, Vice President of Bowater's Newfoundland Pulp and Paper Mills Limited and John H. Price.

The existing hydro-electric plant, which has an installed capacity of 150,000 horsepower, supplies the entire power requirements of Bowater's Newfoundland Pulp and Paper Mills Limited at Corner Brook, Newfoundland. In addition, it supplies the regional requirements of The Newfoundland Light & Power Company Limited, the Buchans Mining Company Limited, and other industries in the area.

The demand for electrical energy in this area is increasing rapidly and one of the objects for which the new Power Company has been formed is the further development of the water powers within the drainage areas now to be acquired by the Power Company.

SAFETY-FIRST INVESTMENT

2½%

per annum

Income Tax paid by the Society

Equal to £4.10.10 per cent to investors subject to income tax at the standard rate

The current rate of interest on share accounts is 2½%, and on ordinary deposit accounts 2%, with income tax paid by the Society in each case. Sums up to a total holding of £5,000 are accepted for investment in Abbey National. For further particulars apply for a copy of the Society's Investment Booklet.

Total Assets exceed £213,461,000

ABBEY NATIONAL

BUILDING SOCIETY

HEAD OFFICE:
ABBEY HOUSE, BAKER STREET, LONDON, N.W.1

For address of Local Office see Telephone Directory

UNILEVER LIMITED AND UNILEVER N.V.

The Boards of Unilever Limited and Unilever N.V. RESOLVED to-day to RECOMMEND to the Annual General Meetings of their respective Companies, which will be held on 26th May, 1955, the DECLARATIONS of FINAL DIVIDENDS on the Ordinary Capitals in respect of the year 1954 payable on 9th June, 1955, as follows:

1. In the case of Unilever Limited a DIVIDEND of 9¼% actual (1/11.4d. per £1 of stock) less income tax, making 15¼% for the year ended 31st December, 1954, PAYABLE TO STOCKHOLDERS REGISTERED in the books of the Company on the 14th May, 1955.

2. In the case of Unilever N.V. a DIVIDEND of 8¼% actual (Fl. 87.5 per share of Fl. 1,000) making 14% for the year ended 31st December, 1954.

The total dividends are at the same rates as for 1953 but are payable on the ordinary capitals as increased by the one-for-four scrip issues in December, 1954 and, in the case of N.V., by the ordinary capital issued during 1954 to meet the conversion of 3½% Convertible Notes. The dividends for LIMITED and N.V. are equivalent in value under the terms of the Equalisation Agreement between the two Companies.

Trading conditions continued generally favourable in 1954 and results were satisfactory. The value of turnover at £1,437,429,000 compares with £1,310,121,000 for 1953.

The combined trading profit of the Group's operations throughout the world was £70,095,000 (1953 £61,584,000). Taxation for the year amounted to £38,218,000 (1953 £33,821,000) and the consolidated net profit to £31,854,000 (1953 £25,799,000). The consolidated net profit for 1954 includes £2,667,000 (1953 £575,000) of exceptional items and non-recurring profits.

The N.V. figures included in the profits and taxation for 1953 have been adjusted to a conversion rate of Fl. 10.64=£1, the same as used in 1954.

The results for the Groups separately were:

	Consolidated Net Profit	*Profit of Parent Company*
Unilever Limited	£19,117,000 (£16,891,000)	£9,067,000 (£7,325,000)
Unilever N.V.	£12,737,000 (£8,908,000)	£6,141,000 (£4,707,000)

The Reports and Accounts of both Companies will be issued on 3rd May, 1955.

13th April, 1955.

COMPANY MEETINGS

THE ANGLO-PORTUGUESE TELEPHONE COMPANY

SATISFACTORY PROGRESS CONTINUED

EXCEPTIONALLY HIGH RATE OF DEVELOPMENT

SIR ALEXANDER ROGER'S STATEMENT

The sixty-eighth annual general meeting of The Anglo-Portuguese Telephone Company, Limited, will be held on May 2nd at Strowger House, 8 Arundel Street, London, W.C.2.

The following is an extract from the statement by the chairman and managing director, Sir Alexander Roger, KCIE, which has been circulated with the report and accounts:

ACCOUNTS

The accounts for the year ended December 31, 1954, show clearly the continued satisfactory progress of the company. The exchange rate has remained stable at Esc.80.50 to the £ since September, 1949, and for the fifth successive year all currency figures have been converted at that rate.

The increase in total revenue from £1,820,525 in 1953 to £2,029,814 in 1954 is the direct result of the large-scale development of the company's systems in Lisbon and Oporto in recent years.

Total expenses, including renewals and depreciation, royalties, taxation, debenture and loan interest, sinking fund instalments and the expenses of the capital issues during the year amount to £1,707,276, and are £102,973 higher than in the previous year.

The company's contribution to the State and certain municipalities in Portugal in 1954, in the form of royalties payable in cash, and telephone services supplied without charge or at reduced rates, represented a sum of 16,709 contos, equivalent to £207,567.

The net revenue of £322,538 is £106,316 higher than in 1953, and it is proposed to pay a final dividend of 5 per cent on the increased ordinary stock which, together with the interim dividend of 3 per cent paid in November last, makes 8 per cent for the year. It is also proposed to pay a dividend of 8 per cent on the "A" ordinary stock.

The above dividends, together with the dividend on the preference stock, account for £135,623, and after transferring £150,000 to general reserve, the carry forward is increased by £36,915 to £139,238.

In June, 1954, 255,000 unissued ordinary shares were offered to existing stockholders at par. Stockholders took up over 96 per cent of their rights and applications for excess shares greatly exceeded the number of shares available.

Also in June last the company offered one million 6 per cent cumulative preference shares of £1 each at par to the public. This issue was heavily oversubscribed, necessitating substantial scaling down of applications.

These capital issues enabled the company to repay temporary borrowings from Telephone and General Trust, Limited, and to purchase new equipment for the telephone systems in Lisbon and Oporto. At the end of the year borrowings from the trust had been resumed and amounted to £35,393.

Our consulting engineers have made their annual investigation of the telephone plant and equipment. In accordance with their recommendations the provision for renewals has been increased to £1,999,458, representing 24 per cent of the cost price of installed plant, which they state is, in their opinion, adequate.

The provision for renewals, together with the company's reserves, continues to be invested in the business.

During the year telephone material to the value of £794,700 was shipped to Portugal from the United Kingdom, while purchases of materials manufactured in Portugal exceeded 27,800 contos, say £345,300. The total value of shipments over the past five years was £2,625,200, and the value of purchases in Portugal in the same period totalled 89,800 contos, equal to £1,115,500. These figures show that the company makes a substantial contribution to the industrial interests of both the United Kingdom and Portugal.

GENERAL PROGRESS OF THE COMPANY

It will thus be seen that we are an important entity in the business and social life of the community and the Portuguese Government looks to us, not only to supply an efficient service, but to expand in step with the development of the country.

To do this and to meet the heavy calls upon us, it was decided eighteen months ago to prepare the four-year expansion plan for 1954-1957, the introduction of which I announced in my statement last year.

The demand is such that we have already had to revise this plan and we propose to increase the objective number of lines to be installed from the original 51,000 to 60,000 over the period.

During 1954, 17,297 new stations (which include 14,581 exchange lines) were added, representing an exchange line growth of 14.5 per cent per annum. This is an exceptionally high rate of development and in excess of the achievements of telephone undertakings in most countries in normal conditions. The number of stations in service at December 31st last was 151,883.

It is world-wide experience that the telephone business never ceases to expand in a progressive community. As is being proved in our case the greater the facilities we provide the greater becomes the demand for service. During the last four years, 1951 to 1954, over 50,000 stations have been added and yet the present-day demand is at the rate of over 1,500 applications per month.

This constant and increasing demand for telephones is a measure of the economic progress in Portugal and is a healthy sign of the future development and expansion lying before the company.

EXTENSIVE DEVELOPMENT

In the course of the year, five new exchange buildings were completed and work started on a further four buildings.

In Oporto the new Lapa Automatic Exchange, with an initial capacity of 4,000 lines, was brought into service during March when the opening ceremony was presided over by Dr Domingos Braga da Cruz, Civil Governor of Oporto, in the presence of the Military Governor, the British and American Consuls, senior officials of the Government and Municipality and leading members of the industrial and commercial community.

Later in the year, in October, the Bonfim Manual Exchange, also in Oporto, was converted to automatic working, and at the same time the capacity was increased from 2,400 to 3,400 lines.

In Lisbon the unique operation was undertaken of bringing into service on the same day in January of this year, three new automatic exchanges at Sacavem, Pedroucos and Algés. As the result of well-planned organisation, this was completed smoothly and efficiently.

At the inaugural ceremony of this multiple cut-over the company was honoured by the presence of the Minister of Communications, Colonel Manuel Gomes de Araujo. We were also pleased to welcome the Civil Governor, the Postmaster General, together with a number of his principal assistants, and the British Chargé d'Affaires.

The newspaper reports were highly complimentary and the Minister of Communications is quoted as saying in the course of his speech that it was his duty, in the name of the Government, to convey his congratulations to the company for the development of the networks and for the meritorious work which had been accomplished in the past two years. He went on to say that it was clear that the company, despite difficulties, had made great efforts to fulfil its obligations and to give the cities of Lisbon and Oporto the telephones they required.

Also during 1954, equipment was brought into service at three of our largest exchanges to accommodate additional subscribers, namely, 5,000 at Campo Pequeno, 3,200 at Estrela, and 2,000 at Norte.

Throughout the year the installation staff were working to a very tight schedule but successfully completed all projects ahead of time.

The company is well served by the contractors who are entrusted with the extensive building construction now being undertaken. The new buildings are architect designed and solid in construction and the builders can always be relied upon to complete their work by the scheduled date, thereby making it

possible for the installation programme to be adhered to without costly delays.

FINANCE

In carrying out its plans, the company is assured of financial support from Telephone and General Trust, Limited, by means of temporary loans. These invaluable facilities in conjunction with the ever-ready co-operation of our two great associated manufacturing companies, Automatic Telephone and Electric Company, Limited, and British Insulated Callender's Cables, Limited, who supply the bulk of our telephone and cable equipment, provide a closely integrated finance and manufacturing service at the British end.

Once the engineers' and technicians' plans have been approved by the London Board, the smooth working of the programme depends on co-ordination of financial and manufacturing, building and installation schedules. Frequent conferences are held between our engineers and the representatives of the manufacturers, both in Portugal and in Britain, to settle problems and adjust timetables, and by this means deliveries of equipment are assured precisely when required. At the same time, temporary finance must always be available to meet obligations and day-to-day commitments.

At December 31, 1954, the total borrowings from Telephone and General Trust, Limited, amounted to £35,393, and by March 31, 1955, the figure had risen to £550,000 approximately. The successful fulfilment of our plans requires substantial purchases of plant and equipment necessitating increased finance. A part of this finance is supplied from within the company, the reserves being fully invested in the business, but it is necessary to repay temporary loans by offering permanent capital from time to time.

As part of our financial plans it is proposed to offer 280,500 of the existing unissued ordinary shares to ordinary and "A" ordinary stockholders in the proportion of one new ordinary share for every £10 of stock held. Details will be issued in due course.

STAFF TRAINING

As our networks expand additional technicians and mechanics in substantial numbers must be added to the staff. For the past six years a technical school has been maintained within the company and all new staff assigned to our technical establishments receive an adequate training.

The company provides opportunities for young men who have studied in technical schools to attend evening classes to take an intensive course over a period. This is followed by an examination and successful candidates are admitted to service and receive further training in day classes. After completing the general course, trainees with particular ability are encouraged to take specialised courses and in the thirteen months prior to December last 647 passed out qualified.

The training in the company not only provides a thorough grounding in telephone technique but also gives the instructors an opportunity to select trainees and assign them to the work for which they display the greatest aptitude.

VISITS TO EXCHANGES

Portugal receives an increasing number of visitors each year including many from Great Britain. It is probable that some of these visitors are stockholders of the company and I extend to them a hearty invitation to visit one of our main exchanges in Lisbon or Oporto. Our administration in Portugal is always glad to welcome stockholders and those who have had the opportunity of seeing something of our system are full of praise of the company's enterprise and the organisation behind it.

PORTUGAL

Portugal today is in a strong position not only for the advances it has made in its planned national economy, but also as a respected member of both the North Atlantic Treaty Organisation (Nato) and the Organisation for European Economic Co-operation (OEEC). Substantial reserves of gold and foreign exchange have been accumulated, the balance of payments is satisfactory and the escudo ranks among the hard currencies of the world.

This picture is in sharp contrast with the position of a quarter of a century ago and the transformation of Portugal is largely based on the far-seeing vision of H. E. Doutor Antonio Oliveira Salazar, the Prime Minister.

When in 1932 Dr Salazar first assumed the responsibilities of government leadership and created the "New State," Portugal had passed through a long period of political and economic uncertainty. It fell to Dr Salazar to introduce a clear financial policy and to impose rigid measures to implement it. Through the awakening of interest in Portugal's extensive overseas territories and by sound financial and profitable industrialisation at home, economic recovery is being achieved under the management and leadership of their great Prime Minister.

The overseas territories, among them Angola and Moçambique, are a potential source of great wealth, and large sums of money are being spent by the Portuguese Government in their development. Portugal is already reaping much benefit from this policy.

Before the advent of the "New State," Portugal was using up reserves to buy goods on the world market which could have been obtained with escudos from her own territories overseas where heavy surpluses existed. Similarly other goods were being bought abroad which could have been produced within the escudo area. Now over 15 per cent of all Portugal's imports are received from the overseas territories, who take 27 per cent of her exports in return.

Sufficient olive oil is now produced to satisfy the home demand, leaving a small but growing surplus for export, and it is probable than an exportable surplus of rice may be available in the near future.

By careful afforestation, over 28 per cent of the country's surface has been converted to timber production and now over one quarter of all Portugal's exports derive from forestry. Under this heading come timber, cork and the valuable by-product resin.

Although Portugal is still mainly an agricultural country, considerable industrial growth has been achieved and an increasing proportion of the surplus man power is being absorbed.

Exports of manufactured goods are now over eleven times greater than in 1930.

A large nation-wide hydro-electric scheme is under construction to produce cheap power from the country's natural resources, and the benefit of this enterprise is already being felt; imports of anthracite are now only one-tenth of the tonnage imported twenty years ago. Plans are well advanced for the construction of iron and steel plants which will provide an entirely new field of activity in Portugal.

The United Kingdom maintains a steady position at the head of the list of countries trading with Portugal, supplying between 15 and 16 per cent of her total imports and taking over 14 per cent of her total exports.

Furthermore, the United Kingdom is by tradition a heavy investor in Portugal and large sums of British capital are invested, not only in this company but also in tramways, mining, cork, the port wine industry and, in recent years, in telephone equipment and cables.

The cordial relations existing between the governments of the two countries provide the greatest encouragement to all the British companies operating in Portugal. Speaking for the company it will be appreciated that our future prospects are in many ways allied to the financial and economic expansion and stability of the Portuguese nation and I see no reason to doubt why these should not be maintained and strengthened.

VISITS AND PERSONNEL

I made two visits to Portugal during 1954 and on both occasions was received by H. E. Doutor Salazar. My conversations with him, as always, were conducted in an atmosphere of great cordiality. His Excellency continues to show a keen interest in the company together with a ready appreciation of its achievements and understanding of its problems.

I also had the pleasure of meeting and exchanging views with several of the Ministers of the Government and the foremost figures in Portuguese banking and commercial circles, and I am happy to say that your company continues to enjoy a high measure of goodwill in its endeavours to improve and expand the telephone service.

All my colleagues also paid comprehensive visits to Portugal at various times during the year.

Your company is particularly indebted to the Minister of Communications, Colonel Manuel Gomes de Araujo, who, by his frequent presence at the inauguration ceremonies which precede the opening of the company's new exchanges, shows his understanding and recognition of our efforts to widen and develop telecommunication services.

The London board acknowledges the invaluable collaboration between our esteemed chairman of the board in Portugal, Senhor Engenheiro Antonio Branco Cabral, CBE, and his colleagues on the board, and Doutor Antonio Bustorff Silva, CBE, our legal adviser.

We take this opportunity to congratulate both Senhor Engenheiro Antonio Branco Cabral and Dr Antonio Bustorff Silva on having had conferred upon them during 1954 the honour of Commander of the Order of the British Empire, a distinction which has given great pleasure to all their many friends in England and Portugal.

I would like, on your behalf, to thank the personnel of the company at all levels in Portugal and in London for their strenuous work throughout the past year. The extent and rapidity with which your company is expanding places a severe task upon the company's forces and calls for clear-headed administrative and executive leadership. Based upon my own personal knowledge, and on that of my fellow directors, the confidence which we have in Mr R. S. Thorp, our general manager in Portugal, and in all our officers and staffs, has been, and is being, well earned.

Orders and copy for the insertion of Company Meeting reports must reach this office not later than Wednesday of each week and should be addressed to:

The Company Meetings Department,
The Economist,
22 Ryder Street, S.W.1.

MANCHESTER OIL REFINERY (HOLDINGS) LIMITED

INCREASED TRADING PROFITS

ENLARGED RANGE OF PETROLEUM AND CHEMICAL PRODUCTS

MR RUDOLPH DE TRAFFORD'S STATEMENT

The annual general meeting of the Manchester Oil Refinery (Holdings), Limited, will be held on April 29th in London.

The following is the statement by the chairman, Mr Rudolph E. F. de Trafford:

It is with a sense of deep regret that I have to report that within the last few days death has taken from us a valued colleague in the person of Dr Franz Kind. He was a man whose warm personality and great ability commanded our respect and earned the affection of all his colleagues and, indeed, of all who worked with him. He will be sadly missed and we shall none of us forget the great debt which we owe him for his services to the company, which his inspiration and vision were so largely instrumental in creating. I have no doubt in my mind that amongst all his important activities in the petroleum industry his association with our company was the one to which he was most attached, and certainly no one was more cheered than he was by our improved results for 1954 and no one had greater confidence in our company's future.

A MATERIAL IMPROVEMENT

Turning to the results for the year, the consolidated profit and loss account shows an increase in trading profits at £330,363. This trading profit has been struck after bringing into account the provision of £61,570, referred to in my statement last year, which was created to offset the difference between the ruling freight rates and the element of freight (carried at cost) in the refinery company's stocks at December 31, 1953. The group profit before taxation at £174,349 shows an increase of £123,180; after providing for taxation other than the profits tax arising from the distribution of the preference and ordinary dividends, and after deducting the profits attributable to outside shareholders, the group net profit of £112,447 compares with £21,692 in the previous year.

In view of this material improvement your directors recommend the payment of a final ordinary dividend of 8¼ per cent, less tax, which with the interim dividend of 4 per cent, less tax, involves a total distribution of 12¼ per cent, less tax. The final ordinary dividend requires £18,232. Preference and interim ordinary dividends already paid required £18,411, and profits tax payable on these distributions amounts to £13,325. The transfer to debenture redemption reserve has absorbed £7,098, and it is proposed to transfer a further £50,000 to general reserve, leaving a balance of £43,979 to be carried forward on the consolidated profit and loss account, as compared with £43,777 brought forward from the previous year.

WORKING CAPITAL POSITION

Before leaving the accounts, reference should be made to certain aspects of the consolidated balance sheet. The amount invested in fixed assets increased by £71,282 during the year, but after providing for depreciation the book value of these assets remained virtually unchanged. Trade investments have risen from £55,597 to £122,895, the increase arising principally from the subscription of additional capital in Albatros SA Belge pour le Raffinage de Petrole at Antwerp, in which we were already interested, and to which further reference will be made later in this statement.

The net working capital position shows little overall change. Whereas oil stocks and materials, stores and engineering work in progress show a reduction of £116,196, debtors have risen by £86,704. Balances at bankers and cash in hand at £208,832 show an increase of £180,211, but virtually the whole of this additional amount was utilised early in the New Year in remitting the funds for the subscription to the new capital of Albatros SA Belge pour le Raffinage de Petrole, and in paying for a cargo of crude which was afloat at the accounting date; these two items more than account for the increase of £148,263 in sundry creditors at the end of the year. On the other hand, it may be noted that the bank loan has been reduced from £250,000 to £225,000, that the unsecured loans of £24,000 appearing in the previous balance sheet have been repaid, and that the bank overdraft was reduced at the close of the year by £17,473, making a total reduction of £66,473 in borrowed moneys employed by the group. The only other item in the balance sheet which calls for comment is the increase in the capital general reserve from £3,087 to £20,953; the details of the various movements making up this increase are set out in the notes annexed to the balance sheet.

PETROLEUM SULPHONATE

In my statement at the last annual general meeting I referred to certain developments on which I am now able to give you further information. Your company, which was amongst the pioneers in the production of petroleum sulphonates in this country, has now satisfactorily concluded research and pilot plant work on the production of a new high quality range of these materials, which are of growing importance in the manufacture of metallic soaps for additives and cutting oils, detergents, etc. The work has been somewhat protracted, but I am hopeful that the arrangements which we have made for the expansion and improvement of our output of these products will be completed during the current year, and will bear fruit in 1956.

Our new wholly-owned subsidiary, Trafford Chemical Developments, Limited, started operation during the first half of the year under review. Its plants, which are situated at the refinery, are now producing a limited range of fine chemicals which are meeting with a satisfactory reception from customers.

We have acquired the former minority shareholding in Petroleum Inventions Limited, and this company thus becomes a wholly owned subsidiary. It is successfully engaged in the development, production, and marketing of various types of additives.

PRODUCTION AND SALES COMPANIES

The production company, Manchester Oil Refinery, Limited, operated satisfactorily throughout the year, and not only increased its output of the more specialised products, but achieved material operating economies, especially in its chemical consumption; its overall shipping rates have been in line with market prices.

The sales company, Manchester Oil Refinery (Sales), Limited, has continued to open new accounts and to maintain its position under highly competitive conditions.

Raven Oil Company, Limited, which is responsible for purchases of raw materials and the refinery's exports, had a successful year. As in previous years, this company also did business not directly connected with the operations of the refinery, and these dealings continued to be profitable.

Flexibox, Limited, in which we own two-thirds of the issued capital, again had the best year in its history. The arrangements entered into in the previous year for the promotion of its business in the United States, France, and Germany have produced gratifying results, and the company, which counts amongst its customers in those countries the major oil companies and other leading manufacturing concerns, looks forward to increasing benefits in these markets. A further capitalisation of the undistributed profits of the company has taken place, and the issued capital has been raised from £18,000 to £25,000.

BELGIAN REFINERY RECONSTRUCTION

Reference has previously been made to Albatros SA Belge pour le Raffinage de Petrole of Antwerp. Our first interest in this continental refinery was acquired in 1948 on very favourable terms. The plant, which originally consisted of a simple distillation unit, was damaged by enemy action during the war, and after its reconstruction was operated under a four-year processing arrangement (which expired in 1952) for one of the major oil companies. It became apparent that it would be necessary to modernise the installation if it were to operate economically and meet present-day demands, and the Board of Albatros therefore decided in 1951 to increase the capacity of the refinery and to install a catalytic cracker. The new plants, which produce, *inter alia*, high octane gasoline, jet fuel and liquid petroleum gases, came on stream in the autumn of 1954, and are now operating under a fresh long-term processing contract with the same major oil company. The cost of the reconstruction work was considerable, and was financed partly by loans provided by banks in Belgium and partly by the subscription of additional capital. It is our policy to maintain certain close and valuable connections on the Continent which in the past have proved remunerative and accordingly when Albatros SA Belge increased its ordinary capital by B.Frs. 25 million in 1954, and made an issue of B.Frs. 50 million participating preferred ordinary shares at the end of the year, we participated to the extent of B.Frs. 1,500,000 in the former and B.Frs. 10 million in the latter, at a total cost of nearly £85,000. The present contract does not fully utilise the capacity of the refinery, but allowing for the continued growth in the demand for petroleum products, and taking into account the fact that our total investment both direct and indirect in the ordinary,

capital of the company stands in our books at considerably less than its par value, your board is of the opinion that the longer-term outlook of this company is satisfactory and that therefore the investment will prove profitable.

CURRENT YEAR'S PROSPECTS

As far as the current year is concerned, our results to date are in line with those achieved during the past twelve months, and it would therefore be disappointing if profits could not be maintained at the present level.

It is our policy to enlarge the range of both our petroleum and our chemical products. Our programme provides for the production during the current year of certain materials which have not hitherto been produced in this country and, while we do not anticipate any marked contribution to our earnings from this development policy in 1955, it is our hope that in 1956 material benefits will accrue from our broadened activities.

In conclusion, I would like to thank my colleagues on the board, the directors of the operating companies and all the members of the organisation for their excellent work. In addition to their day-to-day duties of running the business, the principal executives have visited the United States and Germany in connection with the developments to which I have referred. Our thanks are due to them for their material contribution, both to the results of the past year and to our plans to increase the group's earning capacity.

CO-OPERATIVE INSURANCE SOCIETY, LIMITED

BONUS INCREASED

EXPENSES REDUCED

Mr S. Leonard Kassell, chairman, at the eighty-seventh annual general meeting held on April 13, 1955, said:

The CIS is an exceptional office, since not only is its paid-up share capital of £52,500 extremely small in relation to the size of the business, but it has only two shareholders, the CWS and the SCWS. No advantage from the continued expansion and prosperity of the CIS accrues to either of these shareholders, because the rate of dividend is limited by rule to 5 per cent, yielding only £2,625 per annum.

All the divisible surpluses in the ordinary and industrial life departments are distributed directly to our policyholders. The profits in the collective life and fire and general departments are disbursed to co-operative societies—of which millions of our policyholders are members. Coupled with this wide distribution of surpluses is the fact that we are one of the most economically managed insurance offices in Great Britain as the expense ratios in all our departments demonstrate.

Clearly, therefore, the CIS functions as a co-operative insurance organisation ought to do—for the benefit of its policyholders.

Our premium income during 1954 was £35,170,709, being an increase of £2,380,789 over the previous year. Our assets increased by £14,378,888 to £148,408,406.

The growth in our assets is due mainly to the expansion of our life funds of which during the past ten years over £90 million has had to be invested for the benefit of the policyholders for whom the society holds these funds in trust. These figures provide a measure of the magnitude of the investment problem which continually faces your directors.

At the end of 1954 we had over 11 million life policies in force and it is for the sole benefit of the holders of these policies that the investments in British Government and other Stock Exchange securities are made as well as the investments in properties and mortgages, and it is they who benefit eventually from any increased dividends which may be earned, for as I have already shown, the shareholders administering the business gain no profit from the investments held by the society.

As I indicated last year, the growth of the CIS shows that a great body of the general public is steadily acquiring a direct personal interest in the capital assets of this country, and your directors bear this important factor in mind when framing their investment policy.

New advances under the house purchase scheme amounted to £2,788,589. During the year we made certain alterations in our scheme in order to meet changing circumstances and to encourage applications from reliable borrowers on sound properties.

ADMINISTRATIVE COSTS

Our endeavour is to reduce costs without impairing efficiency and I think we can claim some success in this respect.

In 1954 our overall commission and expense ratio showed a further reduction from 24.02 per cent to 23.64 per cent.

The figures recently published by the Industrial Assurance Commissioner showed that in 1953 the CIS had the lowest expense ratio of any of the companies or larger societies this despite the fact that we transacted the second largest volume of new business in that class.

LIFE DEPARTMENT

During 1954 we were able to show a further increase of £3,357,033 in the new sums assured completed in the ordinary section—the total being £25,154,652, which is a record for the society.

In the industrial section the new sums assured increased by £2,006,598 to £45,586,782.

There is still an urgent need for individual life assurance protection to cover family needs which are not met by group life assurance and private or state pension schemes. In the ordinary section the special CIS policies which we put on the market last year as "Children's Plan," "Women's Plan" and "Mortgage Protection Plan" have proved a great success with the public.

The development of our industrial life business proves that there is a continued demand for this class of life assurance. As we all know, many people still prefer to pay their premiums weekly, or monthly, because this is the basis on which they are paid and on which they budget for all their household expenditure. Since it is our endeavour to provide facilities for the insurance requirements of all classes of the public, our industrial section tables are designed with this preference in mind.

INCREASED BONUSES

It gives me great satisfaction to announce an increase in the rate of reversionary bonus in the ordinary section by 2s. from 32s. per cent to 34s. per cent. This increase is very largely due to the improved interest earnings arising from the active investment policy carried out by your board.

In the industrial section also, additional reversionary bonuses have been granted.

MOTOR DEPARTMENT

This account showed a further increase of £208,817 in premium income during 1954, when the total premium income amounted to £3,502,281.

Economy of management, coupled with sound underwriting, has once again enabled us to show a profit of £185,749 in this department.

FIRE DEPARTMENT

The results in the fire department have once again been very satisfactory, and this account is making a very substantial contribution to the surplus which is being distributed by way of dividend to co-operative societies which are insured with the CIS.

The premium income was £1,573,707, which showed an increase of £114,190 over 1953. The surplus amounted to £363,110.

ACCIDENT DEPARTMENT

In the general insurance account, which includes miscellaneous business such as public liability, burglary and employers' liability, the premium income was £1,480,757 and in the personal accident account £124,739, making a total premium income in this department of £1,605,496, which is an increase of £156,269 over 1953.

Both accounts have run satisfactorily. There was a surplus of £38,621 in the personal accident account and £176,653 in the general account.

PROFIT AND LOSS ACCOUNT

It will be observed that the sum of £1,210,000 has been transferred to the profit and loss account from the departmental revenue accounts, of which £750,000 has been applied to writing down investments.

After making this transfer and making adequate reserves for contingencies, the total amount to be distributed to policyholders in respect of our operations for the year 1954 is £4,357,329, of which £3,933,505 is due to our ordinary life and industrial life policyholders, and £423,824 is payable to co-operative societies as a dividend on the fire and general and collective life premiums paid to the CIS during the year.

TAXATION

Our total tax liability in respect of our transactions during 1954 amounts to £808,652, which is £111,839 in excess of the previous year. Of this total £220,001 has been reserved for taxation on the profits in the fire and general departments and the balance of £588,651 was paid during 1954 by deduction from interest earnings.

The report and accounts were adopted.

BRITANNIC ASSURANCE COMPANY LIMITED

ANNUAL INCOME OVER £15,500,000

£1,917,000 ALLOCATED TO POLICYHOLDERS FOR BONUSES

Mr J. A. Jefferson, FIA, presiding at the eighty-ninth annual general meeting on April 1, 1955, said:

It gives me pleasure to report another year of steady progress in all branches. In the life branches premiums increased during 1954 by £449,000 to £11,678,000. Our gross interest income increased by £384,000 to £3,826,000, and our total funds increased by £5,975,000 to £91,345,000. Policies in force in the life branches now assure, with bonuses, £203,699,000—exceeding the £200 million mark for the first time. Increased surpluses have enabled us to improve the bonuses to policyholders in both the ordinary and industrial branches. The over-all allocation to policyholders this year is £1,917,000, compared with £1,742,000 a year ago.

ORDINARY BRANCH

New policies issued in the ordinary branch in 1954 assured over £7,262,000 after deducting reassurances. The premium income increased by £116,000 to £3,903,000, and the assurance fund rose by £2,151,000 to £33,655,000. Net interest increased by £94,000 to £1,097,000 and the net yield by 1s. 7d. to £3 8s. 3d. per cent. Expenses were at the moderate rate of 11.54 per cent of the premiums. Mortality was favourable, and the death claims at £366,000 were actually £31,000 less than in 1953. Claims under maturing endowment policies resulted in payments of £1,432,000 to surviving policyholders. Surrenders and lapses were lower than in the previous year.

A year ago I expressed the hope that the Chancellor of the Exchequer would implement the recommendations of the Millard Tucker Committee with regard to retirement provisions made by self-employed persons, and so remedy the injustice under which this class suffers. Nothing was done for them in 1954, but we are hoping they will not be overlooked in the 1955 Budget. Tax concessions to those who save for the provision of pensions would be entirely consistent with the curbing of inflation which, if unchecked, could so seriously undermine our export effort upon which so much depends.

In the industrial branch the premium income at £7,774,000 showed the satisfactory increase of £333,000 while the fund rose by £3,342,000 to £49,681,000. It is interesting to note that the increase in the industrial branch fund in the year 1954 was as much as the total increase in the fund made during the first 55 years of the company's existence. as the total increase in the fund made during the first 55 years of the company's existence.

Death claims amounted to £1,599,000 and were only £14,000 more than those of a

The net rate of interest earned again increased and at £4 4s. per cent was 1s. higher than the rate earned in the previous year. The expense rate was 26.02 per cent, a reduction during the year of .64 per cent. This has been achieved by constant attention to efficiency. The expenses of collection and the new business expenses have risen in amount and it is in the expenses of management that we have achieved a reduction. We are therefore keeping a tight control on the overall expense ratio, and at the same time increasing the individual earnings of our staff.

A gratifying feature of this year's results is a reduction in the number of policyholders who discontinued premium payments on their policies. Lapses have for ever been a matter of concern to us, but for many years now they have been at a low level. Last year only three out of every hundred policies in force were discontinued. In 42 per cent of the cases which lapsed the policyholders received a paid-up policy for an amount proportionate to the number of years' premiums paid; in 31 per cent of the cases they received a cash surrender value generally in excess of the minimum statutory requirements; the remaining 27 per cent were policies of under one year's duration and they received life assurance cover for periods much in excess of the actual periods of premium payments.

The "home service" insurance industry continues to play an important part in the economic life of the country. Some £150 million a year in premiums are being collected, and policyholders' funds are increasing at a rate of over £40 million a year. These are real savings and are an important factor in the nation's effort to keep a check on inflation. In addition, some part of the £30-odd million paid out on maturing endowment claims each year to policyholders, whose thrift has reaped these returns, will no doubt be retained by them in some form of savings.

In the ordinary branch the surplus earned in the year was £1,114,000—nearly £100,000 more than in 1953. The directors have declared a reversionary bonus of £1 14s. per cent—against £1 12s. per cent in the previous year—at a cost of £857,715.

INDUSTRIAL BRANCH

In the industrial branch the surplus earned in the year was £1,935,000, and the directors have allotted £1,060,000 for bonuses to policyholders which enables them to improve the schemes again. This is the first time that over £1 million has been allocated to our policyholders in any one year, and it brings the total set aside for industrial branch policyholders' bonuses to over £10 million. This is a suitable opportunity to remind you again that these contracts do not entitle the holders to bonuses, and these allocations, which have now been made for very many years, are entirely a voluntary sharing of prosperity with our clients. It is right that they should so share, and we are pleased to be able to announce increased bonuses this year. Accumulated bonuses now go up to as much as 35 per cent added to the sums assured for policies which have been in force for 35 years or more.

Nineteen fifty-four was not an easy year for those of us concerned with long-term investment. Throughout the year prices of all classes of securities were rising until checked by hints of a rise in the Bank rate. This corrected what many of us felt to be a certain unrealistic trend in fixed-interest securities, but it still left ordinary shares at prices which seemed to have been inflated by the natural optimism of investors in ordinary shares and which paid little regard to the possibilities of disappointment.

I am no pessimist about the economic strength of this country, but I view with concern any tendency to ignore the hard economic facts of our position in a highly competitive world. Over-confidence can be as damaging as lack of confidence, and I therefore welcome the Chancellor of the Exchequer's recent timely reminder to us all by his action in raising the Bank rate again.

Thoughts such as these were present in our minds through most of 1954 and are reflected in the way we have laid out our new money during the year. The bulk of it—£3,659,000—has gone into loans to local authorities. £1,640,000 has been invested in carefully selected ordinary shares, in which class we now have 16.76 per cent of our assets, and £1,727,000 was retained liquid as cash at the bank.

The recent drop in prices on the Stock Exchange is a clear example of how quickly a change can come about. As you know, we have always regarded financial strength as of primary importance to an assurance company. As we grow so must we continue to maintain the very strong financial position we have built up over the years. This year we have increased our transfers to the investment reserve funds, and the transfer of £475,000 brings these funds up to £6,575,000. Although the present market value of our assets is very much in excess of the balance sheet figures, we must always take a long-term view and build steadily for the future. Nor must we forget that the brightest of futures is always liable to have its cloudy patches.

We again had a good year in the fire and accident branch. Premium income increased by £45,000 to £678,000, and the gross profit of £45,569 was again a record, being £4,538 more than in the previous year. The British General Insurance Company, who manage this business for us, have been as helpful and efficient as ever, and we thank them for all they do for us. I am sure they value highly our association—as indeed we do ourselves.

The transfer to staff pension fund has been increased by £20,000 to £220,000. Our liabilities under the scheme continue to grow, and I feel you will be interested to know that we now have 549 retired servants of the company enjoying the benefits of this scheme. In addition, although it is only just over three and a half years since the scheme was extended to include widows and their children, 113 widows and seven children are already benefiting.

Most of the credit for the year's results must go to the staff. I have said before that we regard them as our greatest asset, and that is as true today as ever it was. I express to them on behalf of us all a sincere word of thanks for their good work. I would also like to add a special word of thanks to those of them who have given their time to serve on local committees of the Industrial Life Offices. In our industry's campaign to spread a wider understanding of our business, these committees have done invaluable work. The status of our industry today, and public appreciation of our contribution to the national well-being, is higher than it has ever been. Our staffs themselves by their conduct and their activities have done much to bring this about.

THE NATIONAL MUTUAL LIFE ASSURANCE SOCIETY

THE 125th ANNIVERSARY

PREMIUM INCOME EXCEEDS £1 MILLION

EXCEPTIONALLY HIGH BONUSES

NEED FOR SOUND AND STABLE CURRENCY

MR KENNETH A. E. MOORE'S REVIEW

The annual general meeting of The National Mutual Life Assurance Society was held on April 6th at the head office, 39 King Street, Cheapside, London, E.C., Mr Kenneth A. E. Moore, FCA, the chairman, presiding.

The actuary and manager, Mr G. H. Recknell, FIA, FFA, having read the notice convening the meeting, the minutes of previous meetings and the report of the auditors, the chairman said: Gentlemen,—This annual general meeting is something of a milestone in our affairs in that it marks the 125th anniversary of the society. It is, therefore, one of those occasions on which we should remember and pay tribute to the wisdom, initiative and foresight of those who founded the National and the Mutual Life Assurance offices which, by amalgamation, formed The National Mutual Life Assurance Society.

Perhaps the best tribute one can pay to our founders and to the soundness of the mutual principle is that all the storms of the last one-and-a-quarter centuries—the major wars and economic and political crises—have been successfully weathered and the affairs of the society today, as you will see from the accounts and report submitted to you, have never been in better shape. In fact, the two years covered by the actuarial valuation and report have been the most successful and prosperous in the long history of the society.

RECORD BONUS

After the most careful review of our affairs your directors came to the conclusion that, in all prudence and after taking into account all foreseeable contingencies, it was their duty to give tangible expression to this remarkable prosperity in the shape of the exceptionally high bonuses of 55s. for whole life policies and 50s. for endowment assurances recently declared which, I would remind you, are compound bonuses. After provision for these bonuses and some strengthening of actuarial reserves, our reserve fund now amounts to the very substantial figure of £1,775,000, as shown in the balance sheet, thanks to continued good mortality experience and to substantial appreciation in marketable investments.

At the same time, we have thought it wise to restrict the rate of interim bonuses to the more normal levels of 46s. and 41s. respectively, that is 9s. lower than the rates now declared, to emphasise the fact that the latter are unusually high and must be so regarded. To put it even more clearly, 9s. of the 55s. and 50s. arises from the exceptional prosperity of the last two years and, in order to hold the scales reasonably between present and future policyholders, we felt it right to make this additional distribution now. Nevertheless, we do not altogether rule out the possibility that special bonuses may be forthcoming from time to time in the future, if justified by exceptionally good results.

DANGERS OF INFLATION

We meet today on the eve of a Budget and with every prospect of a General Election in the comparatively near future. None of us can foretell what their effect will be on our fortunes but, in the meantime, as you are all aware, the raising of the Bank rate in February to 4½ per cent halted, and for a time reversed, the long-sustained rise in stock markets. We should be grateful that action was taken when it was to deal with disquieting symptoms of persistent and increasing inflation. The alternative of mere drift would undoubtedly have led to serious consequences. For myself, I feel it a duty to put it even more strongly and to say that, taking a long view, next to the hydrogen bomb the most serious threat facing this country and all that it stands for is creeping inflation, which comes like a thief in the night to rob people of part of their life's savings before they realise it. What is wanted is not inflation or deflation but a sound and stable currency honestly managed. Any political party that fails to tackle the deceptive and disruptive monster of inflation deserves to forfeit the confidence of the electorate.

You will be interested to know that, thanks to the flexibility of our investment policy and the spread of our investments, which include a proportion of dollar and other securities which have appreciated since the turn of the year, the net reduction in market value of our entire portfolio following the rise in the Bank rate has not been such as to cause us concern. However well our affairs are managed, of course, we cannot be entirely immune from economic trends and political factors and the consequential fluctuations in stock markets, but the rise in interest yields on new moneys now being invested is, I need hardly say, a compensatory factor.

PENSIONS FOR SELF-EMPLOYED

Whatever else the Chancellor may propose in the forthcoming Budget, it is very much to be hoped that he will now find it possible to give effect to the recommendations of the Millard Tucker Committee in respect of retirement benefits for self-employed persons. It is something of an anomaly in the Welfare State that, under present taxation law, the establishment of pension schemes for employees is very wisely encouraged by tax reliefs and is in fact rapidly becoming the general practice, whereas no corresponding relief and encouragement is given to self-employed persons such as professional men, partners in firms, executive directors in private companies, and so on. This puts them at a grave disadvantage when it comes to making provision for their own old age.

One can, of course, quite understand the dilemma in which the Chancellor finds himself—on the one hand he has a very comfortable surplus and, in the ordinary way would, no doubt, wish to dispose of part of the surplus by reducing taxation in one form or another. On the other hand, having recently had to take steps to damp down consumption and to keep hire-purchase within sensible limits, he may feel that tax reductions might undo his efforts to curb inflation. However, if he gives effect to the reforms suggested by the Millard Tucker Committee, which have been supported by representations from many quarters, including some of the leading professional bodies, he will not only be bringing about a measure of social justice, but also, so far from releasing purchasing power, will give an impetus to investment for pension purposes and thus swell the total of savings so essential to the economic health of this country.

THE SOCIETY'S SCHEMES

The society, as you may remember, has specialised in recent years in the provision of pension schemes for the staff of medium-sized businesses where it is necessary to cater for the particular domestic circumstances of the business concerned and of those who work in it. We have not attempted to compete in the field of pension funds for the big industrial companies, which are more properly the field for the very large life offices. The experience which we have gained in providing "tailor-made" schemes to fit the often quite peculiar requirements of the smaller type of business has been most useful and our service in this has been much appreciated.

If, as I hope, the field for schemes of this kind is widened by revision of the taxation law to make it practicable for the principals in firms and other self-employed persons to make adequate provision for their own old age, then the society is standing by with skilled and experienced personnel to provide whatever may be required to cover the subject in the most convenient and practical way.

I hope our members, whether present here today or reading the account of our meeting today, will bear this in mind in case the society can be of help to them should this new opportunity arise.

THANKS TO MANAGEMENT AND STAFF

It remains for me to express, on behalf of the board, our thanks to our management and staff, both at head office and branches. In spite of the volume of new business, our expense ratio again shows a reduction from the postwar peak and, at 14 per cent, is back to about prewar level, which is an indication of the efficiency with which the society's affairs are conducted.

Incidentally, a new land-mark has just been passed in that total premium income, for the first time in our history, is now running at just over 1 million pounds per annum.

For all these reasons and because, in this 125th year, it is meet that we should remember the staff who carry the day-to-day burden, we have provided in the accounts for a special cash bonus of 12½ per cent of their salaries. This tangible expression of our gratitude will, I am sure, have your warm approval.

The report and accounts were unanimously adopted; the retiring directors, the Right Honourable Lord Layton, CH, CBE, the Right Honourable the Earl of Rothes and Mr Nicholas Davenport, were re-elected; the remuneration of the auditors, Messrs Ball, Baker and Co., and Messrs Bolton, Pitt and Breden, was fixed, and the proceedings terminated with a vote of thanks to the chairman.

NATIONAL PROVIDENT INSTITUTION

INCREASED RESERVES AND HIGHER BONUSES

The annual meeting of the National Provident Institution for Mutual Life Assurance will be held on April 19th at 48 Gracechurch Street, London, E.C.

The following are extracts from the address to be submitted by the chairman, Mr L. E. D. Bevan:

We deal in financial security, which can be measured, and in peace of mind—which is beyond calculation. The word "Mutual" in our title is important. There are no shareholders in the National Provident, and all the profits available for distribution belong to the with-profit policyholders.

I would particularly emphasise that there is a substantial margin in our favour between the market value of our investments and the figures at which they appear in the balance sheet, even after writing down individual securities where necessary. The capital position is therefore one of great strength, and is quite unshaken by the movements in stock exchange values since the end of 1954. The conservative basis on which our securities are valued is in part responsible for the excellent rates of interest, namely, £6 10s. 6d. per cent gross and £4 18s. 8d. per cent after deduction of tax. Nevertheless, there has been a remarkable increase in the rates of interest actually earned over recent years.

SPREAD OF ORDINARY SHARES

I have previously drawn attention to the fact that our investments in ordinary shares are widely spread. Of our total holding of ordinary shares at the end of 1954 about one-half represented activities carried out in the United Kingdom or controlled therefrom. About one-third represented investments in the United States, about one-tenth in Canada, and about one-twentieth in Australia. The benefit of investment in ordinary shares reveals itself in improved interest earnings on the funds and, as in our case, in better bonuses.

The following table gives examples of the rates of bonus for full profit policies per £100 assured:

Type of Policy	Annual Rate of Bonus declared for 1952-54	Increase over Rate for 1949-51
Endowment Assurance		
Maturing at age:	£ s. d.	s. d.
50 and below ...	2 2 6	7 6
55	2 5 0	7 6
60	2 7 6	7 6
65	2 12 6	8 9
70 and above ...	2 17 6	10 0
Whole life assurance	3 0 0	10 0

I would emphasise that these increased rates of bonus have been allotted after strengthening the basis on which our liabilities towards our members under life assurance and annuity contracts are valued.

PENSION SCHEMES

Our traditional duty is to offer personal life assurance on attractive terms, and this side of our business grows steadily. A newer development lies in the institution of pension schemes arranged by employers for the present and future welfare of their employees.

Here let me add that during the past year we have evolved an entirely new type of policy for pension schemes which combines the guaranteed benefits which many employers desire with the great advantages of sharing in the profits earned by the institution—the Perfected Pension Scheme.

ESTATE DUTIES

Certain alterations in the law affecting policies effected under the Married Women's Property Act, 1882, in England and the corresponding Act in Scotland were introduced in the 1954 Budget, there are still good reasons why full use should be made of MWPA policies for the proper protection of the wife and family.

At the same time, I hope that the day is approaching when the Chancellor will create facilities for a man to build up a reserve for the duties on his estate at his death. Such a reserve irrevocably made over to the Estate Duty Office and acknowledged by way of "Duty Reserve Certificates" might be relieved of duty, say, after one year and thus give the testator during his lifetime the inexpressible relief of knowing that at his death his estate need not be broken up at a time of family bereavement and possibly unreal values.

Estate duties to-day are heavy, and provision should be made in advance for them. The traditional way (though not the only way) is by life assurance, but at present a policy effected with this object in view only serves to increase the amount of duty payable. Some system, as I have suggested, of "Pay as you live" might well reward the Chancellor.

We are now advancing into the first year of our new triennium. We count on the continued support and recommendations of our policyholding proprietors, and with their help we expect to serve an increasing number of members whose savings represent a valuable asset to their country as well as to themselves.

BEANS INDUSTRIES

(General Engineers and Ironfounders)

The twenty-first annual general meeting of Beans Industries, Limited, was held on April 4th at Tipton, Staffs, Mr J. H. Bean, CBE (the chairman), presiding.

The following is an extract from his circulated statement: The profit for the year after all charges except taxation at £282,824 exceeds that for the previous year by nearly £50,000. Taxation amounts to £155,000, leaving a net profit of £127,824, compared with £94,165 last year.

During the year substantial sums have again been spent on additions and improvements to plant and equipment without impairing the liquid position, which has improved.

The year has been a very busy one and a healthy increase in the volume of turnover was attained in all departments. This result is particularly gratifying in that it has been achieved in the face of continually rising costs, particularly as regards our foundries. The capacity of our foundries has been and is fully extended and still the demands of our customers are far from satisfied. To cope with this situation your board has decided to provide additional capacity and at the same time increase the efficiency of the existing plant.

The demand for our general engineering products continues at a high level.

As to the future, there appears to be every prospect of another successful year's trade.

The report was adopted and the dividend distribution of 22½ per cent (interim dividend of 10 per cent on £150,000 capital and final of 12½ per cent on increased capital of £600,000) for the year was approved.

WESLEYAN & GENERAL ASSURANCE SOCIETY

ONE HUNDRED AND FOURTEENTH ANNUAL GENERAL MEETING

PREMIUM INCOME EXCEEDS £4 MILLION

The annual general meeting was held on April 5, 1955, at Birmingham. Mr A. H. Sayer, MC, JP, the society's chairman, in moving the adoption of the reports, said:

In the ordinary department new sums assured amounted to £4,527,000, being over £500,000 more than a year ago and constituting a record for the society. The average sum assured per policy was greater than in former years; it has grown steadily since the war from £350 in 1946 to over £700 in 1954.

In the industrial department (home service) total new sums assured amounted to £3,592,000.

Over £60 million has been paid in claims in all departments since the commencement of the society.

The society's new Act of Parliament extending its powers of investment became law on July 30, 1954.

At the beginning of August the directors were much exercised in their minds whether the time was ripe for a change in the policy, to which they had been forced by the restraints of the society's earlier Act, of investing only in fixed interest securities. The earlier part of the year had shown a very marked surge forward in the prices of almost all equity securities, and, as every investor knows, timing is the essence of sound investment. The directors decided that there was still scope for further improvement in British industrial equities, and that an immediate selective investment would prove profitable. The society invested more than one million pounds in equities in the five months between July 30th and the end of the year; this was in 90 different ordinary stocks and shares. Large though the investment was, it still only forms about 3 per cent of the society's assets, which is much lower than the comparable figure for almost all other insurance offices.

Little if any part of the benefit that is expected to be derived from this new class of investment was realised in 1954. Nevertheless, the gross rate of interest earned on the whole of the society's funds increased to £4 10s. 4d., and the net rate of interest to £4 2s. 8d.

There has been a steady reduction in the ordinary department expense ratio. There has also been a reduction in the industrial department expense ratio.

The surplus in the ordinary department is sufficient to enable the directors to declare a reversionary bonus at the rate of £1 12s. per £100 original sum assured. The cost of this bonus is £299,000.

The allocation to industrial department policyholders is £100,000.

The directors regard the investments reserve of £2,900,000 as adequate at present, in relation to the total assets of £32 million.

The general reserve has been increased by £25,000 to £175,000.

The fire and accident departments continue to make good progress. The premium income is £218,000, showing an increase of over £19,000. The year's operations resulted in a small profit of £8,800.

Advances under the house purchase plans during the year 1954 amounted to £1,667,000: an increase of more than 25 per cent.

The report and accounts were adopted.



The Economist

FOUNDED 1843

RIL 23, 1955 ONE SHILLING

Modified Raptures

Bluebird from the Vienna Woods

Whose are the High Seas?

The Budget Analysed

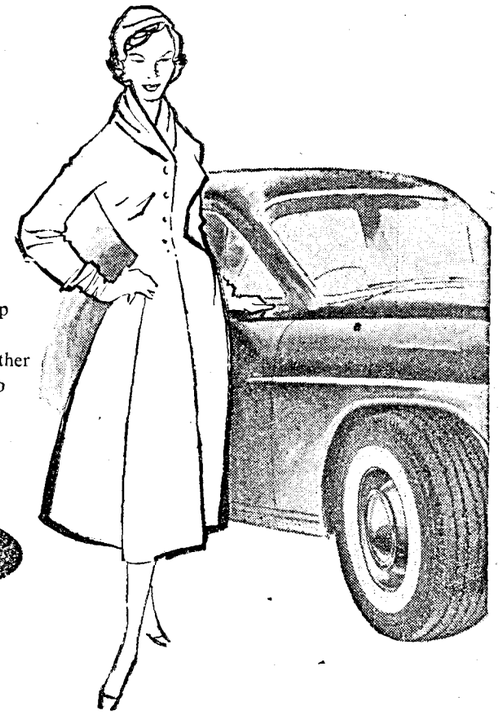
Steel in Demand

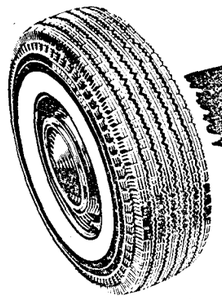
THE ELECTION OF 1955: The Unreliable Voter
AMERICAN SURVEY: Segregation in Court
THE WORLD OVERSEAS: Moroccan Impasse
BOOKS: The Wood and the Trees

Annual Postal Subscriptions: by ordinary mail £3; by air see page 343
THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1
VOLUME CLXXV · NUMBER 5826

Setting the Style

From well-groomed head to well-shod feet she's elegance itself. The same pride—and care—is reflected in her car. Immaculate interior . . . brilliant bodywork . . . gleaming glass and chromium . . . and, to set off the whole, the smartness of Dunlop White Sidewall Tyres. Their distinction is there for all to see; their dependability and safety she knows from experience. Dunlop White Sidewall Tyres—in 'Dunlop' or Dunlop 'Fort' types—can enhance the design and colour of *your* car. Whether or not you choose White Sidewall, do make sure you keep to Dunlop—with or without the tube, as you please.





DUNLOP

makes the tyre you want

SH/111

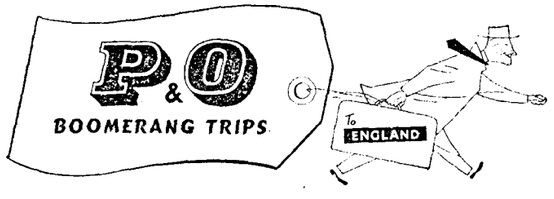


Sail now and save at least £100

Your trip to Australia and back will cost you less if you travel under the P & O special 'Boomerang' plan.

Reduced First Class Fares from £200

Sailing outwards 1 Feb. to 31 May 1955
Homewards 1 Sep. to 31 Dec. 1955 or 1956.



If you are a one-way traveller to Australia it will be to your advantage to obtain details of the P & O 'Quiet Season' Plan.

Write or call: 14/16 Cockspur St., London, S.W.1 WHI: 4444
122 Leadenhall St., London, E.C.3 AVE: 8000 or local Travel Agents

Telephone: Trafalgar 9060

CHRISTIES

Telegrams: Christiart, Piccy, London.

CHRISTIE, MANSON & WOODS, LTD.,
8, KING STREET, ST. JAMES'S, S.W.1.

Sales commence at ELEVEN O'CLOCK PRECISELY. Catalogues may be had price 3d. per copy (prepaid), post free.

MONDAY, APRIL 25
EUROPEAN and ORIENTAL CERAMICS and OBJECTS OF ART, from various sources.

TUESDAY, APRIL 26
OBJECTS OF ART AND VERTU, MINIATURES and COINS, properties of the late MARY, LADY COLMAN, the late H. S. GUINNESS, ESQ. and others; a Collection of Old English Watches, property of JOHN VINCENT, ESQ., J.P. an Italian Violin by Tononi, c1700 and works by Carl Fabergé.

WEDNESDAY, APRIL 27
FINE JEWELS, properties of MRS. B. B. DONALD, MRS. A. MARTIN and others, including an Old English diamond cluster ring, c1780 and a diamond cluster half-hoop bracelet.

THURSDAY, APRIL 28
OLD ENGLISH and CONTINENTAL FURNITURE, OBJECTS OF ART and EASTERN RUGS and CARPETS, from various sources.

FRIDAY, APRIL 29
OLD PICTURES and DRAWINGS, property of P. J. WESTWOOD, ESQ. and others, mainly of the 17th and 18th century British and Continental Schools.

MONDAY, MAY 2
FINE ENGLISH and CONTINENTAL PORCELAIN, properties of the VISCOUNTESS BERTIE OF THAME, ROBERT VON HIRSCH, MISS M. SANDERS STEPHENS, MRS. M. A. RUSH, MRS. M. FALCONI, including an important "Flying Fox" pattern Meissen dinner service, fine 18th century Meissen groups, Chelsea porcelain including a red anchor set of the Seasons and Worcester porcelain from the MISSES GARWOOD, formerly in the Collection of the late FRANK LLOYD. Ill. Cat. 5s.

WEDNESDAY, MAY 4
OLD ENGLISH and FOREIGN SILVER and PLATE, property of the late MISS G. C. HUE, and others.

THURSDAY, MAY 5
18th century ENGLISH and CONTINENTAL FURNITURE, OBJECTS OF ART and EASTERN RUGS and CARPETS, property of the late MISS G. C. HUE and others.

FRIDAY, MAY 6
MODERN PICTURES and DRAWINGS and OLD PICTURES, property of the late MISS G. C. HUE, the late MAJOR A. A. LONGDEN, O.B.E., D.S.O. and others.

WEDNESDAY, MAY 11
CHOICE COLLECTION of CHINESE PORCELAIN and WORKS OF ART formed by H. H. S. HARRIS, ESQ., Ill. Cat. 1/6d.

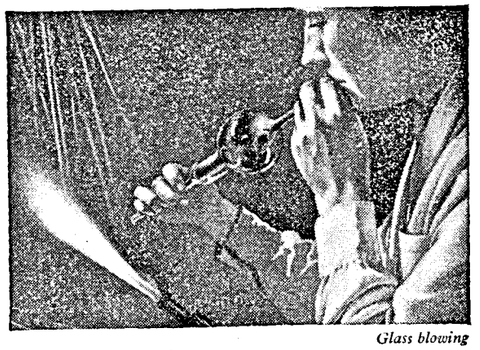
THURSDAY, MAY 12
IMPORTANT ENGLISH and CONTINENTAL FURNITURE and WORKS OF ART properties of THE EARL OF SHAFTESBURY, K.P., THE MARCHIONESS OF CREWE, THE VISCOUNTESS BERTIE OF THAME, THE LORD JOICEY and others, including magnificent Adam commode., Ill. Cat. 3/6d.

FRIDAY, MAY 13
MODERN PICTURES and DRAWINGS, property of MRS. R. LOPES-CARDOZO and others.

ALL SALES MAY BE VIEWED AT LEAST TWO DAYS PRECEDING



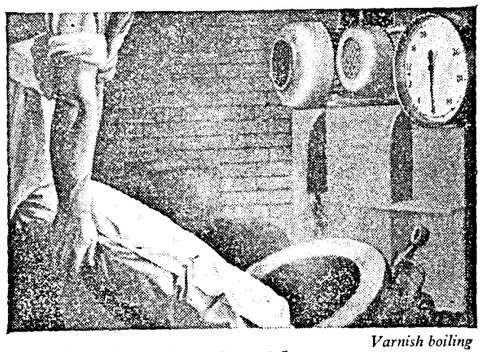
There's always another use for gas . . .



Glass blowing

. . . for heating processes

You cannot take chances with process heating. That is why gas is chosen for such an impressive range of processes covering practically every industry. Its use means fewer rejects.



Varnish boiling

. . . for heating liquids

From swimming bath water to salt bath solutions, gas heating has no rival. Gas goes to work rapidly and is simple to operate. Whatever the quantity, whatever the liquid, it burns clean and constant to give you the precise heat you require.

Consult your area gas board

The Gas Industry makes the best use of the Nation's coal

ISSUED BY THE GAS COUNCIL GCG A20



We've put out the flags for your

BIF of 1955

British industry has good reason to put out the flags. Controls have disappeared. The challenge of foreign competition is being vigorously met. There is once again a healthy home trade. The BIF of 1955 is one aspect of the new confident outlook of British industry.

Go to it . . .

Just once a year British industry goes on display. You have this one chance of doing business in ideal conditions. In an hour or two you can compare all the work of many different industries. You can see for yourself which new developments are likely to affect your business. You can discuss your needs with manufacturers who want to help you. These are the opportunities that only the BIF provides.

BRITISH INDUSTRIES FAIR

Open 9.30 a.m. to 6 p.m. daily except Sunday, 8th May. Public admitted daily after 2 p.m. (all day Saturday). Olympia only open until 9 p.m. Friday, 6th May and Wednesday, 11th May.

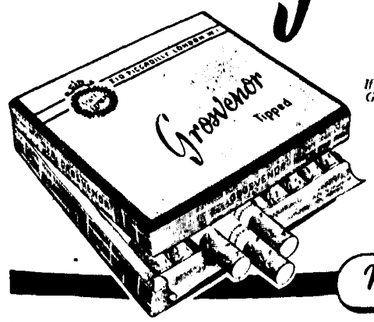
"Let me tell you why...

. . . I choose Grosvenor Tipped, the new State Express cigarette. I find the pure white plastic fibres of the tip—an exclusive feature of Grosvenor—yield more flavour from the fine tobaccos. A cool, yet satisfying, cigarette—that

DOUBLES your smoking enjoyment"



Grosvenor
TIPPED



If any difficulty is experienced in obtaining Grosvenor Tipped, please write to:—
The House of State Express, 210, Piccadilly, London, W.1.

IN BOXES OF **20** for **3/7** AND FLAT CARTONS OF **10** for **1/9½**

Made by State Express

G7.

A GUARANTEE has been given by Beecham Buildings, Ltd. to complete a new factory of 200,000 sq. ft. and considerable intricate ancillary work for an Industrial organisation in the Midlands —within a year. This is the fourth advertisement telling the story.



advancing to schedule—



Blizzards have failed to halt the steady progress of Beecham Buildings on this important contract. *New ways of building* have made possible the continued daily production of 6 or 7 ton components at the Beecham Buildings factory, and their transport to the site where the building teams take over.
Further advertisements will continue to tell the story of this contract and to prove the value of our guarantee.

May we advise you on the construction of permanent and competitive Industrial Buildings?

Beecham Buildings

BEECHAM BUILDINGS LTD. DEPT. D SHIPSTON-ON-STOUR, WARWICKSHIRE
Telephone: Shipston-on-Stour 315, 316 & 3287

This model of the complete factory will pinpoint progress in the advertisements which follow. Progress to date includes 120,000 cubic yards of excavation; perimeter roads, north extension, 95% of the foundations, and 75% of the floors are complete.

Elementary: put your advertisements where they get READ

ADVERTISEMENTS WORK VERY WELL INDEED IN **THE READER'S DIGEST**
—a magazine strictly for *reading*, which has achieved a *million* sale. This means *several* million readers—responsive and intelligent people, men and women well worth selling to.



—THAT'S

MR. BOLINGBROKE

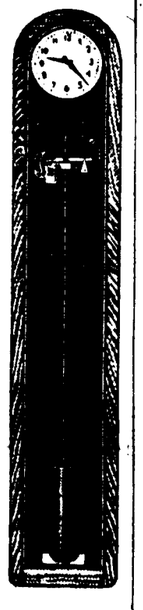
OUR FACTORY MANAGER...

in that briefcase he's got the answer

to an hourly worry



What's inside? Something to save Bolingbroke (you, too, if your concern is timing) from a minute-by-minute worry. The story of Smiths Master Clocks. It means money to him, because time is efficiency in business. And efficiency means money saved. A Smiths Master Clock is reliable to the second; it does not depend on the mains. And to the master clock is linked the whole 'blood supply' of the firm. Factory hooter. Time recorders. Wall clocks. All are slaves to one clock. Only a master clock is capable of the accuracy needed for such a vital job. And Smiths make just such *invariably* efficient master clock pendulum movements. Already many large concerns rely on them alone. Details will gladly be sent on request.



SMITHS

FAMOUS FOR ALL TIME

MAKE THE FINEST MASTER CLOCKS

Write to:

ENGLISH CLOCK SYSTEMS LTD.,

179-185 Great Portland Street, London, W.1. LANgham 7226. Also at Manchester. Glasgow and Belfast. *The Industrial Branch of Smiths English Clocks Limited.*



WEIR

FEED HEATERS

An original fundamental patent on regenerative feed heating was taken out by one of the founders of G. & J. Weir, Ltd. It has since become world-wide standard practice, and one of the most important factors in improving power station efficiency. Leadership in this specialised sphere of engineering is maintained by constant research and technical development with land and marine applications.

The Weir Organisation:
G. & J. WEIR LTD.
DRYSDALE & CO. LTD.
WEIR HOUSING CORPORATION LTD.
THE ARGUS FOUNDRY LTD.
ZWICKY LTD. WEIR VALVES LTD.

TELEPHONE HYDE PARK 0648

SOTHEBY & CO.,
34 & 35, NEW BOND STREET, LONDON, W.1.

TELEGRAMS: ABINITIO, WESDO, LONDON.

Un-illustrated catalogues. Price 3d. each post free. (Prepaid.)
SALES COMMENCE AT ELEVEN O'CLOCK

MONDAY, APRIL 25th, and two following days.
THE VALUABLE LIBRARY, of the late Dr. T. P. C. KIRKPATRICK of Dublin, first portion: medical works, incunabula, general works and bibliography.

TUESDAY, APRIL 26
IMPORTANT CHINESE CERAMICS, EARLY BRONZES, SILVER AND JADE, JAPANESE "KAKIEMON" PORCELAIN, MANCHU PORCELAINS, AND RARE JADES, of PETER HARRIS, ESQ., the late SIR ROBERT HYDE GREG, K.C.M.G., and other owners, including a rare early T'ang silver bowl and wine cup. Illustrated Catalogue (12 plates), 5s. 6d.

WEDNESDAY, APRIL 27
OLD MASTER AND MODERN ETCHINGS AND ENGRAVINGS, SPORTING PRINTS, VIEWS, etc., of the MOST HON. THE MARQUESS OF LANSDOWNE, and other owners.

THURSDAY, APRIL 28
FINE JEWELS AND JEWELLERY, of LADY ESME GORDON-LENNOX, LADY MARGARET DRUMMOND-HAY, and other owners, including an important English eighteenth-century diamond spray, and a pair of eighteenth-century diamond foliate sprays. Illustrated Catalogue (2 plates), 1s.

FRIDAY, APRIL 29
FINE PAPERWEIGHTS, GLASS, CARPETS, CLOCKS, AND ENGLISH FURNITURE, of the RT. HON. LORD HAMILTON OF DALZELL, the RT. HON. LORD PARMOOR, and other owners. Illustrated Catalogue (1 plate), 6d.

MONDAY, MAY 2
OBJECTS OF VERTU AND BYGONES, FINE PORTRAIT MINIATURES, GOLD BOXES, and ENGLISH AND FRENCH WATCHES, of L. C. WALLACH, ESQ., MRS. BEATRICE GROSVENOR, and other owners, including miniatures by Engleheart, Smart, and an early miniature by P. Cross. Illustrated Catalogue (2 plates), 6d.

TUESDAY, MAY 3
ITALIAN MAJOLICA, GERMAN STONEWARE, TURKISH FAIENCE PEWTER, MEDIEVAL AND RENAISSANCE WORKS OF ART, of SIR ARUNDELL NEAVE, Bt., and other owners, including a set of 16th century Flemish stained glass panels.

WEDNESDAY, MAY 4
EIGHTEENTH CENTURY AND MODERN PAINTINGS AND DRAWINGS, of MAJOR V. ST. JOHN PLEVINS, and other owners.

THURSDAY, MAY 5
ENGLISH AND CONTINENTAL SILVER AND PLATE, of R. T. YOUNGMAN, ESQ., and other owners, including an Elizabethan silver-gilt pricent sprinkler, 1577. Illustrated Catalogue (2 plates), 6d.

FRIDAY, MAY 6
CHINESE CERAMICS, JADES AND WORKS OF ART, MUSICAL INSTRUMENTS, CARPETS, TAPESTRIES, and ENGLISH AND CONTINENTAL FURNITURE, of the RT. HON. LORD PARMOOR, and other owners, including a set of four Brussels panels of the Story of Alexander, and an important harpsichord by Kirckman, dated 1768. Illustrated Catalogue (1 plate), 6d.

SALES ON VIEW AT LEAST TWO DAYS PRIOR (NOT SATURDAY)

GRUNDIG brings the advantages

of the dictating machine to every

office — large or small . . .

THE STENORETTE does all that is required of a dictating machine—takes a full 25 minutes' dictation per spool; records meetings or conferences verbatim; records both sides of telephone conversations; notes down your engagements and other information that cannot be left to memory. It automatically adjusts the level of the recorded voice, suppresses background noises and plays back with an even, well modulated clarity that makes transcription clear to you as well as your typist. The tape can be used over and over again. Because of its robust construction, the Stenorette is genuinely portable and can be used for recording meetings or reports away from your office.

Whether you employ one typist or many, the Stenorette can double their output while saving you time and money. Its operation is simplicity itself.

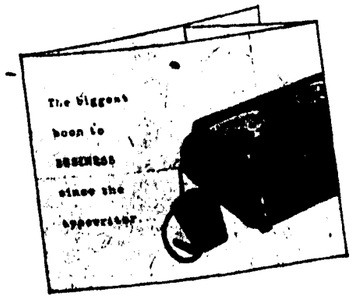
A fully descriptive folder is available, or your supplier of office equipment will be pleased to arrange a demonstration.

With the amazing Stenorette

at a basic cost of

35 GUINEAS

With tape, spool, and dust cover. Dictating Outfit (microphone and dictation pads) 6 gns. Transcription Outfit (earphone and foot switch) 6 gns.



Write for this Folder

To: Grundig (Gt. Britain) Limited, Dept. E, 39/41 New Oxford Street, London, W.C.1.

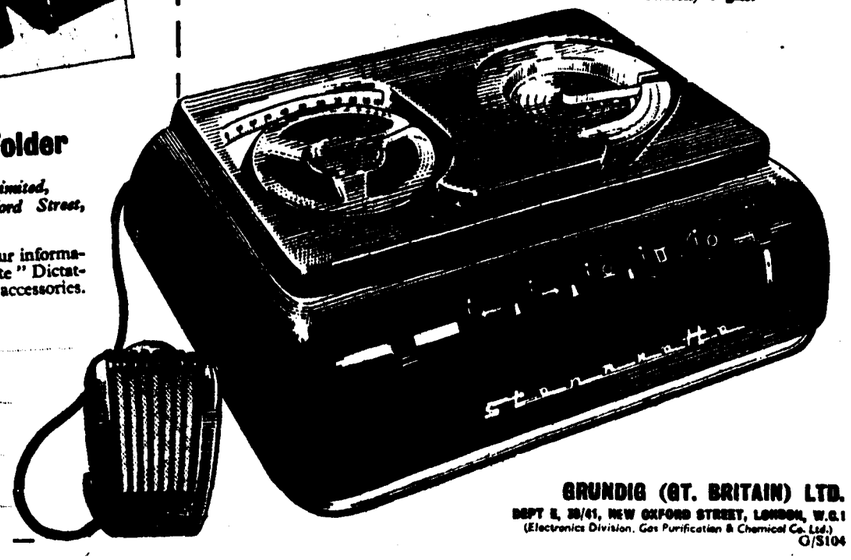
Please send me a copy of your informative folder on the "Stenorette" Dictating Machine and its useful accessories.

Name .....

Address .....

.....

Town .....



GRUNDIG (GT. BRITAIN) LTD.
DEPT E, 39/41, NEW OXFORD STREET, LONDON, W.C.1
(Electronics Division, Gas Purification & Chemical Co. Ltd.)
O/S104



"I wondered about our accounting, but he reassured me . . ."

"My business has been expanding quite a lot recently, you know. And I wasn't sure that our accounting department could handle all the extra work. So I called in this Burroughs man. I told him all I could. Then he and our Chief Accountant went into the whole matter together very thoroughly. Later he told me frankly that we'd no need to change yet. Glad I called him in, though."

The Burroughs man is always at your disposal, without cost, as an experienced adviser on all accounting questions—and is well qualified to work in consultation with your accountant or auditors.

If you wish, he will simply examine your existing system. And if he considers it satisfactory he will certainly say so.

But often he is called in because there is a problem to which he can apply his wide experience of business systems and mechanization. But he won't try to alter your routines just to suit certain machines. Rather, after analyzing your problem, he will suggest the most efficient and practical solution—with real savings in time and money.

If he does recommend any change, he prepares a detailed plan for its execution, and helps you get it running smoothly. He will make sure you always get full benefit from any Burroughs machine you install.

Whatever your business, large or small—if you have an accounting problem, the Burroughs man can help you solve it. Burroughs make the world's widest range of Adding, Calculating, Accounting, Billing and Statistical Machines and Microfilm Equipment. Call in the Burroughs man as soon as you like—you're committed to nothing, and his advice is free. You'll find the number of your nearest Burroughs office in your local telephone book. Burroughs Adding Machine Limited, Avon House, 356-366 Oxford Street, London, W.1.

Here is how one Burroughs man solved a particular problem: For several years the demand for the expanding range of products made by Storeys of Lancaster had been steadily increasing.

This called for a reorganization of their stock records to give more detailed and readily available information, so that production could be planned to meet the growing demand from both home and abroad. But how, without extra staff?

Mr. W. D. Dwyer, the Burroughs man who co-operated with Storeys in meeting their requirements without extra staff, is seen here with one of the Burroughs Sensimatics that made this possible.



FOR SPECIALIST ADVICE ON MECHANIZED ACCOUNTING METHODS

CALL IN THE Burroughs MAN

DAVID BROWN AND AGRICULTURE



To an engineer, "David Brown" means gears and foundry products. To farmers all over the world, the name means Tractors. A range of 6 David Brown Tractors and 60 Implements gives the world new standards in mechanized farming. David Brown Tractors are typical products of the 10,000-strong David Brown Companies — their success derives from superior engineering skill, advanced technical knowledge, large resources, and an enterprising outlook.

THE DAVID BROWN COMPANIES

An alliance of engineering specialists in gearing, steel and bronze castings, automobiles, and agricultural tractors and machinery.

DAVID BROWN & SONS (HUDDERSFIELD) LTD. — THE DAVID BROWN FOUNDRIES COMPANY — DAVID BROWN TRACTORS (ENGINEERING) LTD. — THE DAVID BROWN TOOL COMPANY — DAVID BROWN TRACTORS (BIRR) LTD. — DAVID BROWN GEARS (LONDON) LTD. — THE COVENTRY GEAR COMPANY — DAVID BROWN MACHINE TOOLS LTD. — THE KEIGHLEY GEAR COMPANY — DAVID BROWN-JACKSON LTD. — LAGONDA LTD. — DAVID BROWN & SONS S.A. (PTY.) LTD. — DAVID BROWN PRECISION EQUIPMENT (PTY.) LTD. — DAVID BROWN (CANADA) LTD.

Associated Company DAVID BROWN (AUSTRALASIA) PTY. LTD.

Sole selling agent in the U.K.
THE DAVID BROWN CORPORATION (SALES) LIMITED *Head Office:* 96/97 Piccadilly, London, W.1



'Behind the ears'...

Keeping things clean — not just superficially but 'behind the ears' as well — must be someone's responsibility. If cleaning arrangements are one of your business or professional worries, you should get to know Teepol. This master detergent developed by Shell is now recognised as being the most effective and economical cleaning aid for use in commercial and industrial premises, and in municipal, institutional and public buildings of all kinds.

SHELL

TEEPOL

is a SHELL contribution to improved public health

Shell Chemicals Limited, Norman House, 105-109 Strand, W.C.2. Tel.: Temple Bar 4455 • *"TEEPOL" is a Registered Trade Mark*

The Economist

FOUNDED 1843

APRIL 23, 1955

ONE SHILLING

Modified Raptures 263
Bluebird from the Vienna Woods . 265
Whose are the High Seas? . . . 267

THE ELECTION OF 1955

The Unreliable Voter 269
Liberal "Nuisance Value"; At the Starting Gate; Ninety Years On; Voters and Strikers; Nonsense Corner.

NOTES OF THE WEEK

The Bamboo Curtain; Riddles of a Lost Airliner; The Footplatemen's Turn; Newspapers Return; Loss and Profit; Soviet Riposte in the Middle East; M. Pinay Tours the Horizon; Electoral Hors d'Oeuvres in France; Speech Day Prizes; Death Throes of a Parliament; "As You Were" for Hungarians; Two and a Half Thousand Million; Greek Opposition Manœuvres; Time Must Have a Stop. 273

LETTERS TO THE EDITOR . . . 281

BOOKS AND PUBLICATIONS . . 282

AMERICAN SURVEY

Segregation in Court 287
Aid for Asia; Discounting A Rise; Boom in Sight; Democratic Braves; Plague on Both Their Houses; When Chiefs of Staff Disagree; Taste for Wine; Shorter Notes.

THE WORLD OVERSEAS

Moroccan Impasse 295
Shocks at Königswinter; Spain in Transition—I; Perón's Hardest Battle; Austria's Long Road to Freedom; Notes from South Africa.

THE BUSINESS WORLD

The Budget Analysed 305
Steel in Demand 309

BUSINESS NOTES

The Budget in the City; The Response of Sterling; Soaring Trade Deficit; Planning More Coal Imports; Copper Confused—Tea Distressed; Saved by the Bell; Quotas Against Japan?; Productivity in the Long Run; Shell Does the Obvious; Prices of Materials in March; More Security Arbitrage; British Cars in America; Burnt Diamonds; Shorter Notes. 310

COMPANY NOTES AND SECURITY PRICES 321

STATISTICS 324

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

Modified Raptures

A BUDGET is a political act as well as a set of fiscal decisions, and to apply to it the standards of criticism that would be proper if there were no such things as political parties, elections and self-interested voters would be absurd in any year—and grotesque when a general election is less than six weeks off. Let it therefore be said once (and once said, forgotten) that by strict economic reasoning this is a poor year to remit any taxes—unless, indeed, it can be assumed (as it is easy to assume in the realm of pure economics) that expenditure will be cut to match. Even this academic judgment is not certain, for strict economic reasoning, especially of the fashionable arithmetical kind, finds little place in its system of notation for the fourth dimension of economics, for the degree of confidence, of buoyancy, of incentive and initiative, in the economy; and if the past three years, with Mr Butler's help, have taught any lesson at all it is that this fourth dimension can entirely upset any predictions that are based on mere figuring. Thus whether the modern economists really know what they are talking about or not, it is not they alone who should sit in judgment on a Budget. It must be judged by the standards of political economy. So judged, Mr Butler's fourth Budget deserves a high mark—though it is not entirely immune from criticism.

It has been clear for months that Mr Butler, looking forward into 1955-56, would find himself with a large prospective surplus on the existing basis of taxation (he estimated it at £282 million) and that the only important questions for him to resolve would be how much of this surplus it would be right to give away, and which taxes should be reduced. On the first issue, Mr Butler's decision was to give away just less than £134 million of the surplus and to keep £148 million in hand. This decision was justified by the neo-classical method of comparing the real resources that are likely to be available with the demands that are likely to be made upon them ("for once," the Chancellor conceded, "the language of the economists is intelligible, because it means exactly what it says"). Mr Butler judged that, in view, on the one hand, of the prospective rise in total output (the scope for which, he thought, was "at least as great as it has been in the past, if not greater") and, on the other hand, of what is likely to be the demand upon these resources arising from government expenditure ("about the same"), from investment ("increase by about the same amount as last year"), from stockbuilding ("will not take more of our resources than last year") and from personal spending and consumption on the present basis of taxation ("I do not expect them to rise as rapidly this year as last"), he could make his concessions to the taxpayer while still leaving a margin of resources for the essential increase in exports.

No one can say with any dogmatism (for the fourth dimension comes in here) that Mr Butler's guesses will not come out right; and it is true that some of last year's judgments which were thought to

be bold were justified in the event. Nevertheless, there is a distinct flavour of optimism about the calculation as a whole, especially where it relates to the rate of spending by the public. Many people would have felt happier about the general balance of the Budget if the portion of the surplus to be given away had been put rather lower. But that the right figure, in all the political and economic circumstances, lies somewhere in the middle range between giving nothing at all away and eliminating the surplus altogether hardly admits of doubt. To have given nothing would have proved Mr Butler too much of an economist to survive in politics; to have given the lot would have shown him too much of a politician to have charge of the national economy.

★

The size of the total remission having been determined, to which taxes should it be directed? Here again there can be little doubt that the decision to concentrate it almost entirely on direct taxation was broadly right, though here again there is room for some dissent on detail. The one exception that the Chancellor made in favour of indirect taxation was to halve the rate of purchase tax on certain cotton and linen goods, at a cost of £2½ million this year and of £3 million in a full year. The smallness of the cost suggests two reflections: that purchase tax cannot be as dominant an influence on the fortunes of the cotton industry as its spokesmen claim; and that the Chancellor might just as well have gone the whole hog and removed it completely from these categories of goods. It is a little surprising that he did not make another exception in favour of the beer duty, which might actually yield more with a lower rate, and which would at least enable him to claim that he had done something for some of the people who do not benefit from reductions in income tax because they do not pay any. To have rejected such a clear bid for votes should be ascribed to him for honesty—and possibly for shrewdness.

There should, however, be no criticism of the decision to concentrate the great bulk of the relief on direct taxation, for the reason that reductions in excise duties directly stimulate consumption, while there is at least a chance that part of the money saved to the taxpayer by reduction of income tax will not be spent. Where criticism can perhaps enter in is on the particular means chosen to lower the burden of direct taxes. Mr Butler made two distinct sets of proposals. The first was a rearrangement of the personal and children's allowances together with a narrowing of the band of income taxed at the lowest rate. The net result of these changes is that the single person and the childless married couple will find themselves paying tax at the standard rate some £26 and £13 earlier than they do at present. Taken by themselves, in abstraction from the reductions in the rates of tax, these changes are thus an increase in the burden on the single and the childless, matched by a rather greater reduction for families with children. Mr Butler has, in fact, gone some way in the direction urged by the second report of the Royal Commission on the Income Tax. But both equity and the need for direct incentives point so strongly in the direction of re-casting the allowances (including the earned income allowance) that Mr Butler might well have gone much further along this road. As it is, this part of his proposals will cost, on balance, only £29 million—which, in this context, must be taken as a mark of timidity.

★

The Chancellor has preferred to keep his big concession, costing no less than £102 million, for a straight cut of 6d. in the standard rate of income tax and of 3d. in the reduced rates charged on the earlier slices of income. The standard rate, although nowadays it is only an arithmetical convenience, still keeps its mythical ascendancy in the realm of taxation. "Sixpence off" means that every income-taxpayer gets something, and Mr Butler may well be right in calculating (if that is his calculation) that his hundred millions will make a greater impact on the public consciousness in this way than in any other that he can devise. Whether the impact will be wholly favourable or not remains to be seen, for Mr Gaitskell is already complaining that a straight cut throughout the range of income tax gives most relief to those who pay most tax—which, in this strange world, can be made to look unfair.

It is a far more valid criticism of a straight cut in the standard rate that, just because it is so widely diffused, its economic effect is likely to be spread thin. From the incentive point of view (which was the argument the Chancellor used), much of the cost of a reduction in the standard rate is wasted. It is true, as Mr Butler said, that "to the individual it lightens the burden of tax on any extra income which he or she may earn by greater personal effort," but only at the cost of equally relieving the burden on existing incomes, earned and unearned. If incentive is the object, much more effect could have been achieved at smaller cost by concentrating the reliefs on the earned income allowance, and in particular by adopting the Royal Commission's proposal that it should be extended into the range of incomes above £2,000. So far as company profits are concerned, a reduction of the standard rate, which accrues to the receivers of interest and dividends as well as to the retained earnings of companies, will lead to more spending and less saving than the same amount of money applied to profits tax. Nor should the total removal of another 2½ million individuals from the ambit of the income tax—although, as Mr Butler said, it will please the Inland Revenue as well as the exempted taxpayers—be regarded with unalloyed joy. It will not be a good thing for the honesty of the British democracy if the paying of direct taxes once again becomes the privilege of a small minority. It is impossible to resist the conclusion that Mr Butler has chosen the easiest rather than the best way of reducing direct taxation. Electoral politics shows more clearly in what he has not done than in what he has.

★

Mr Butler closed his speech with a brief review of the whole period of his stewardship at the Treasury, where he has now lasted longer than anyone else since the war. He was quick to acknowledge that he has enjoyed good fortune, but he can also rightly take credit for what has been achieved. More progress has been made in three and a half years in restoring British public finances and in easing the burden of taxation—not to mention liberating the general economy from the stifling network of controls—than seemed at all probable when the present Parliament first met. Politics is the art of the possible, and Mr Butler has done about as much as a Chancellor with so exigenous a majority could have done.

But to say that is only to illustrate how little has been possible, and how much remains to be done. The First Butler Period is now coming to an end and it may be that the second is about to start. It may be (one must beware of prophecy) that Mr Butler will soon find himself with a securer tenure, with the positive approval of the electorate for his policies and—it must at length be supposed—with the final report of the Radcliffe Commission in his hands. If all this should come to pass, progress will have to be bolder and more sweeping than has been possible in these last four budgets. There are still grave injustices and inefficiencies in the incidence of income tax on individuals. The present system of company taxation is still obstructing the way to full industrial efficiency. The absurdities of profits tax remain, and a substitute for the clumsy purchase tax has yet to be found. On the expenditure side, apart from the general need for economy, there is still plenty for a strong Chancellor to do in reviewing the finance both of the social services and of the agricultural subsidies to make these policies serve their purposes more effectively at less cost to the patient bearer of burdens.

With four budgets already to his credit and the possibility of more to come, Mr Butler is on the way to rivalling in the middle of this century the record that Gladstone set up in the middle of the last. But if he is to make a Gladstonian mark on the efficiency of British state finances, he will have to regard his first four budgets as no more than a prelude to what is yet to come.

Bluebird from the Vienna Woods

VIENNA has hung out its flags, and throughout the free world people are glad that Austria should see its deliverance at hand after seventeen years of ill-usage by two totalitarian regimes. Herr Raab, the Austrian Chancellor, is confident that year's end will see the return of the last Austrian prisoner of war from the Soviet labour camps (or at least of the last whose existence the Russians will admit), the end of kidnappings and arbitrary acts in the Russian occupation zone and Vienna, and the withdrawal of the Red Army from his country. Some of his fellow citizens are still wincing at the prospect of presenting a further $150 million worth of goods to Russia, in addition to deliveries of oil over a term of years, but most Austrians were surprised by Moscow's readiness to modify its economic demands. Few of them, after years of experience of Russian ways, are prepared to take Russian declarations at their face value, and they are looking carefully at the vaguer passages in last week's Moscow communiqué. But hopes are high in Vienna, and partly because the Austrians can see that the Russians regard them as a sprat to catch the German mackerel.

The Russians would, of course, have gained something if they could manœuvre the western allies into resisting an Austrian settlement—if, to be precise, they demanded guarantees about Austria's neutralisation that the western governments were loth to give. But that would jeopardise the bigger stakes for which Moscow is playing, which is Germany and, ultimately, Europe. It is thus perfectly possible that it is really willing to pull the Red Army back a little for the first time—*reculer pour mieux séduire*. If so, it seems that the "hard" men of the Krushchev-Bulganin regime are ready to concede what was consistently refused by the supposedly "soft" Malenkov government.

At Berlin, early in 1954, the Russians insisted that the threat of West German rearmament compelled them to stay on in Austria. But now that the Paris agreements on western defence have won parliamentary approval in all the countries concerned, now that the alleged West German "menace" is even more acute, Marshal Bulganin has assured the Austrians that the Russians no longer regard the Austrian and German problems as one, and all Moscow's former arguments are quietly buried. It is a revealing instance of the flexibility and bland self-contradiction that distinguish Soviet diplomacy. In its abruptness and its disregard for all that has gone before, the new *volte-face* recalls the Chinese reversal of policy over Korean prisoners which, just two years ago, reopened the path to an armistice. If this offer to free Austria had been made at that time, soon after Stalin's death, it would have been widely interpreted as proof of his heirs' benign intentions.

Moscow's motives in holding out the offer now are

plain enough. German public opinion is fascinated by the prospect of Austria regaining its freedom and getting rid of the Red Army. The Russians have carefully made it appear that the way to obtain such prizes is to make pilgrimage to Moscow, and that sight, too, is not lost on the Germans. *Pravda* and other Soviet organs have laid out a simple, engaging pattern: Austria should follow Switzerland along the path of comfortable neutrality, and Germany should follow Austria. The German Social-Democrats have lost no time in leaping to the conclusion they were meant to reach. Their spokesmen attribute Austria's success to the fact that it had not bound itself to the west, and it is further argued that Austria has shown the impossibility of securing both national reunion and allies.

As well as the Social-Democrats, many other Germans are clearly inclined to think along the same lines; some of them are members of the coalition parties, and the BHE (refugee) party is particularly rent on the issue of *Bündnislosigkeit*, or freedom from alliances. Dr Dehler, the Free Democratic leader, although prompt to declare that Austria does not provide an example for Germany to follow, has also publicly favoured the idea of bilateral dealings with Moscow. Thus the many parliamentary hurdles which Dr Adenauer must still get over in order to provide a West German contribution to Nato will not be easy jumps.

*

Yet a coach and four can be driven through the kind of facile reasoning which last week's events have evoked in Germany. The simple historical record reveals that the encouraging terms now offered to Austria are the product, not of an Austrian refusal to attach itself to the West, but of the West German decision to do so. No hint of such a good offer was held out by the Russians until they became resigned to the parliamentary ratification of the Paris agreements. Indeed, if Austria now wins its freedom, posterity may record that as the first fruit of the agreements.

Moreover the cases of Austria and Germany, superficially so alike, are in essence utterly different—as the Austrian Social-Democrats have been quick to point out to their West German counterparts. In terms of the crudest *Realpolitik*, a small country like Austria can be "carried" by a strong and united West; although disarmed and helpless under the shadow of totalitarian power, it can hope to maintain its democratic life because stronger democracies have an obvious interest that it should do so. But Germany is too big a weight for the West to carry in the same way; and if Germany became a power vacuum, how could the West support even the smaller neighbouring democracies? It is not surprising that Austrian voices should now be raised begging the West Germans not to follow Austria's example.

Fortunately Dr Adenauer is not alone in the Federal Republic in seeing these things clearly. But there is no denying the strength of the psychological pull that Moscow's Austrian policy must exercise on German minds. The benign treatment accorded to Herr Raab last week was well designed to make Germans as well as Austrians see Russia as the great potential benefactor of tomorrow rather than as the merciless withholder of yesterday. The prospect that the Austrian prisoners will be home this year stimulates intense personal longings among thousands of Germans. And it is one of the enduring ironies of politics that whenever a firm and resolute attitude produces undreamt-of concessions, the reasons why those concessions were made are always apt to be overlooked, while the hunger for more leads men to exchange firmness for imprudence.

*

But common sense may yet prevail, and keep the people of the Federal Republic on a steady course. There is one glaring flaw in the whole Communist performance—the East German regime. The Austrians are not being asked to come to terms with puppets of the Ulbricht type, to let down the bars between their unarmed selves and the militarised forces of a Communist dictatorship, to adulterate their democracy with "popdemocracy." The squeezing tactics which the Pankow puppets are at present using on West Berlin may be a logical method of inducing Bonn to begin dealing with the Ulbricht regime as an equal; but they are also an ugly reminder of the naked power techniques that West Germans can expect to encounter in all such dealings. The interpretation of "democracy" that the Communists hope to foist off on Germany will evidently bear a "Swiss" label, but resemble in reality the transient and doomed Czechoslovak democracy of 1945 to 1948.

Germans who are attracted by Moscow's latest gambit would do well to work out some elementary logic in their heads. Why should Russia suddenly be ready to relax its grip on a sizeable territory, at a time when it claims that international tension has risen, not fallen? There can be only one answer: because Russia thinks this a price worth paying for a decisively valuable objective. A genuinely democratic reunited Germany would clearly not be worth such a price to Russia. Only a reunited Germany that was contaminated and later won over by pro-Soviet forces, and behind it a Western Europe so weakened as to assure ultimate Communist domination of the Continent, would justify such a price-tag.

It is surely unthinkable for any German who sincerely values his regained democratic liberties to play along with Moscow if that is its goal. Much may be done, within the framework of broader arrangements, to reassure Russia about the limits to German armed strength; but there can be no compromise about the fundamentals of political liberty, and if these are to survive in either Germany or Western Europe there must be enduring unity between the two.

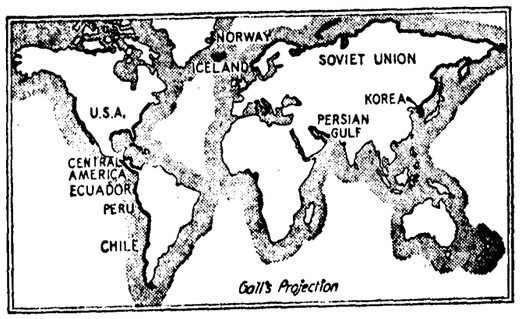
Whose are the High Seas?

NOT for many years has the freedom of the seas been so imperilled in time of peace as it seems to be today. The most glaring, but not the only, instance of the present dangerous trend is the claim made by three governments to sovereignty over a belt of ocean 200 miles wide and extending down virtually the whole Pacific coast of South America. None of the world's chief maritime nations recognises this claim, and Britain, the United States and the Scandinavian governments have taken the lead in protesting against it. But the claimants, Chile, Peru and Ecuador, have not given way; and a state of anarchy now appears to exist in fact in an area that comprises about a million square miles of open sea. Only a short time ago this situation suddenly became uncomfortably warm when Peruvian bombers and warships attacked and seized part of the impetuous Mr Onassis's whaling fleet.

A United Nations technical conference on the conservation of the living resources of the sea opened in Rome this week. Its effects on the wider problem, if it has any at all, are likely to be indirect; but it inspires the question whether this sort of scuffling is the best that the world of 1955 can do, equipped as it is with a host of international mechanisms for mediation, conciliation and arbitration, with an International Court, a Security Council, regional organisations, multilateral conventions, and a sempiternal succession of conferences—a world knee-deep in promises to settle disputes peacefully, to help other nations at all times and to obey the law. Comforting voices may reassure the world that what has been happening off the Peruvian coast is a minor affair in a remote part of the ocean, affecting only very limited interests. But international anarchy is a fungus that spreads swiftly, and the Pacific seaboard is by no means the only breeding ground that offers it attractive conditions.

In this year's Antarctic whaling season nineteen fleets, three of them British, have been operating in waters parts of which are already subject to claims and counter-claims. One of the claimants is Chile, whose foreign ministry has declared the 200-mile limit to apply to all its territories, including the Antarctic sector which it insists is Chilean. What if the new contagion spreads to this far south? Whalermen are not a meek race at the best of times, and it is not hard to imagine fresh conflicts arising. Nor need one go as far afield as Antarctica to find possibilities of trouble. Several of the Central American states have espoused the 200-mile doctrine as enthusiastically as Chile and Peru. The Philippines has defined its territorial waters so as to embrace vast areas of sea, and South Korea has used armed force against Japanese fishermen who appeared within the arbitrarily drawn "Rhee line," which lies many miles from the coast. In recent years, Scandinavian fishermen have painfully learnt that Russia's claim to twelve miles of territorial waters now bars them from nearly all the south-eastern shore of the Baltic; and Norway and Iceland themselves have stiffened their claims to exclude foreign fishing vessels from certain well-stocked coastal waters. Meanwhile, the doctrine of the "continental shelf" has been proclaimed not only by the United States but also in areas ranging from Latin America to the Persian Gulf.

The present picture thus seems a disconcerting one of piecemeal encroachment in one form or another in almost every one of the seven seas. Admittedly, there is still a long way to go before peaceful Portuguese fishermen find themselves blasted off the Grand Banks, before Spain tries to levy tolls from ships entering the Mediterranean in the way that the Danes once did in the Sound, before a new Van Tromp flies up the Thames claiming the whole estuary as falling within



the Dutch 200-mile limit. Admittedly, too, there are important differences between the various claims now advanced. In the South Pacific, the Latin American governments assert that they have full sovereignty over the huge sea areas in dispute. The "continental shelf" claimants confine themselves to earmarking for their own use the resources of the sea bed, without prejudice to the legal status of the waters above them.

Yet, while the more modest claims deserve to be distinguished from the more absurd, the general trend remains ominous. It is true that all the governments concerned are profuse in reassuring statements. They all declare their respect for the right of "innocent passage"; and even the Peruvians express themselves as willing to let foreigners fish in their wide waters if permission is obtained and conservation rules observed. But it is a sad truism that claims, once accepted, are seldom renounced, while assurances prove less enduring. Seafaring nations like Britain have long experience of the way in which pledges of tolerant behaviour lapse in periods of international friction.

There is nothing sacrosanct about the three-mile

limit, except in so far as custom has made it so. People are entitled to ask why in an era of rocket missiles the distance a gunshot will carry from the shore should form the basis of international custom. Again, there are venerable exceptions to the three-mile rule: the Norwegian four-mile claim, for example.

In 1951, in the Anglo-Norwegian dispute, the International Court of Justice at The Hague recognised the validity of " economic interests, peculiar to a region, the reality and importance of which are clearly evidenced by long usage." In short, international law on the freedom of the seas has never been doctrinaire or absolute. Nevertheless, it has survived in the past, with local quirks and minor variations, because it seemed clearly to serve the general good. Now some countries have come to the conclusion that they have more to gain than to lose by breaking the established customs.

What is to be done ? There are some ardent theoreticians who think that an international conference might settle all these disputes once and for all, or even that the United Nations might take on the task of policing the high seas. They are surely optimists ; no means of enforcing such a settlement lie readily to hand. In 1930, the League of Nations failed to codify the law on territorial waters. The chances of success today are much slimmer. And the Americans, for instance, would find it embarrassing to be drawn into an international debate in which they might be attacked for closing large sea areas in the Marshalls and Carolines for the testing of atomic weapons. But is there no other way of tackling the problem ? If systematic codifying and enforcement by a central agency is too Utopian to hope for, is anarchy the only alternative ?

★

It would be absurd to think that the choice was as limited as this. The fact that the law is defective does not point straight to the arbitrary use of force. Surely it is not too late to point out that there are good precedents for compromise between the interested parties, and that if this fails it is still possible to have recourse to international arbitration. The present UN and FAO conference in Rome has on its agenda two items dealing with possible means of resolving the world's fishery problems. The Peruvian ministry of foreign affairs provided an expert for the advisory group which drew up the agenda ; and it was anxiety about the fish resources of the Humboldt current which chiefly led Peru, with Chile and Ecuador, to claim the 200-mile limit.

If the Rome conference can determine in what kind of conditions conservation measures become necessary, and recommend the sort of measures that might be taken, it will have done much to prepare the ground for agreements between the various governments involved in some of the outstanding disputes. Conventions for the preservation of fish resources work well in many parts of the world ; it is tempting to believe that only an over-sensitive nationalism prevents them from doing equally good service in other regions.

If stubbornness persists, it may be worth recalling that the International Court still carries considerable moral weight. The Latin Americans, in particular, have not yet rejected an invitation to test their claims before the Court. Would this not make a worthy test case ? As members of the United Nations and of the western camp, these three countries have an obligation to settle their disputes peacefully. To appear before the Court is no slur on sovereignty, as Britain has shown by its offer to put its case over the Falklands to the test. Admittedly, the Court has no powers of enforcement, and will not easily find firm ground on which to base a ruling. But at the moment nothing is easier than to mark off huge volumes of ocean. It might at least be worth trying to make these proceedings legally tiresome and morally embarrassing for the encroachers.

The Budget

More than ordinary interest was attached to the Budget of the Chancellor of the Exchequer brought forward last night. Already it had become known, by various statements which have been made, that the expenditure of the last quarter had proceeded at the rate of twenty millions, or eighty millions in the year. The army, navy, and ordnance estimates already voted by Parliament alone amount to £40,700,000. And it was evident that, including the interest of the debt and other changes, an entire sum considerably exceeding eighty millions would in all probability be required for the year. And inasmuch as the outside that could be expected to be derived from the actual taxes in operation could not be expected to furnish much above £63,000,000, it was evident that there would be to be made up in one form or another a deficiency of upwards of twenty millions. . . . In selecting the description of taxes which he proposes to impose, the Chancellor of the Exchequer has had especial care to carry out that great and important principle, that as far as possible, taxation should be spread over every class of the community in such a way as to reach all somewhat in proportion to their ability. And this principle is more especially important when provision is made for the expenditure of a war. It is impossible to deny that direct taxation has much to recommend it: it is simple and in general is easily collected ; and, moreover, evasion and fraud are generally more difficult. But the principal ground upon which direct is preferable to indirect taxation, is that it does not interfere with trade or industry, which the latter to a certain extent, less or more, must necessarily do. But it is impossible to adhere to direct taxation only or wholly without committing a manifest injustice to large classes of the community, and entirely relieving other still larger classes from any share of the public burdens. The classes which it is possible to reach by any description of direct tax are comparatively small ; while those whom it is impossible to reach by any such tax are extremely numerous. The great masses of the people can only be reached by some indirect tax ; and the chief thing which it becomes a statesman to consider, is, in what way such indirect taxes can be imposed upon articles of consumption, so as to interfere as little as possible with the course of trade.

The Economist

April 21, 1855

The Election of 1955

For the next few weeks comment upon the course of the election campaign, based partly upon despatches from correspondents in the constituencies, will be presented in this special section of *The Economist*.

The Unreliable Voter

THE first thing to note about election prospects is that although the Conservatives can legitimately be regarded as current favourites, they are much less firm favourites than at a similar period before the general election of October 25, 1951. In the fourth week of September, 1951, the " Gallup poll " taken by the British Institute of Public Opinion, and published in this country by the *News Chronicle*, had suggested that the Conservatives had a 10 per cent lead over Labour. By the time that the Institute took its last pre-election poll, on October 22nd, this suggested lead had dropped to 3½ per cent, and when the election took place Labour actually had a lead of 0.8 per cent in total votes cast. Similarly, the last nine by-elections before the general election of 1951 showed an average swing of 5.7 per cent to the Conservatives compared with February, 1950 ; when the general election took place on October 25th, the average swing to the Conservatives compared with February, 1950, was only one per cent.

This time the Gallup poll—taken on April 16th and just published in the *News Chronicle*—suggests a Conservative lead of 3 per cent over Labour. Admittedly, this is double the lead shown in the poll of a month ago. Admittedly, too, the effective lead may be still greater, for in the Gallup poll (unlike the election) anyone who wants to vote Liberal has a chance to do so. An interesting subsidiary poll taken by BIPO in March suggests that when the votes of frustrated Liberals are re-distributed between the two major parties, the effect is to increase the Tory lead by 1½ per cent. Nevertheless, the 3 per cent lead for the Conservatives that appears upon the face of the figures is directly comparable with the 10 per cent lead they were said to have at the beginning of the campaign of 1951. Moreover, the seven by-elections since and including the Conservative victory at West Derby last November have shown an average swing of only 0.6 per cent to the Conservatives compared with October, 1951, and therefore of about 1.6 per cent compared with February, 1950. The number of seats gained by the Conservatives in the recent county council elections was not out of line with a swing of these proportions. It is at once obvious that if there is a movement of opinion back to Labour in this election campaign—compared with these samples provided by by-elections and opinion polls, and commensurate with the swing that apparently took place during the campaign of 1951—then Mr Attlee will again be Prime Minister of Britain by the evening of May 27th.

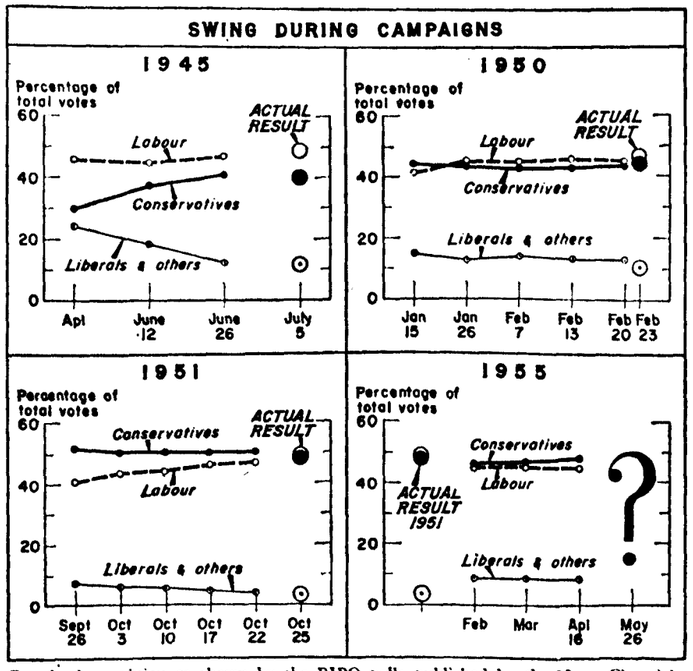
Is there likely to be such a movement in Labour's favour during the next few weeks ? Or is the swing of opinion during an election campaign more likely to be in favour of the Government of the day ? These, of course, are the questions on which the result of the election will depend, and they are the reasons why the *News Chronicle* polls in the next few weeks will be awaited with such devouring interest. At this stage no analyst can do more than outline the nature of the problem. And this involves closer consideration of two groups of people whose position is equivocal: the 10 to 40 per cent of the electorate who normally vote at general elections but not at by-elections, and the proportion of those interviewed by the Gallup pollsters whose replies are either obviously unreliable or else who reply: " I don't know." The experience of the pollsters suggests that this latter proportion—the " Don't knows "—varies from 3 to 15 per cent, depending on the time the poll is taken. Not all of these people under consideration, be it noted, are " floating voters," liable to switch from one party to another ; a better generic name for all of them is that of " the unreliables."

★

If by-elections are used as a measuring rod, there is reason to suppose that these " unreliable " voters can be divided into two groups. One group consists of those who do not turn out to vote at by-elections through sheer sloth. There is evidence, stretching back well into prewar days, that a majority of these people —when the issue is finally set before them—tends to vote at a general election for the Government of the day. This is not altogether surprising ; most of them, almost by definition, must be people with no burning grievance against their present lot.

The second group of those who absent themselves from by-elections, however, have become a factor of

importance at general elections only since the war. Not to put too fine a point on the matter, they are the political "illiterates"—people who may not vote at by-elections or local elections because they have no very clear understanding that those elections are going on. Among them Labour supporters probably predominate; and in 1950 and 1951 Labour managed to bring a surprising number of them to the polls. This apparent division of by-election absentees is a very awkward circumstance for the prophet. It suggests that on May 26th two groups of people representative of those who have not bothered to vote at by-elections will come to the polling stations—one group mainly Conservative, and the other predominantly Labour. Some analysts are tempted to say that these two groups should cancel out, and that the result will be in line with recent by-election trends—which would mean (using the average swing in by-elections since last November as a guide) the return of a Conservative Government with a majority over Labour increased to about 50. But this assumption of "cancelling out" is not based on anything as respectable as a guess; it is simply the cover for baffled ignorance adopted by excessively tidy minds.



Pre-election opinion as shown by the BIPO polls published by the News Chronicle.

Use of the public opinion polls as a measuring rod presents different problems. In the first place, there are the "Don't knows." The BIPO's usual practice when presenting its results is to redistribute these proportionately among the parties, as this corresponds surprisingly closely to the way they split up when they are asked the further question, "Even if you don't know, which party would you be inclined to favour?" This enables the polls taken during the campaign to be compared with the final result; it is the method adopted in presenting the trends during previous elections in the adjoining charts. Of those who say they don't know, some 10 per cent—or one per cent of the whole sample—usually persist in complete uncertainty. But it must be remembered that, through sampling errors alone, even so scientific a body as the *News Chronicle* Gallup poll may be 2 per cent out—an error that may vary from one poll to the next. Thus the difficulties of dealing with the "Don't knows" are increased by the possible sampling error.

Moreover, there are at least two other problems in the pollsters' way. The first is set by the really "awkward types," for whose vagaries no niceties of sampling can correct. There is reason to suppose that some of those who vote for the Government at general elections but not at by-elections put themselves on record as "against the Government" in non-election time polls, but discover that they do not really mean it when it comes to the point. This, at any rate, is the most logical explanation of one of the most interesting facts shown in the accompanying charts: namely, that there has been a swing back to the Government in all three postwar elections—not only to a Labour Government in 1950 and 1951, but also, and indeed in sharper measure, to the Conservative Government in 1945. Secondly, it seems probable that even the final pre-election polls tend to underestimate Labour's strength. This, again, has been the experience of recent elections. One reason may be that some of the "illiterates" record themselves, stony-faced and uncomprehending, as "Don't knows" to the end—and then vote Labour; while some other "illiterates" are so baffling to interview that they may not get into the public opinion polls at all, although most of them probably vote Labour too.

*

This, then, is the best summary that the analyst can make on the eve of the election campaign of 1955. From past experience one would expect that there should be a swing to the Conservatives both in the country and in the public opinion polls in the next few weeks; and that the Conservatives, with a reasonable lead already tucked underneath their belts, therefore deserve to be ranked as favourites at this stage. But if by the week of May 26th they have not held on to a lead as large or nearly as large as the 3½ per cent lead shown in the last pre-election BIPO poll of 1951, then many outside analysts will rate Labour as favourites on the day. The composition of the new Parliament—and with it the course of British history—is still poised on a knife edge; there are a large number of seats which could be affected by a slight swing in votes either way. It is to a study of the marginal seats that could be affected by small movements of opinion that an article in *The Economist* next week will be devoted.

Liberal "Nuisance Value"

THE annual Liberal Assembly at Llandudno raised just sufficient of a revivalist spark on the night to leave the detached well-wisher feeling more depressed than ever on the morning after. The spark was lit by the party's discovery of a new and attractive salesman of its wares in Mr Grimond, the Liberal Chief Whip in the Commons. Despite the latter-day iconoclastic tendencies of Liberal MPs, Mr Grimond can never have been strained to "whip in" a party of six, and he has hitherto been rather a dim figure in the Liberal hierarchy. But the illness of Mr Clement Davies forced Mr Grimond into the centre of the stage at Llandudno; and his racy, forceful common sense was a delight to a party normally fed on a diet of Welsh platitude and senior common room dialectics. For a moment, for one moment of hope in the sunshine, the party felt that it just might have found a Scot able to lead it out of the wilderness into which the Welsh condemned it.

Away from all those eager faces, however, the hope necessarily fades. Certainly the other two parties do not expect to lose votes to the Liberals compared with 1951; indeed the Tories think that they may gain significantly from them in constituencies where they reappear, while Labour believes that it may be able to capture one of the Liberals' remaining six seats. (Mr Hopkin Morris had a majority of only 467 in a straight fight with a Labour opponent in Carmarthen in 1951.) The big parties' main interest in the Liberals rests on how far they are "going to make a nuisance of themselves" by putting up candidates in marginal seats. At the moment the Liberals seem likely to put about 120 candidates into the field, compared with 109 in 1951, but their list of contested constituencies will probably remain uncertain right up to nomination day. Liberal candidature is a hobby rather than, as with the other parties a serious hope of eventually taking up an MP's job; and "hobbyhorse candidates," in the face of discouragement, are disturbingly apt to last-minute changes of mind.

Despite this uncertainty, new Liberal contestants are unlikely significantly to affect the result of the election. On the average, a Liberal candidate in a new seat tends to get about 6 per cent of the vote, of which—to take an extreme view of their nuisance value to the Tories—about 4 per cent may come from the Conservatives and 2 per cent from Labour. There seem to be 14 seats that the Conservatives could lose to Labour by a loss of 2 per cent of the total poll. It will be bad luck on the Tories if many of the possible net addition of eleven or so Liberal candidates appear in these critical 14 seats, rather than in the other 500 or so constituencies that Liberals also did not contest in 1951—and where their entry will make precious little difference. On the rules of random selection, and Liberal selection is still pretty random, one suspects that the changing pattern of Liberal candidature between 1951 and 1955 should not affect the tenure of more than two or three seats.

While the Liberals' effect on the fortunes of other parties may be uncertain, their own prospects are clearer and stark. They have virtually no chance of capturing another constituency unless one of the bigger parties stands aside. It became known at Llandudno that a very informal approach had been made to Transport House, and had been turned down flat. The Liberals are thus thrown back on hopes of local alliances with the Tories, similar to those which have let them in at Huddersfield West and Bolton West. Negotiations are now taking place in a handful of constituencies, and there is some hope of the Liberals getting a clear run in another Welsh division. The burning question before the party, however, is not whether it can increase its membership of the House above the present paltry six, but whether it may actually suffer further losses. Apart from Carmarthen, this depends on a renewal by the Tories of all the arrangements and abstentions that they agreed to last time. In the last election only one of the Liberals returned had been opposed by a Tory. The exception, oddly enough—or perhaps not so oddly when one recalls his brilliant performance last week—was Mr Grimond himself.

At the Starting Gate

THE announcement of the election date found the party organisations not merely lined up at the starting gate, but in some places actually through it. In many areas, for instance, the local parties booked halls for eve-of-poll meetings on May 25th several weeks ago. Both the main parties are left with about 30 or 40 candidates still to be selected, but in most marginal constituencies candidates have been picked well in advance. All the Tory leaders seem to be safely placed, but three prominent Labour figures have still to be found seats—Dr Summerskill (this year's party chairman, no less), Sir Frank Soskice and Mr Woodrow Wyatt. In addition, two sitting Labour members have been rejected by their local parties—Mrs Braddock, in Liverpool, and Mr Kinley, at Bootle. Transport House is fighting the local decision in the first case.

The main task of the central party offices is to set out the propaganda lines for poster and leaflet purposes, and to organise the speaking tours and broadcasting appearances of the national figures. Both sides believe that the television screen holds the key to a frighteningly large number of votes. The Tories have been alarmed by some embarrassingly enthusiastic rumblings

from Sicily, but Sir Winston Churchill is expected to be one of the party's leading "steam radio" attractions, leaving the younger and brisker-looking leaders to appear on television. It also seems likely that the Tories will have packed off their manifesto to the printers before Sir Winston gets back; they are inclined to resent the helpful suggestion that this document should be called "The Old Statesman and One Nation"—in order to show that the party has not lost the attractions of each.

Both manifestos are expected to be out before dissolution. Labour has been going through some policy-making birth pains this week, with a meeting on Monday of the policy sub-committee of the National Executive, which submitted a draft manifesto to a full Executive meeting on Thursday. Theoretically the Labour manifesto should be based on "Challenge to Britain," but in reducing that document to handy size there should be plenty of room for surreptitious —and very necessary—amendment.

Ninety Years On

In only one general election since the Great Reform Bill has a Government increased its majority after holding office throughout a Parliament. The occasion was a summer election in 1865, and the historical contrasts with 1955 are rather startling.

The outgoing Government in 1865 had been led by an eighty-year-old Prime Minister of great popularity and renown. His methods of administration had been extensively criticised in *The Economist* and other newspapers, and certain of his colleagues had been urging him to retire for several years; but Lord Palmerston stayed on and undoubtedly attracted votes from the older generation during the election. His majority was increased from 20 or so to about 60. This was good for his party but not so good for him; under the strain of office, and before he could form his new administration, he died on the eve of his eighty-first birthday. An important feature of the election was that the Chancellor of the Exchequer, Mr Gladstone (who was hailed by *The Economist* as the outstanding figure of that Parliament), had managed to secure what this journal called "a surplus of the first magnitude—a surplus of £4 million" in his budget accounts. He gave all of this away, chiefly by a reduction of income tax rates from 6d. to 4d. in the pound.

The Economist was chary of this pre-election budget. It expressed the fear that the Chancellor "does more than he should, that the *extent* of his operations is excessive." It agreed that some readers might feel that this objection arose "out of an obstinate caution which is habitual to us in money matters," and admitted handsomely that it had been wrong in opposing Mr Gladstone's tax reductions two years earlier. On this occasion, however, it was not wrong. Following this budget, and as the election campaign raged, an economic crisis developed with alarming rapidity. By May of the following year, as Overend, Gurney and Co. crashed, the Bank rate stood at 10 per cent. The great advantage of this story is that all parties should be able to find suitable passages to quote from it during the coming election campaign.

Voters and Strikers

The threat of a railway strike on May 1st may make some electors very angry indeed. Who will they be angry with—the Government, for letting this trouble fester, or the Labour Party, half a dozen of whose Parliamentary candidates will be financed by the engine-drivers' union?

An important point to remember is that if a strike does start on May 1st it will almost certainly be over by election day; the country's essential business cannot easily be carried on with only skeleton railway services for more than three weeks. In so far as this does become an issue, therefore, voters on polling day are likely to be influenced by the settlement of the dispute, not by the dispute itself. If a settlement is reached by surrender after some days of stoppage and dislocation, then the Tories seem bound to be harmed; there will be a feeling that they should have settled things with less fuss earlier. If a settlement is reached before a stoppage takes place, then much may depend on whether the Government appears in the role of a responsible mediator or of a whipped dog.

In either event, Labour should only lose votes if it managed to make itself look more irresponsible than the Tories are made to look inept. It should be difficult for any but the silliest Opposition politicians to fall into this trap. During a recent television discussion of the newspaper stoppage, however, Dr Dalton showed how it could be done; he came down wholeheartedly on the side of the Communist-led strikers, just before the court of inquiry came down wholeheartedly against them. Labour's tactics in the face of this issue will have to be to keep its Daltons on the leash.

Nonsense Corner

The fact that London newspapers were not appearing when the election date was announced may have brought insufficient publicity to statements made in welcome to it. These statements included one example each of the odd and the tortuous which it would be a pity to miss. The odd statement, which deserves careful re-reading, came from Mr Aneurin Bevan:

> It is an extraordinary thing for Sir Anthony Eden to announce an election before the electorate has had time to pronounce either on his policies or his conduct.

The tortuous statement came from Mr Sydney Elliott, Editor of the *Daily Herald*, which has often complained in the past of the dominance of the capitalist press:

> It is an amazing distortion of democracy to announce a general election at a time when there are no London national newspapers. . . . It is not the first time Sir Anthony has offended against the spirit of the Constitution. When forced to resign from the Foreign Secretaryship by Mussolini, according to the best authorities he should have resigned from his party and roused the country. . . . He is not a faithful custodian of the Constitution and never has been.

It would be nice to know what each of these utterances is supposed to mean.

Notes of the Week

The Bamboo Curtain

The Bandoeng conference very nearly created an admirable precedent for all international assemblies; it was seriously intended, in its first hours, that the prepared speeches which all heads of delegations had brought with them should simply be handed round. Somebody's nerves unfortunately gave way before this revolutionary suggestion could be carried out, and the conference settled down, as conferences do, to several days of speechmaking. At first it seemed that by tacit agreement there would be no mutual name-calling, but gradually the margins of restraint became blurred. General Romulo of the Philippines executed a *tour de force* by avoiding direct mention of Communism while delivering a blistering attack on one-party rule, control of the press, and police states. For Pakistan, Mr Mohammed Ali urged adherence to "seven pillars of peace"—a formula akin to the five points sponsored by India and China, but replacing the grey phrase "peaceful co-existence" by the more clear-cut principles of negotiated settlement of all disputes, self-determination, and single or joint self-defence. Then Prince Wan, the Thai Foreign Minister, directed himself openly to China with a straight question about Pridi Panomyong's activities there and subversion among Chinese in Thailand.

Mr Chou En-lai waved all such doubts affably away. The "autonomous Thai movement" was, he said, no threat to Siam, Burma or Laos; China would readily discuss the dual nationality problem of the Overseas Chinese with the governments concerned; the common task for Asians was to do away with colonialism, and Communists and non-Communists should work together to that end without any mutual suspicion or fear. There was, he said, no "bamboo curtain" round China, and he invited any or all of the delegates to come and see for themselves. Probably Mr Chou did not see the implicit contradiction in these last words. It is precisely the fact that only the invited are able to enter China, and that they can then see only what their hosts wish them to see, that makes the "bamboo curtain" a reality and a scar across Asia—as the iron curtain is a scar across Europe. The tone of the speeches hitherto made at Bandoeng suggests that most of the Asian and African delegates will not be led by mere honeyed words to forget this sinister fact.

Riddles of a Lost Airliner

Each fresh piece of information about the Indian aircraft that crashed last week while flying from Hongkong to Java seems to complicate the mystery. The evidence of the survivors, all members of the Indian crew, strongly suggests sabotage. The Chinese government, which had chartered the aircraft to fly eleven Communist newspapermen and minor officials to the Bandoeng conference, issued a flat accusation of sabotage long before any evidence was available, and branded the Hongkong authorities (whom it said it had warned of the risk of sabotage) with complicity in an act which it attributed to the Chinese Nationalists and the United States. But it now emerges that Peking sent only a vague, and obvious enough, intimation that its representatives might meet with some trouble in Hongkong, and that the authorities there, taking no chances, placed guards on the aircraft throughout its stay. Thus, if the Nationalists managed to plant a bomb in it, they were being at the same time very clever and very foolish; foolish because they would gain nothing by the death of a few minor Communists but must suffer a further loss of Asian goodwill by such an act on the eve of a great Asian gathering.

Nor is that the only factor that makes one pause before assuming the Nationalists' guilt. The speed with which Peking issued its accusations was odd; the chartering of a Constellation with a crew of eight to fly only eleven unimportant passengers was odd; the fact that Peking gave no hint of its apprehensions to the Indians (who are understandably resentful about this) was odd too. One would like to know a good deal more about an incident which has provided Communist propagandists with such timely and dramatic material. Lack of newspapers may have prevented many people in Britain from realising how quickly and systematically Peking's wrath was trained on Hongkong after the crash. A Chinese minister at once declared that the situation in Hongkong was "intolerable"; it is described as a "hornet's nest" of hostile agents who are "a grave menace" to China. More will doubtless be heard of this before the Bandoeng conference is over.

The Footplatemen's Turn

Having been delivered from one strike in time for the general election, the Government is now faced with another which, if it comes off, could have a much more damaging effect on Conservative prestige. For the strike that the engine drivers and firemen threaten to start on May 1st is, far more than the strike of the newspaper workers, the Government's direct concern. And whichever way the elector looks at it he is likely to think that a sorry mess has been made of wage negotiations on the railways.

The crisis is the end to which the court of inquiry into the railway dispute last January provided the direct means; indeed, it is not even the end, but only one stage on a

relentless roundabout. The strike is threatened because the Associated Society of Locomotive Engineers and Firemen is determined to hold fast to the wage differentials, as between locomotive men and other grades, that were established by an award of the Railway Staff National Tribunal last November. Those differentials were threatened when the National Union of Railwaymen promptly put in another claim for its members ; and they went by the board after the court of inquiry advised yielding to the NUR. The inevitable result of surrender was another claim by the ASLEF—for a maximum of £10 os. 6d. for engine drivers, compared with the £9 15s. offered by the Transport Commission. The railway tribunal, which in November had harkened to the men's argument that the rewards of extra skill were sadly diminished, this week agreed with the commission. The engine drivers' job had not changed, so why should their pay ?

The Government and the commission are now faced by the fact that a vicious spiral is in full twist on the railways, for if there is a surrender to the ASLEF the NUR will certainly follow shortly behind it ; they must also recognise that the machinery of negotiation in this industry will be still further weakened if the Railway Staff National Tribunal, for the second time in little more than a year, finds its award brushed aside as a result of Government intervention under threat of a strike. But the machinery is desperately weak already ; and the public may also feel that so long as a porter on a good beat for tips can earn more than an engine driver, there is much to be said for the ASLEF claim. Since the Government and the commission helped the court of inquiry to make this bed of nails, it is for them to choose how they will lie in it. The essential lesson, however, is that, sooner or later, the country will have to stand up to a national railway strike. The second essential is that this battle should be fought at the right time and place. There will be many economists who will feel that the right place will be against the redundant mass of unskilled men who burden the railways, rather than against engine drivers who are relatively underpaid and in short supply ; and there are certainly many politicians who feel that the right time will be after the election and not before it.

Newspapers Return

A SETTLEMENT between newspaper proprietors and employees has been reached on terms which manifestly could have been worked out without recourse to a destructive strike. All that the strike has achieved is to demonstrate the power of Communist leadership in charge of small groups of men in key positions ; so far as the national press is concerned, the fact must be accepted that they retain that power. It is evident that the Communists have heard some home truths from other trade union leaders in the course of the negotiations and left in no doubt of their considerable unpopularity. But that has not prevented Mr Haxell, a member of the National Executive of the Communist party, from being elected general secretary of the Electrical Trades Union while the strike was on ; it is perhaps significant that less than 25 per cent of the members of the union bothered to vote either for or against him.

The final negotiations were complex ; but, broadly speaking, the employers have at least gained the victory for their stand after the Court of Inquiry. The report of the court was so flatly opposed to the strikers' case, and in effect so strongly in favour of the employers' arguments that it left indeed little ground for fresh concessions by the Newspaper Proprietors' Association. In the negotiations which followed on Thursday of last week, however, the gap was ultimately narrowed to the point at which the NPA offered new negotiations—implying some wage increases—by June 30th, while the unions, abandoning their specific demands, nevertheless insisted on a firm promise of increases in advance, and an immediate resumption of wage talks. The breakdown at this point led to heated discussions between the Electrical Trades Union and the Amalgamated Engineering Union on one side and the printing unions on the other, 23,000 of whose members became unemployed as the result of the obduracy of the ETU and AEU ; over the weekend the leaders of the London Typographical Society deplored the strikers' "continued intractable attitude," while Mr Deakin's remarks on blackmail were at least partly pointed in the same direction. This week the TUC, at the request of the Minister of Labour, took a direct part in further negotiations. These finally produced the formula that the men should go back on the basis of the acceptance of the existing offer and the initiation of new wage talks in eight weeks' time, any increases agreed thereafter to be dated back to the middle of June. This, incidentally, involved the withdrawal of the demand of Natsopa (the largest of the printing unions) for 12s. on top of the existing offer ; some hours of discussion served to dispose of other points at issue with NPA which that union had said would need to be settled before it recommended its unemployed members to return to work.

Loss and Profit

THE upshot for the press, therefore, is that the proprietors face a new round of discussions on wage claims in the near future ; though they will find this process less of a diplomatic marathon if a unified negotiating body has by then been set up, as recommended by the court. The engineers and electricians have had four weeks on strike pay, and they must face the fact that differentials have been upheld. The craftsmen have had a week on the dole. The proprietors have put their losses at the end of the third week at £2 million—presumably a net figure which sets off losses in sales and advertisement revenue against reduced costs in wages and newsprint and the prospect of regaining some of the advertisement revenue by larger papers. The public's reaction in terms of circulation has yet to be measured. But it is clear that the industry as a whole has suffered a heavy blow, and it is already known that the London evening newspapers, at any rate, are to put up their prices. So in the end it is the public that has to pay.

But the public will also have some questions to ask. How is it that in 26 days the press has been unable to offer even the smallest substitute for the free press whose importance it ceaselessly urges? Why, indeed, has it done just the reverse, seeking to restrict the circulation of that part of the press which continued to appear ? Has it, in fact, shown a spirit commensurate with its own conception of its high office ? And is it doing anything to meet a possible recurrence of a situation in which the country is largely deprived of independent news and comment ? The comments in the press on Thursday morning suggested that only a few papers were giving these questions some thought.

The upshot as far as the structure of collective bargaining is concerned is more cheering. For the first time since the war a court of inquiry has acted—in the middle of a strike—as a court of inquiry and of judgment, not as a body that sought merely to find the lowest common denominator of agreement between parties with whose ethics it would not be concerned. And the judicial approach has worked. There is an almost welcome irony in the thought that its success has been shown in the same week as the chickens of the famous railway court of last January have come home to roost.

Soviet Riposte in the Middle East

EVEN a novice at soothsaying could anticipate what Moscow would say about British accession to the Turco-Iraqi pact, and sure enough, out came *Pravda* last week with the expected phrase—"colonialism in the guise of defence." The official Russian protest, which followed in a special statement issued by the Ministry of Foreign Affairs last Saturday, was rather less hackneyed in form ; it threatened to lay before the United Nations a complaint against the western powers for exercising undue pressure on Asians in order to force them into "aggressive blocs."

The threat to arraign the west at Uno is probably an idle one. It would in any case bear little fruit ; if a grouping that includes Britain should not, perhaps, be classed as one of the "regional arrangements" for which the Charter provides, it can be justified, as Nato is justified, as one of the "measures of collective self-defence" that are permissible under Article 51. The Soviet statement was issued not for legal but for propaganda reasons, and was timed to reach Asian ears just as delegates were mustering at Bandoeng. If Britain and America can there be branded as militarist, and Russia as, by contrast, neutralist, a propaganda victory of some dimensions will have been scored, if not with Middle Eastern rulers and soldiers, at least with the many more lowly Asians who hope to survive on the side lines in the event of an east-west war.

In fact, no pressure has been exercised by London on any Middle Eastern government. The potential adherent most frequently mentioned by wishful thinkers is Iran, but its new Prime Minister has been quick to deny a rumour that he is "studying adherence" to the pact. It should be remembered that the Iranians have, as part of their age-old balancing act, maintained since 1921 a treaty with Russia which has re-insured them against incursions—presumably hypothetical British ones—from the south. This treaty binds them not to allow any organisation or third party hostile to Russia to set up installations on Iranian soil as a "base of operations" against the Soviet Union. It also affords Russia the right to "advance its troops into the Persian interior" in the event of incursion by any hostile third party. If the sanctity of old treaties has any meaning, Iranian accession to the new pact might prove to be anything but a blessing.

M. Pinay Tours the Horizon

M. PINAY seems to have inherited from M. Mendès-France not only the office of foreign minister but also a preoccupation with deadlines and rapid movement. After coming to London on Thursday at Mr Macmillan's invitation, he is due to meet Dr Adenauer at the end of next week, and there is talk, too, of a journey to see M. Spaak, partly in connection with new projects for European integration now being mooted between the Belgians and the Dutch. The brief visit to London clearly represented a good deal more than a courtesy call on the new Foreign Secretary. To begin with, M. Pinay was known to be anxious to secure as much alignment as possible of British and French views on Indo-China. American eagerness for bilateral discussion with the French of differences of approach to the problems of both North and South Vietnam has not been well received in Paris, where there is a strong desire that Britain should also take part in any such discussion and an equally strong hope that the British, as signatories of the Geneva agreements, will strengthen France's hand.

M. Pinay must have been much less hopeful of securing support from Mr Macmillan for France's immediate tactics on the European stage. Britain has not matched the speed with which the United States and Germany deposited their final instruments of ratification of the Paris agreements on Wednesday ; but there is as much eagerness in London as in Washington to complete the whole formal basis of Western Union without further delay, so that the foreign ministers and the Atlantic Council can proceed in early May both with Western Germany's admission to Nato and with the question of a meeting with the Russians. The British also sympathise with the American preference for completing the ratification procedure before getting down to systematic discussion of the new situation even on the official level. Here, M. Pinay's pledge to the French Senate that final ratification would be delayed until France has got its own way on the outstanding Saar issues is an obvious stumbling block. However rapidly the French Foreign Minister continues his diplomatic circuit he can hardly escape the necessity to modify his insistence on this issue, unless he is, indeed, ready to jeopardise the whole western timetable.

Electoral Hors d'Oeuvres in France

THE electoral season has opened in France too. Last week over six million Frenchmen went to the polls to cast the first ballot in their cantonal elections. Half the

departmental, or county, councils are renewed every three years, and the fate of over 1,500 councillors was being decided. In France, where the centralising heritage of the Revolution and of Napoleon is still strong, local government plays a more modest role than in Britain, and the present voting is attracting attention mainly as a signpost for the senatorial elections this summer and the elections for the National Assembly next year. The signs have to be read with care. Local issues, and heavy abstentions, are both distorting factors. The layout of constituencies, with a strong bias in favour of small rural *cantons*, is a handicap to the Communists, and the two-ballot system is usually supposed to be another one. This year, moreover, comparisons are made difficult by the disappearance of many Gaullist candidates; in 1952 the Gaullist label was a fashionable one, but now many candidates are reverting to more traditional colours.

The first ballot revealed several interesting trends, one being the Socialists' slight gain from the Communists in the industrial areas of the north; the Communist percentage of votes fell from 23 to 21, as the Socialists gathered the fruit of their years in opposition. Another was the fact that the Conservatives rather than the Christian Democrats (MRP) gained most from the receding Gaullist wave. But the most significant phenomenon is one that has been taking place this week in the interval between the two ballots: the forming of local electoral alliances between Socialists and Communists.

The second ballot is held wherever, as is common, no candidate wins an absolute majority at the first poll. Its outcome is largely determined by the candidates who withdraw during the intervening week and urge their supporters to vote for another party. The Communists, adopting the role of champions of the whole Left, have offered in many constituencies to withdraw in favour of candidates better placed to oppose the Right. In some areas the local Socialists are ready to repay the compliment and back Communist candidates. This new trend is opposed by the Socialist leadership, and it will not have any dramatic direct effect. But it has given food for thought to all those in France who have been urging that in parliamentary elections the present system should be scrapped and the prewar method of single-member constituencies with a double ballot revived. The shadow of "popular front" alliances will now hang over any such project.

Speech Day Prizes

SURPRISINGLY, the budget was received by the Tory backbenchers with only moderate acclaim; certainly at the end of his speech Mr Butler was not swamped by the almost unprecedented applause that gushed out behind him after his first budget three years ago. The explanation of the difference is to be found in the setting rather than the subject matter of his performance. Three years ago everybody had expected an unpopular budget, and Mr Butler had deliberately angled for cries of delighted anger from a gloating Opposition by announcing his food subsidy cuts and Bank rate increase first; the tax reliefs he announced at the end of that speech whipped back on a discomfited Opposition with the force of stretched elastic. This time he made some play for the same sort of success, and he roused early Labour hopes of national disappointment by referring to Mr Bevan's recent description of himself as an "unprepossessing personality." "This," said Mr Butler, "seems to me the one attribute vital to the post which I hold." Long before he wound up, however, the sunshine nature of his budget was clear. His actual concessions were announced in a manner reminiscent of an efficient headmaster handing out prizes to the boys on Speech Day, and they were received on the Tory benches with the demure applause suited to such an occasion.

Mr Gaitskell's speech-making activities this week have been very different. Indeed, from the Tories' point of view, he has handled some singularly unpromising material aggravatingly well. His broadcast on Wednesday evening was a magnificent example of how to quote statistics without actually—well, more or less without actually—cheating; his aim was to make the marginal voter feel vaguely uncomfortable about both the stability and the share-out of Tory prosperity, and it could not have been more seductively pursued. His speech in the House of Commons earlier in the afternoon had deployed the same statistics, but had salted them with wild accusations against this "reactionary Government" which would have left any marginal voter present who had ever voted Conservative antagonised and annoyed; the aim here was to raise Labour members behind him to a pitch of enthusiasm and admiration, and it was achieved in one of the warmest moments of Mr Gaitskell's Parliamentary career. From a long term point of view, this week's spectacle of the whole army of Labour MPs wildly cheering Mr Gaitskell was perhaps no bad thing. But if he is to continue to have different types of speech for two different types of audience, he had better make sure that he does not ever get the two mixed up. This will be of some importance when he comes to exert his influence on Labour's election manifesto.

Death Throes of a Parliament

THE dying Parliament is having to transact the rest of the annual financial business at a brisk canter instead of the usual leisurely amble right through the summer. Before dissolution on May 6th it needs to pass a Finance Act and an Appropriation Act. In addition, the House of Commons will have to pass a motion legalising the reduction in the number of supply days from the normal 26 to the ten that have so far been fitted in plus four more that are to be arranged as a reasonable ration for the Opposition. Supply days provide the Opposition with its one chance of initiating debates; but Labour should feel that it has been very fairly treated, especially as it will be able to have a further tilt at the Government before the election by choosing a topic to be debated on the Appropriation Bill.

To fit in all this business before May 6th the Government has had to take over the three Fridays set aside for private members' business. Even with these additional days, the Government will still be pressed for time, and a good deal of ingenuity has clearly gone into the precise

THE THREE BANKS GROUP

Total assets over £400,000,000

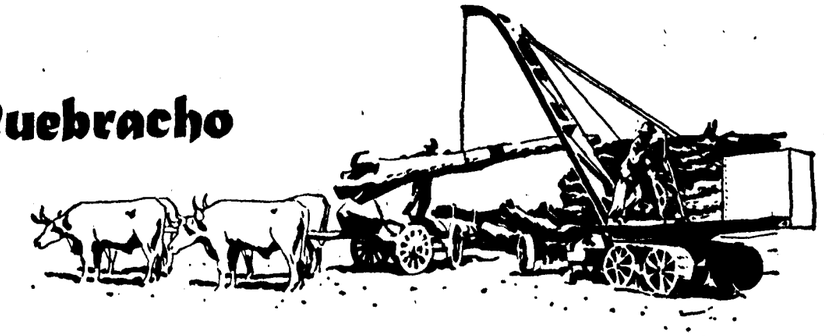
THE THREE BANKS

THE ROYAL BANK OF SCOTLAND Founded 1727 Edinburgh, London & Branches

GLYN, MILLS & CO. Founded 1753, London

WILLIAMS DEACON'S BANK LIMITED Founded 1771 Manchester, London & Branches

Quebracho



Glance down the list of Britain's imports from Latin America and you will find quebracho extract. The quebracho itself is a tall hardwood tree which grows in the northern forests of Argentina, taking a full century to reach maturity. Its extract, a valuable tanning agent, is shipped to world markets from Buenos Aires, where the Bank of London and South America has long been established. You will find quebracho mentioned from time to time in the Argentine section of the Bank's *Fortnightly Review*.

This publication is an invaluable guide for all who wish to enter Latin American markets, whether as buyers or as sellers, for it summarizes the latest reports on trading trends, import regulations and exchange control received from our 51 branches in South and Central America.

We shall be glad to send you a specimen copy, on application to:—

The Research Department (SECTION 34)

BANK OF LONDON & SOUTH AMERICA LTD

HEAD OFFICE: 6, 7 AND 8 TOKENHOUSE YARD, LONDON, E.C.2

MANCHESTER: 36 CHARLOTTE STREET · BRADFORD: 19 SUNBRIDGE ROAD



MORE POWER AT LOWER COST

To add power to an existing diesel installation the simplest and most efficient way is to fit a Napier ***Turbo-Blower.*** *On a 2-stroke engine power output goes up by more than 50%. A 4-stroke diesel fitted with a* ***Turbo-Blower*** *develops as much power as two similar, but unblown, diesels. And both power gains are made at a lower specific fuel consumption.*

The ***Turbo-Blower*** *is a good example of the Napier principle: more power at lower cost.*

NAPIER

Partners in Progress with The ***ENGLISH ELECTRIC*** *Company Ltd.*

D. NAPIER AND SON LIMITED LONDON W.3.

drafting of the Budget Resolutions and the Finance Bill. In particular, Mr Butler has left out the usual concluding resolution, which authorises general amendment of taxation law and so opens the way to the tabling of dozens of amendments and new clauses to the Finance Bill. This year amendments to the Finance Bill will have to relate to its provisions, and these in themselves are precious few. Normally the Finance Bill may contain as many as 80 clauses and a dozen schedules ; this year it has just three clauses (one merely setting out the title) and no schedules.

Discussion on the committee stage of the Finance Bill is "exempted business"—in other words, no time limit applies. A government could theoretically curtail debate by moving the closure, or even imposing a "guillotine" timetable, but this would be quite exceptional on a Finance Bill. Nor, in the present case, should such expedients prove necessary ; with a Finance Bill so restricted, there should be time enough for proper debate unless there is the most blatant obstruction. There is no reason why Labour should not accept the curtailed arrangements. Any objections can immediately be referred to the electorate—this is, in fact, the only circumstance under which the restriction of debate on a Finance Bill could be accepted—and if Labour is returned to power it will be free to bring forward a second Finance Bill in the autumn or even, if it likes, later this summer.

"As You Were" for Hungarians

A PICTURE of Mr Nagy, crowned with flowers, was carried through the streets of Budapest during the recent celebrations of the tenth anniversary of the "liberation" of Hungary. But any speculations that his story might be given an unusual twist have now been squashed ; he has duly met the fate that has hung over him ever since he was reported sick two months ago and a few weeks later was uncompromisingly censured by the central committee of the party. Last week he was dismissed both from the premiership and from all his party posts: unlike Mr Malenkov, he was not consoled with a minor ministry.

Among the accusations levelled at Mr Nagy last week were that he had "striven to put a brake on the engine of socialist construction," especially on the development of heavy industry and of collective farming. Mr Nagy was made premier in June, 1953, precisely because such a policy was considered expedient. But the "new course" economic policy has clearly not succeeded in rescuing Hungary from its troubles, and Mr Nagy had to pay the penalty for failure. Even if he had been more successful, the switch in policy in Moscow would probably have made his position untenable. He is also accused of trying to "push into the background the leading role of the party," in favour of the Patriotic People's Front, the new popular organisation started last October in an attempt to whip up popular support for the regime. Whether or not he has really been trying to undermine the party, Mr Nagy does seem to have enjoyed some popularity ; and that perhaps accounts for the delay in disposing of him. It rather looks as if it needed Marshal Voroshilov's recent visit to Budapest for the "liberation" celebrations to prod the Hungarian Communists into decisive action.

Although Rakosi remains in the background, the new office-holders are believed to be his men. The new premier, Andras Hegedues, has been concerned with agricultural problems and since 1953 has been first vice-premier ; recently he has been emerging rapidly into the limelight. His successor as first vice-premier is another up-and-coming Communist, Joseph Mekis, who as chairman of the trades union council has recently been plugging the Rakosi line against right-wing deviationists. Mekis and Istvan Kovacs, the party boss in Budapest, have been promoted to the Politburo ; the latter was formerly a supporter of Nagy who has been very obviously working his passage back to Rakosi. But none of these new men is to be envied his promotion, for they will be forced to carry out policies whose bankruptcy and unpopularity were proved years ago.

Two and a Half Thousand Million

THOSE who like their statistical path to be dotted with milestones will note that, according to the newly published United Nations Demographic Yearbook for 1954,* the world's population has now topped the 2,500 million mark. In the three years up to the middle of 1953 nearly 100 million were added to the UN Statistical Office's roll. Not all of these represent new and hungry mouths, for it is thought that the various censuses taken around 1950 contributed some of the apparent increase by putting a more accurate count on existing heads. Even so, the Statistical Office believes that the real total is increasing annually by well over one per cent, which is enough to set neo-Malthusian heads shaking.

Contrary to the familiar notion, the most bustling expansion in recent years has taken place not in Asia, but in the Americas. Since 1940 the population of the American continent has grown by about 27 per cent, compared with roughly 16 per cent for Asia (excluding the USSR, for which figures are not given) and a meagre 6 per cent for Europe. Even if the figures for eastern Asia, which consists largely of China, are taken separately, the rate of expansion seems to have been matched by that in central and southern America, and even to have been exceeded in the last three years. Statesmen as well as demographers should be interested in this tendency of the western world's centre of human gravity to shift towards South America.

Some hitherto unpublished figures about expectation of life give a startling illustration of the changes that medical science can bring about. Shortly after the end of the war a campaign to control malaria was undertaken in Ceylon. The Yearbook shows that within a single span of 12 months, between 1946 and 1947, the expectation of life of a Ceylonese child at birth increased by nine years, and has gone on rising ever since. It now stands at more than 56 years, compared with 32 in India. Any increase half as sudden over Asia's vast land masses would raise some frightening economic problems. It would be interesting

* Available from HM Stationery Office. 729 pages. 45s.

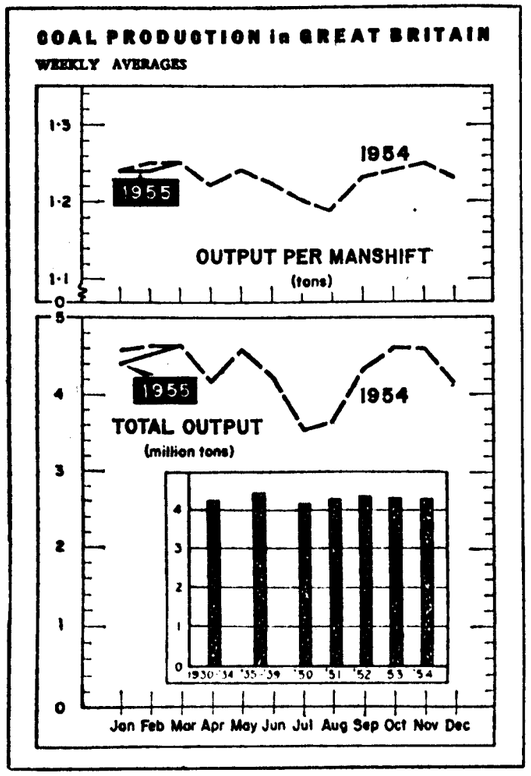
to have figures from China to compare with these ; but perhaps expectation of life is a concept which the Chinese regard as somewhat lacking in "Socialist realism."

Greek Opposition Manœuvres

AFTER years of unsatisfactory coalition cabinets, the Greeks have for three years enjoyed a stable government under Marshal Papagos, the leader of the Greek Rally; but the necessary corollary of a stable opposition is still far to seek. The opposition parties, which in the present Greek parliament muster only 87 out of a total of 300 seats, add to their own ineffectiveness by their discords and by their internal manœuvrings, the latest example of which was provided last week by the prominent Liberal, Mr Venizelos.

About a year ago Mr Venizelos handed over the leadership of the Liberal party to Mr Papandreou and ostensibly retired from politics ; but for months past he has been trying to stage a come-back as leader of a united opposition front. Nothing, however, came of his efforts, partly because of divided counsels within the other opposition parties, and partly because of disagreements over how far to the left the united front ought to extend. Mr Venizelos is resolutely opposed to any collaboration with the fellow-travelling EDA, but he has affronted some of his fellow Liberals by his desire to work with the less extreme left-wing Democratic party ; and this party, in turn, maintains that a united front that does not include the EDA is no good.

The resignation on March 30th of twelve Greek deputies from their respective parties, including eight from the Liberal party, was the signal for Mr Venizelos to try a possible new path to leadership of the opposition. He returned from a visit to Egypt, resigned from the Liberal party (of which he had remained honorary chairman) and, to the indignation of Mr Papandreou and his supporters, announced the formation of a splinter Liberal party, the Liberal Democratic Union. He hopes, no doubt, to attract enough deputies to make this the largest opposition party ; he himself would then automatically become the official leader of the opposition, and thus be in a better position eventually to unify it. But so far only seventeen deputies, including the twelve who had resigned on March 30th, have joined the new party. Far from uniting the opposition, Mr Venizelos' activities look like increasing its already lamentable fragmentation.



Time Must Have a Stop

A SCIENTIFIC congress has been scheduled for July in Berne to mark the fiftieth anniversary of the special theory of relativity. At this congress, physicists will show how this theory opened the new kingdoms of atomic and sub-nuclear science ; astronomers will describe how it explained the motions of Mercury and how it carried the awed mind to the curving limits of the universe ; philosophers will acknowledge, with rueful gratitude, that special relativity forced them back into the very beginnings of metaphysics and let the darkness in where space and time had held comfortable sway. Spectators at this congress will, perhaps, be unable to follow the arguments and the formulas, but they will know that their world is as profoundly the product of the new science as the eighteenth century was of Newton's cosmogony. It had been hoped that the author of the small monograph on special relativity, and of a number of other scholarly papers equally slight in format, would honour the congress with his presence. But Dr Albert Einstein now belongs to the history of man.

That history goes beyond his pre-eminence as a scientist. It includes his unwearying opposition to political tyranny whether it took the form of Nazism or of McCarthyism, his combination of the complex roles of a citizen at home in all lands with one for whom Israel was a great hope, and his unfailing moral insight in the face of the terrible military consequences of his discoveries in the physics of energy. But, above all, Dr Einstein kept alive in the small minds of millions of ordinary people the realisation that truth for truth's sake, and the most forbidding pinnacles of pure research can become the great forces shaping practical experience. It is his special glory that for men to whom the word "relativity" means nothing, the name Einstein will always mean a shock of white hair, a violin, and wisdom in our time.

Correction : In the note on "New Watchdogs for Russian Farms" on page 191 of *The Economist* of last week, the sentence referring to "the decision by the government and party to change the chairmen of the 93,000 collective farms . . ." should have read ". . . in about one-third of the 93,000 collective farms. . . ."

Letters to the Editor

No Newspapers for Lent

SIR—How right you were to say the newspaper strike was causing the public "far more than an inconvenience" and how wrong is F. W. P. Deane to suggest, on the evidence of what he calls his "own little bit of mass-observation," that the public does not care a tinker's cuss! If your correspondent judges rightly, how is it the provincial dailies are receiving many orders with cheques to send the paper to would-be subscribers for the duration and are being implored to send big extra editions to London ? And when the provincial papers explain that they cannot do this, owing to their defensive agreements against strike sabotage, how is it they are accused of putting commercial prudence above the public interest ? The continuous information and discussion in the Press have become in business and public life an indispensable element, far beyond the power of the BBC to supply, excellent as it is, when the great national papers are silent.—Yours faithfully, LINTON ANDREWS

"Yorkshire Post" Office,
Leeds, 1

*

SIR—Mr Deane says that he has been undertaking his own "little bit of mass-observation" on the newspaper strike. You may be interested in the results of an "official" Mass-Observation on the same subject which was commissioned by the BBC for television's "Panorama."

A week after the strike had started less than one-quarter of Londoners said that they had not been inconvenienced at all as the result of the strike and two-thirds said that the inconvenience was not serious. What was most often missed was sports news. A second general check-up at the end of last week showed, however, that one-third of Londoners regretted having missed the news of Churchill's retirement. Sunday papers are missed much more severely than daily papers.

With regard to the lighting of fires, Mr Deane feels that this is not serious at this time of year. But already 35 per cent say that they are having difficulties of this kind ! —Yours faithfully,

LEONARD ENGLAND

Mass Observation Ltd., W.8

*

SIR—It has now become clear that the prestige of our national daily press is considerably lower than many of us had thought.

The House of Commons itself treated with complacency—even with amusement—the plight of the press. MPs seemed to consider that a nuisance had been temporarily gagged and that it might have a healthy chastening effect. This is an astonishingly shallow reaction, which is probably in process of revision by now. Radio quiz and answer programmes have revealed a disparaging view of Fleet Street which editors will surely find very difficult to disregard. Even if such evidence be considered trifling, it is apparent that the nation has managed well enough without the press during a change of leadership in the Government, during the Budget and debate upon it, and at a time when a general election has been announced.

Are we to take it that a free and forthright press is no longer essential in the life of a democracy ? Or is it that British newspapers have fallen short of the needs of the times ?—Yours faithfully,

Twickenham JUSTIN LONG

New Chance for Nepal

SIR—A letter in your issue of April 9th, based apparently on a brief visit to Nepal in 1945, suggests that the Rana regime at that time compared favourably with any British Province. May I correct such a misleading impression, on the basis, not of a brief visit, but of 30 years' administrative experience in a British Province, followed by 7 years (1940-1947) in Nepal.

The administration in Nepal at that time was quite incredible, an anachronism that had survived from the Moguls and the Indian Rajas before Clive, and which two centuries of British administration had done its best to eradicate elsewhere. Your article of March 19th mentioned that the whole country was treated by the Maharaja as a huge private estate. This is literally true. Large tracts of land, usually with magnificent and valuable forests, were given in perpetuity to the Maharaja and his relations and favourites. A recurring annual gift of one million rupees (£75,000) from a grateful Indian Government for the services of the Gurkha regiments in World War I went into the Maharaja's private account. Consider Justice. No Habeas Corpus Act, no trial by jury ! A young member of the Koirala family wrote an article in an Indian paper against the Ranas ; his innocent old father was put into prison until he died. Medical services were non-existent in 90 per cent of Nepal villages. I have seen dogs and vultures quarrelling over cholera corpses, and on occasion my wife objected to various camping sites when there were too many skeletons lying about. Bribery and corruption were universal, on a scale beyond anything in India. Your correspondent mentions the happy and friendly character of the people as evidence of good administration. The fact is absolutely true, a characteristic that the Nepalese share with the somewhat similar inhabitants of Burma, Thailand, Bali, and other countries where time and the teaching of Buddha have shaped the national character, but the assumed reason is not true. The happy character exists in spite of, not because of, the administration.

It is remarkable, and rather pathetic, that the last of the Ranas, who was the first to put the interests of the people before self, had no time to introduce his reforms, and arrived too late to save the regime. He is now in exile. If the young King succeeds (as your original article hoped) in producing order and an efficient administration from the existing chaos, it will be an achievement far beyond the fabled labours of Hercules.—Yours faithfully,

Tralee, Ireland. E. A. SMYTHIES

A Cry from Lancashire

SIR—In your article of April 16th you stress that the heart of the textile trade's problem is to recapture exports, and at the same time stress that the best hope for this is for the trade to concentrate on the luxury article and still more on the medium-priced branded article where "price is still secondary to the quality of design and finish," and on those articles made from the newer synthetics. Yet it is precisely the production of all these articles that is actively discouraged, and in many cases entirely prevented, by the operation of purchase tax on textiles, which is levied exclusively on the medium quality to luxury end of the trade.

Your other article suggests that it is dangerous to give tax relief only to those industries in difficulties, implying that the textile trade, primarily because of its present difficulties, is wanting some special concession in regard to purchase tax, whereas what in fact it is wanting is, for the sake of its long-term future, to get rid of a special disability from which it suffers. It alone of the major exporting industries suffers from purchase tax in the form of the "D" Scheme which discriminates against better quality. It has been shown beyond doubt that this affects its ability to export such qualities, even granted certain successes which have been achieved in spite of the difficulties. Any action taken to eliminate this distortion can only be considered both equitable and prudent. The Chancellor in his Budget, whilst reducing the amount of tax borne by certain textiles, has left intact the particular type of discrimination against better quality textiles which, under the "D" Scheme, causes the basic distortion from which its evil effects chiefly flow.—Yours faithfully,

Carlisle J. W. F. MORTON

Books & Publications

The Wood and the Trees

SURVEY OF INTERNATIONAL AFFAIRS 1952. By Peter Calvocoressi.
DOCUMENTS ON INTERNATIONAL AFFAIRS 1952. Edited by Denise Folliot.
Issued under the auspices of the Royal Institute of International Affairs by *Oxford University Press*. 481 pages 45s. and 546 pages 55s. respectively.

YEARS are the most unsatisfactory historical divisions: and the greatest disadvantage of the many to which the authors of the Chatham House Annual Surveys of International Affairs are subjected is that they are obliged to begin their narrative on January 1st and end it on December 31st, while the events they are describing do not start and stop so neatly. Nineteen fifty-two, moreover, was an untidy year: the Korean armistice was still not concluded; Stalin was not yet dead. True, the European Defence Community treaties were signed, but in an atmosphere of such hesitation and misgiving that it is hard to regard the event as a dramatic climax. In the circumstances Mr Peter Calvocoressi and his colleagues, Mr Kirk and Dr F. C. Jones, have done very well. During his too brief period in charge of these annual surveys Mr Calvocoressi has done much to cure some of the defects of the series. The volumes are appearing sooner after the events they describe; some of the Toynbeean trappings have been dropped; we are no longer obliged to see drab and trivial events *sub specie æternitatis*, and we are spared misleading comparisons with past ages. Mr. Calvocoressi even goes so far in his preface as to poke a little fun at the pedantic transliteration of Arabic which Chatham House has tried to impose on us.

Mr Kirk's sections on the Middle East and the Arab West provide an interesting contrast to the rest of the volume. Mr Kirk has deliberately chosen a rather different manner of writing contemporary history from that of his colleagues. For while they have adopted a lucid, colourless, detached style, recording without comment, not speculating, on motives, drawing few conclusions, Mr Kirk is bolder. He describes characters, often in highly critical terms ("The notoriety of King Faruq's profligacy, which had given him at the age of thirty-three the outward appearance of a middle-aged debauchee . . ."); he analyses the intrigues of Arab politicians with obvious and infectious enthusiasm. His chapter is certainly the most interesting to read in the volume. The reason may be, of course, that the subject matter is intrinsically more interesting, that Arab politics are more fascinating than the endless discussions about German rearmament and the procedural deadlocks of the Korean armistice negotiations. But perhaps it is also that Mr Kirk, by breaking the Olympian calm and detachment of the usual Chatham House style, is in fact writing contemporary history rather in the way in which the best real history is written. By attempting to judge characters and assess motives he is doing what the historians of the more distant past constantly attempt; and it is more than a flat chronicle of events compiled from newspapers and official publications. The result is both illuminating and enjoyable.

One of the most urgent tasks for the new Director-General of Chatham House will be to decide what is the purpose of these surveys. Mr Calvocoressi's clear narrative, his objective presentation of facts and figures, are admirable in their way; yet much of the information he conveys would perhaps be as usefully presented in the form of chronological and statistical tables, and much of it is only duplicating what is already to be found in the excellent accompanying volume of documents. Perhaps it would be more valuable if Chatham House produced historical studies of particular topics—EDC or the Korean War, for example—so that the story did not have to be broken off in the middle. An annual survey of this kind, already three years old, has a curious unreality about it, especially when it is written with the eyes conscientiously closed to all that has happened since December 31st of the year with which it deals. The Royal Institute of International Affairs should make up its mind whether it is to write contemporary history or produce the raw material from which someone else will write it. So far it has not been entirely successful in doing either.

Against Bureaucracy

THE BATTLE OF CRICHEL DOWN. By R. Douglas Brown.
The Bodley Head. 192 pages. 12s. 6d.

THERE have been many libertarian causes as worthy as Commander Marten's claim to Crichel Down. Why did this one case attract so much attention? From Mr Brown's fair and balanced account, the short answer seems to be that the injured party was not only very determined, but sufficiently wealthy to afford the luxury of patience and sufficiently well-connected to bring pressure to bear at the point where it could hurt. In addition the affair produced a personal drama guaranteed to appeal to the popular press; a village Hampden challenging an all-powerful minister. The fact that the minister, although clearly culpable, was well liked and in fact far from powerful merely added an agreeable flavour of pathos to the story.

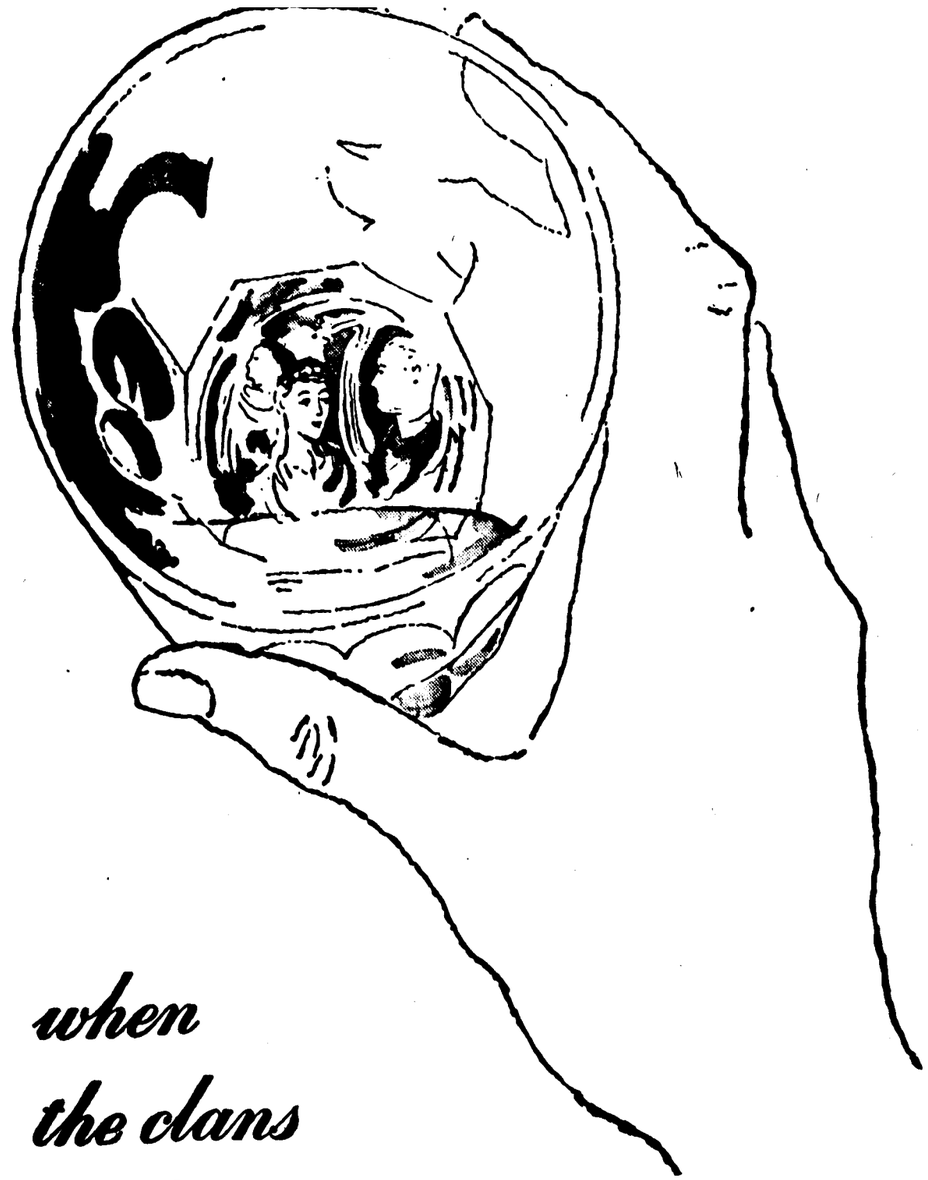
But how many other sufferers from bureaucratic incompetence are likely to enjoy Commander Marten's advantages, or be lucky enough to touch Fleet Street on its tear ducts? Mr Brown's careful report of the crazy pirouetting of the bureaucrats may leave the reader dizzy, but it shows clearly enough how almost imperceptibly a minor piece of stupidity can grow into a major injustice. The importance of the Crichel Down case lay not in the righting of this one wrong, but in the prospect it opened up of similar wrongs being inflicted on other private citizens less favourably placed to seek redress. Crichel Down revealed a chink in the citizen's armour against injustice and, for all the good resolutions thrown about like confetti at the time of the final explosion, this has still to be mended.

Mr Brown too easily accepts, particularly for a Liberal, the inevitability of continued state interference on the land; the price mechanism might just as effectively ensure a proper use of resources. But in this and other spheres of British national life the evils of delegated legislation seem likely to be with us for years ahead, and Mr Brown usefully considers how the citizen might be better protected. He examines in passing the possibility of improving both the quality and the supervision of the civil service, but he sees only two real sources of stronger safeguards—Parliament and the courts. The value of Parliament was proved in the Crichel Down case itself, but action, whether on the floor of the Commons or in some investigating committee, must depend on the initiative, inevitably capricious, of individual MPs. Mr Brown, in the end, reaches much the same conclusion as the recent, more technical, report of a group of Conservative lawyers—that the machinery of the courts must be strengthened. He adds the important rider, however, that nothing will protect an indifferent public.

Pigment and Prejudice

THE COLOUR PROBLEM.
By Anthony H. Richmond.
Penguin. 370 pages. 3s. 6d.

THIS book traverses much familiar ground, but it is an up-to-date survey which illustrates familiar liberal principles with the results of many recent researches into race relations. This is, indeed, a field so fruitful for the methods of applied sociology that the flow of new facts is continuous. The treatment of colour problems in Britain is perhaps the most interesting and challenging part of Mr Richmond's study; partly, perhaps, because a thorough review of race relations elsewhere in the Commonwealth leaves the reader without any very obvious clues to policy. But this is a colonial problem



WILLIAM GRANT & SONS LTD. DISTILLERS. SCOTLAND

*FOR NEW IDEAS** ON BUSINESS LIST-PRINTING



Stock, price and parts lists, mail-order and membership lists, inventories and internal telephone directories: how are they produced in your business? Is it a full time job for someone to keep them up-to-date and accurate, to check proofs, to supervise printers and publication dates? Send for the Man from Remington Rand. He'll show you a way with business list production which is quicker, cheaper and more accurate altogether.

**THIS IS FLEXOPRINT* Remington Rand's equipment for rapid, low-cost list-printing. Flexoprint turns your own typist into a compositor — does away with all typesetting charges. Flexoprint lists are maintained, amended, paged up in any format, and proof-read in your own office. They are always up-to-date, always ready for your printer or your own offset-litho department. Does Flexoprint sound like a solution to your listing problems? Let us prove that it is.

Send for the Man from

Remington Rand

COUPON: I would like to know more about Flexoprint.
*Please * arrange for your representative to call by appointment* ☐
** send me full informative literature* ☐ *(tick course of action required)*

NAME.....

POSITION.....

ADDRESS.....

.....



REMINGTON RAND LTD, 1-19 NEW OXFORD STREET, LONDON, WC1
Telephone: CHAncery 8888 UM3

Wherever there gathers



• a rustle of 'Silks'



• a flutter of Financiers

there's a fitting of



Church's

famous English shoes

Leathers, lasts and styles to fit the occasion, the mood and the man

Shown here are 'Yeoman': wider forepart with close ankle fit. Black or brown calf. 99/9. 'Mastermoc', slipper-light, shoe-styled, roll-up flexibility: Balmoral calf, brown or black 59/9.

From authorised Agents throughout the country. For nearest address write CHURCH & COMPANY LIMITED, DUKE STREET, NORTHAMPTON

** We have a small compendium of assembly terms for fish, flesh, fowl, and fellow man. A copy is yours with our compliments, from any of our Agents or direct from us.*

Two's Company . . .



with

PLAYER'S No 3



The Quality Cigarette

13P 125

that has been brought to the average Briton's doorstep—or at least it may reach his doorstep or the one next door at any time. Mr Richmond's estimate of the number of coloured people permanently domiciled in Britain is 100,000, of whom 10,000 are British-born; by inter-marriage and immigration the number is mounting steadily.

Modern psychological therapy is based to some degree on the hypothesis that anxieties and fears lose their force if brought into the conscious mind and frankly discussed. Mr Richmond makes a contribution to easier relations between white and coloured Britons by discussing just what it is so many people dislike or envy in the African and by bringing the trouble into consciousness—whether the anxieties are economic, cultural, sexual or the projection of personal maladjustments. This part of the book could have been longer with advantage, since the book seems essentially designed for the general reader now becoming aware of his coloured fellow-citizen.

Mr Richmond gives more extended treatment to the elaborate forms of discrimination which the coloured person encounters in Britain. It cannot be doubted that this country is far removed from the time when people will be blind to each other's skin pigment. But there also remains in Britain considerable consciousness of social class, upbringing, regional differences and a hundred other peculiarities for keeping people out of one's set, or for wanting to penetrate theirs. Caught up in the nuances of a subtle culture which is only politically democratic and materially egalitarian, the coloured visitor often sees slights where none are intended—or are intended for white as well as black skins. Unfortunately black skins are thinner than white. Yet, by and large, the coloured immigrant finds it easy to create his own circle and way of life in a basically tolerant community. What more, at this stage, can he expect in an imperfect world? The position of children born of coloured fathers and white mothers merits careful consideration. Gradually, as they increase in number, they should form a bridge between the races; for they will be given the full social and educational endowment of the welfare state. Will they be accepted enough to feel at home? Or will they later on fill the rebellious and revolutionary role of those who in the past in childhood felt oppressed by "the ruling class," and have sought ever after to get even with it?

Education and Anthropology

EDUCATION AND SOCIAL CHANGE IN TROPICAL AREAS.
By Margaret Read.
Nelson. 139 pages. 8s. 6d.

PROFESSOR MARGARET READ is head of the Department of Education in Tropical Areas in London University's Institute of Education. Until 1952 this was called the "Colonial Department," and the change in title marks a significant change in its emphasis and a great extension of the meaning of "education." Miss Read is herself a distinguished anthropologist, and the theme of her teaching and writing is that "the problems posed for the educationist cannot be solved without the help of the anthropologist."

The present book contains some of Miss Read's comments on current educational problems in tropical and underdeveloped areas. It consists of nine separate papers, mostly lectures delivered to different conferences over the last twelve years. As the material has been prepared at different times for different audiences, the result is a very unsatisfying book. Too many points are raised but not driven home; too many problems are indicated but not analysed; there is some lack of cohesion and much repetition. Yet if the author's case is deprived of impact, she has many stimulating things to say, opening up for further research the field of relationship between indigenous traditional cultures and a modern system of education. It is a comparatively new field of study, and of its very nature it is changing while the specialists are at work in it. The degree of social change in most African communities has been so great that many of the elements of indigenous culture susceptible of incorporation in the new educational structure have themselves to be reconstructed. In West Africa they are already being partially reconstructed, with some artificiality. Just as the educationist needs the anthropologist, the latter needs the historian.

The U-Boat War

THE SEA WOLVES.
By Wolfgang Frank. Translated by R. O. B. Long.
Weidenfeld and Nicolson. 262 pages. 21s.

THIS book is concerned with the resurgence of the "Sea Wolves"—the German U-boats—as a vital part of Hitler's navy and with their rapid expansion under Admiral Doenitz. By the end of 1942 the Germans had hundreds of operational U-boats, and until these could be defeated it was evident that there could be no Allied victory in Europe.

According to the author the ultimate defeat of the U-boats was not due to any failure of morale, but could be ascribed to a variety of causes. Before the war had even started, Admiral Raeder, who believed in a "balanced fleet," would not heed Doenitz's plea for a vast increase in U-boat numbers to the exclusion of other less effective naval weapons. If only Doenitz could have started the war with 100 U-boats. . . . If only he could have obtained aircraft from the powerful *Reichsmarschall* Goering. . . .

The author was one of Doenitz's staff officers, and candidly admires him for his leadership and for the devotion he inspired among subordinates. When Raeder resigned in January, 1943, Doenitz succeeded him as head of the Navy, but still retained direct control of the U-boats—the only weapon, as he believed, that could defeat the Allies. Moreover, Doenitz was on far easier terms with Hitler than his predecessor had been, and so could at last secure his much-needed priorities.

But it was too late, for within a few months—in May, 1943—the crisis came, the U-boats suffering enormous losses without achieving adequate sinkings. What bothered the Germans at that time was that they were often in the dark about the cause of these losses. Thereafter the ever-growing allied countermeasures forced the U-boats to put their own survival before the destruction of shipping. In the last phase of the struggle the Germans were driven to adopt various revolutionary designs and methods, such as new propulsion with hydrogen peroxide, acoustic and "pattern-running" torpedoes, decoys against radar and asdics, and the use of the "snort." Fortunately many of these hurriedly improvised inventions came too late to influence the course of the war, but it should be noted that some of them have since been acquired by other navies. In the description of these devices there is much that has not been available hitherto. There is some disquieting evidence about weaknesses in allied cypher security.

The preface by Admiral Sir George Creasy, Commander-in-Chief, Portsmouth, reminds us that submarines are in the armoury of the nuclear age. A decade has elapsed since the events described in this book, and Doenitz, its central figure, is nearing the end of his term of imprisonment. Now Western Germany is once more to be allowed to build submarines, though limited in size and numbers, and this grim but informative book serves to underline the wisdom of the recent Paris Agreements in so far as they provide safeguards against any unilateral rearmament by Britain's former enemy.

Books Received

THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT 1946-1953. Prepared by the Staff of the Bank. Published for the International Bank for Reconstruction and Development by *The Johns Hopkins Press* (London: *Geoffrey Cumberlege*). 273 pages. 32s.

ECONOMICS IN SOUTH AFRICA. *Second edition.*
By N. N. Franklin. *Oxford University Press.* 247 pages. 21s.

COCOA.
By D. H. Urquhart. *Tropical Agricultural Series. Longmans.* 249 pages. 35s.

BRITANNICA BOOK OF THE YEAR 1955.
Encyclopædia Britannica. 510 pages. From 4 guineas.

TANGANYIKA: *A Review of its Resources and Their Development.*
Prepared by J. F. R. Hill and edited by J. P. Moffett. *Government of Tanganyika,* London: *Jarrold.* 924 pages.

INDIA, 1954: *Annual Review.*
Information Service of India. 270 pages.



Sales Target: U.S.A.

British manufacturers have found the national market of American families who read The New Yorker every week is an influential and prosperous sales target. The famous names of England appear regularly in our advertising pages . . . to a greater extent than any other magazine . . . and in infinite variety . . . aircraft, travel, apparel, biscuits, motor cars, for instance. Readers of The New Yorker in 3000 communities all over the United States set the pattern of buying for countless others. When you consider a magazine's imprint and impact, remember this about markets and circulation: It isn't how many, it's *who!*

THE
NEW YORKER
No 25 WEST 43RD STREET
NEW YORK, 36, N. Y.

LONDON OFFICE: 21 GROSVENOR STREET, W.1

"*It's not the* SIZE, *it's the* FEROCITY!"

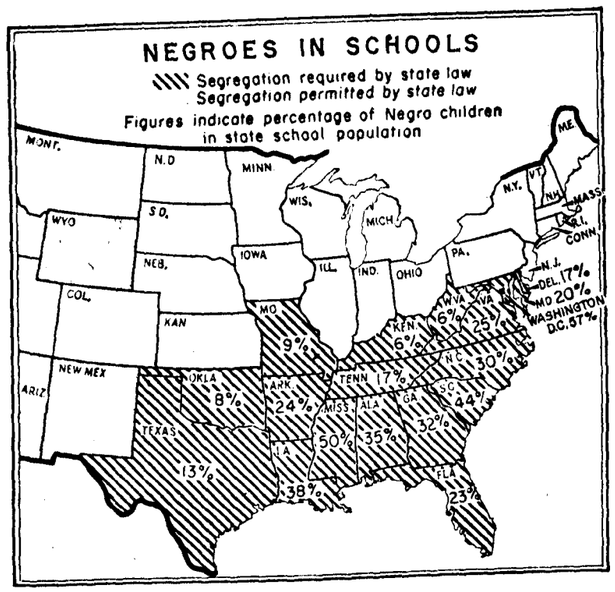
American Survey

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

Segregation in Court

Washington, D.C.

WITH its usual dignity and calm, the Supreme Court last week moved into the final stage of its deliberations on racial segregation in state-financed schools. On May 17th of last year, in a dramatic and unanimous decision, the Court ruled that separate schools were "inherently unequal" and therefore violated the Fourteenth Amendment to the Constitution which assured "equal protection of the laws" by states to all their citizens, regardless of race, creed or colour. This decision went to the very heart of southern traditions and prejudices, and in their serene way the "nine wise men" were continuing a social and human revolution begun with President Lincoln's emancipation of Negro slaves. Despite outcries by extremists and threats of a dissolution of the state school system made by several southern Governors, the South has responded to the impending transformation in its way of life with watchful calm. In order to determine "when and how" its ruling, based on five specific cases but ultimately applicable to all southern communities, was to be enforced, the Court invited lawyers representing southern states, the federal government, and Negro interests to appear before it last week.



On the question of whether the Supreme Court should itself issue detailed decrees or whether it should remand the cases to the courts of first instance, all three parties were agreed. The cases should be remanded: the Supreme Court should not try to behave like a "super-school district." The three-way clash occurred over the degree of latitude to be left to the district courts which, though more capable of taking account of varied local conditions, are also more exposed to local prejudices. The Negro lawyers want the Supreme Court to give precise instructions, including a deadline for the end of segregation which should preferably be next September, but at the latest September, 1956. The attorneys-general from southern states pleaded for an "open decree," with no deadline and practically no instructions. The United States Solicitor-General, Mr Sobeloff, representing the federal government, asked that states and school districts be required to draw up plans within ninety days. Once the district court had established the good faith of local officials by holding its own hearings on the plan, it should have wide discretion in deciding the exact timing of the transition, but it would have to report periodically to the Supreme Court, which would retain jurisdiction. If no plan appeared, the court should order the end of segregation at the beginning of the next school term.

Developments during the year since last May suggest that there will not be too much trouble in the border states. In Kansas and the District of Columbia, where two of the five test cases were brought, the issue is practically resolved, with segregation rapidly becoming a thing of the past. Of the two main cities of Missouri, St Louis integrated its schools on February 1st, with only one minor racial incident, and Kansas City will follow suit in September. In Maryland, Baltimore, after some initial trouble, seems to be settling down to a mixed system and other counties are beginning the change. Even Delaware, where the third test case originated, and where an ugly situation developed last year, is probably not going to have too much difficulty, and the state board of education is on the side of integration. A good deal of integration is happening quietly in West Virginia, and Kentucky seems fairly receptive.

But the Deep South is a very different matter and there is a dreary prospect of repetitive litigation and evasion of the law by local councils with the connivance of state authorities. Spokesmen for these states made little pretence before the Supreme Court of being willing to conform to the decision. Most of them contented themselves with referring to "the attitudes of the people" as the controlling factor. Their briefs were spiced with quotations from public opinion polls hostile to integration and with suggestions that attitudes may have changed by the year 2045. Only the attorney-general of Virginia—the fourth and fifth test cases came from there and from South Carolina—scorned such detachment and identified himself eagerly with the substance of racial prejudice. In his eyes, the Negroes' higher illiteracy and illegitimacy rates and their lower health record marked them as a separate and inferior race; to this the Negro representatives swiftly riposted that it was separateness which had created inferiority.

The southern lawyers emphasised, as reasons why the Supreme Court should stand aside, the traditionally local character of school administration; the moral impropriety of over-riding the parents' wishes on so basic a matter as the mixing of their children with those of other races; and the priority of the individual states' police powers, which embody the elementary right of any government to preserve good order and public morals. The lawyers also cited the large sums of money which the taxpayers have recently agreed to spend on bringing Negro schools up to standard so as to conform in good faith to the Supreme Court's previous and long-standing position that separate facilities were constitutional when they were equal. With this came the warning that, since the issue of bonds for school construction normally requires a local referendum, enforced integration might cut off this source of funds.

★

In three states, Georgia, Mississippi and South Carolina, the voters have by now gone beyond that threat by amending the state constitution to allow the abolition of a publicly-financed school system. It would, presumably, be replaced by segregated private schools whose students would receive "indirect" subsidies. But this is a last resort and in most of the South sullen contumacy is more likely than dramatic defiance. Only in South Carolina—where a test case could result in a school board being ordered to create mixed schools in which Negro children outnumbered the whites by ten to one—has the State Legislature moved nearer a drastic solution. It has repealed the law making school attendance compulsory. In Georgia and Mississippi the belief still seems to prevail that, by rapidly improving the standards of the Negro schools, the evil day of integration can be indefinitely postponed. Elsewhere, state legislatures have been wrestling with ingenious schemes to delegate powers over the assignment and enrolment of pupils to the local school boards, with criteria and procedures that would produce a *de facto* continuance of segregation. Such a scheme was passed in North Carolina with the help of the Governor, but vetoed by the Governor of Tennessee, while the local variant in Arkansas did not get beyond the State Senate.

The Supreme Court will need courage and subtlety if the decrees which it intends to issue before its present term ends in June are to produce results in hostile states. At the same time, it must not retard the southern educational system at the very moment when it is at last emerging from a dismal tradition of backwardness. The ultimate and dramatic question of enforcement in the face of continued local disregard is one which nobody seems ready to face, and which everyone hopes will not arise

Aid for Asia

TIMED to coincide with the Afro-Asian conference, the President's request for new foreign aid funds stresses, as it was expected to do, "the critical needs of Asia," where "the immediate threat to world security is now concentrated." Most of the money for which he is asking will be used to meet that threat and to strengthen "the arc of free Asia." A detailed geographic breakdown is not yet available, but no further economic aid is considered necessary for the original Marshall Plan countries, a testimony to the success of that plan for Western Europe which should encourage Congress to persevere with something similar in the Far East.

The President recognises, however, that the situation there is much more complex than it was in Europe, and that greater diversity and flexibility are needed to deal with it. He suggests that he should be given a special fund, of $200 million, for Asian economic development with only broad rules governing its use. This will enable the United States to take advantage of constructive opportunities as they arise over a number of years. Another sign that foreign aid is now being put on a comparatively permanent basis is that it is in future to be handled through the Department of State instead of by an independent agency. The new International Co-operation Administration within the department will deal with all aspects of foreign aid except the purely military.

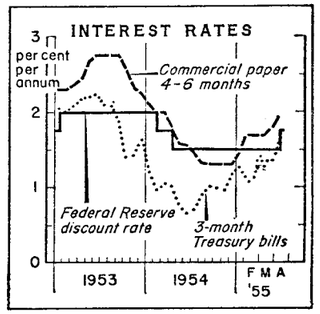
MUTUAL SECURITY FUNDS
(Requested for Year beginning July 1, 1955)
$ million

Economic programmes:—		
Technical co-operation	172·0	
Special programmes	175·5	712·5
Development assistance	165·0	
President's special fund	260·0	
Defence support		1,000·3
Military assistance and direct forces support		1,717·2
World-wide contingency fund		100·0
Total		**3,530·0**

A large part of the funds for the latter purpose is to be devoted to building and maintaining the military forces of America's allies in Asia, including a substantial contribution to the defences of the Nationalist Government of China. Asia is also to receive much of the money for "defence support," which helps allied countries to make military efforts that are beyond their economic capacity. All of this, mixed with the President's emphasis on the use of private enterprise and of loans rather than grants wherever possible, makes up a recipe designed to appeal to Congress's taste. Possibly, in the present atmosphere of crisis in the Far East, the legislators may bring themselves to swallow most of it. But the total of $3.5 billion is a little more than the President requested for the current 1955 fiscal year, which ends in June, and about $700 million more than he got.

Discounting A Rise

THE rise in the discount rate, from 1½ to 1¾ per cent, introduced by the Kansas City Reserve Bank ten days ago, has now been authorised for other regional banks. The rise came immediately after the week's issue of 3-month Treasury bills, carrying interest at 1.652 per cent per annum, the highest since the end of 1953, had pushed through the Federal Reserve discount rate, the charge member banks must pay when they borrow. The central bank dislikes to fall behind in this way, since banks can then borrow from the Federal Reserve and reinvest in Treasury bills at higher interest. Member banks had in any case been seeking an increasing amount of loans from the Federal Reserve, to meet the rising demand from business for credit during the current economic expansion.



Federal Reserve spokesmen insist, however, that the increase in the discount rate is a technical, not an economic, move, that it is not intended to check incipient inflation, but only to catch up with the rise in short-term interest rates which has resulted from the central bank's own recent policy of "less easy" money. The change in the discount rate had been expected, and allowed for in advance, so that in fact it may not have much influence on the money market. But doubts whether the Federal Reserve is really taking a back seat are encouraged by some remarks earlier in the month from Mr Allan Sproul, of the New York Bank and the Federal Reserve's Open Market Committee. He suggested that during a period of recovery interest rates needed to be watched closely, and that eventually a rise in these rates might become a "ready weapon of monetary policy," instead of a "ponderous" symbol.

Boom in Sight

THE economic recovery, which bank officials do not so far find disturbing, is making Mr Sinclair Weeks, the Secretary of Commerce, even more optimistic than usual. With gross national product at an annual rate of $369 billion, the highest ever known in the first quarter of a year and only just below 1953's record second quarter, with disposable personal income actually at a record level—$260 billion a year—and with consumers spending it very satisfactorily, Mr Weeks can be excused for arguing that those who prophesied a recession before the end of 1955 look like being proved wrong. He points out that the business expansion, which began almost entirely in the automobile and housing industries, is now more broadly based and so strongly sustained that this may well be the best year in United States history.

Even the Democratic economist, Senator Douglas, agrees that the recovery is genuine, but he fears that both cars and houses are being produced in excessive quantities and draws attention to the continuously heavy unemployment concentrated in a few places, mainly textile and mining towns. Moreover, the employment picture is not yet so bright nationally as is the general economic outlook. March did indeed show a satisfactory increase in jobs and a seasonal decrease in people out of work. But the number in the labour force was smaller than a year earlier, in spite of the growth in the population of working age, and the number of non-farm jobs had risen by less than half a million. The present boom will not be entirely satisfactory until it reaches the labour market—and by then it may be dangerously near bursting point.

Democratic Braves

DESPITE their capture of Congress in last November's elections, most of the Democratic braves have been sitting warily around the camp-fire, looking up at President Eisenhower high on his totem pole. Last week, however, the tom-toms began sounding the call to battle and there is every indication that the Democrats will soon go on the war-path that leads to the presidential elections in 1956. On the tenth anniversary of his death, the spirit of the great father from beyond the happy waters, Franklin Delano Roosevelt, was conjured up to inspire the tribe. With more tangible ferocity, former President Truman returned to Washington swinging his famous old tomahawk against what he called the Republican Administration's "cynical behaviour," the "bare-faced political fraud" of its Formosa policies, and the myth that it would prove invincible at the polls. Gathering in honour of Mr Sam Rayburn, the Speaker of the House of Representatives, some 3,400 Democrats cheered Mr Truman, Mr Adlai Stevenson, Governor Harriman and all the other chiefs who hope to ambush the Republicans.

This great pow-wow and war-dance, coming on top of Democratic electoral successes in Illinois and Michigan, has convinced many dispirited members of the party that the Eisenhower Administration is vulnerable and should be fiercely attacked between now and November of next year. Principally, the leading Democratic Senators, who have been emphasising bi-partisanship and who have been reluctant to challenge the President, will now be called upon by their party to wear war-paint and risk battle. The more militant elements among the Democrats feel that their leaders have lost golden opportunities by smoking the peace-pipe. The Administration's release of the Yalta papers, its confusion over the Quemoy-Matsu issue, Mr Dulles's continual concessions to reactionary influences in the State Department, and the possibility of major troubles on the labour front, are arrows for Democratic quivers. The Democrats know, moreover, that every sign points to their continued majority in Congress after the next elections, and they are taking heart, since in a presidential election year no party has ever won Capitol Hill and at the same time lost the White House. From now on, therefore, hatchets will be swung and not buried.

Plague on Both Their Houses

ONE of the most colourful and ardent battles in the history of American business is being decided this weekend. On Friday of this week some 68,000 shareholders in Montgomery Ward and Company, the nation's second largest mail-order house, were to vote either directly or by proxy to elect a nine-man board of directors. When the votes, representing some 6,700,000 shares, have been counted, Montgomery Ward will be controlled either by its present chairman, the venerable Mr Sewell Avery and his acquiescent colleagues, or by the flamboyant Mr Louis Wolfson and his team of business-raiders. If Mr Wolfson is victorious he will have shown that personal good looks, $750,000 spent on advertisement, squads of famous ex-athletes, and comely young ladies going from one shareholder's door to the next, can decide who should control a firm doing an annual business of nearly $1 billion.

In 1931, Mr Avery took over Montgomery Ward on the rim of bankruptcy. Today the firm is free of any funded debt and has total assets of nearly $700 million and cash reserves of $327 million, including some $304 million in government securities. But in recent years Montgomery Ward has increased its sales by only 52 per cent, while its great rival, Sears, Roebuck and Company has become the top mail-order house in the country with an increase in sales of 186 per cent. In addition, Montgomery Ward has some 80 fewer retail stores today than it did in 1940, while its competitor has been acquiring new outlets. Mr Avery has long been persuaded that a serious recession would follow the present boom and that his company, with its enormous liquid reserves, would be in a position to weather the storm and expand during such a period of low building costs. In arriving at his decisions, Mr Avery has rarely consulted either his shareholders or his board of directors and he has even remained aloof from the present battle.

Mr Wolfson claims that he is seeking control over the Montgomery Ward empire in order to strengthen "corporate democracy," return some of the great cash reserves to shareholders, acquire new retail outlets, and modernise the entire technique of merchandising. He sees in Mr Avery an old man ridden by memories of the 1929 depression and unwilling to run the firm as a team. In his opinion excess liquidity is bad for Montgomery Ward and bad for the country. He points proudly to the fact that when he captured Washington's Capital Transit Company surpluses of $230 million were transformed into dividends. To back his contention that "Wolfson means expansion," he points to the fact that Montgomery Ward shares have risen by more than twenty points since his campaign began.

★

It is exceedingly difficult to predict who will win control. Under a system of cumulative voting, shareholders multiply the number of shares they own by the number of directors to be chosen, but can allocate their votes as they wish. It is thought that Mr Wolfson will have his votes cast for five directors only in order to gain a majority, whereas Mr Avery will have distributed his strength over a complete slate of nine men. Before the ballot, Mr Avery's side claimed control of 51 per cent of the shares outstanding and some of the more responsible investment trusts had announced their support for the present management. In a brilliant manœuvre, moreover, Mr Avery signed a labour agreement with the Teamsters' Union which covers some 15,000 of his employees, owns 13,500 shares in his firm, and can probably influence 125,000 proxies in his favour. Mr Wolfson, on the other hand, gained great prestige when the Illinois Supreme Court ruled that all nine directorial places must be contested instead of only three, as would have been the case under Mr Avery's system of staggered elections over a three-year period.

For the shareholder it will have been a difficult choice between an old-fashioned and perhaps inflexible management whose plans and habits are thoroughly known, and a brilliant challenger whose previous business record is not above suspicion, but whose future is full of dynamic possibilities. For the outsider it will have been a grand show and proof that the spirit of battle is still alive in the empire of the business moguls.

When Chiefs of Staff Disagree

Washington, D.C.

AMID all the flurry and confusion that the now almost metaphysical question of United States intentions about the defence of Quemoy and the Matsu Islands has produced, one fact has become increasingly clear: the system of the Joint Chiefs of Staff is not working as its originators—General Eisenhower among them—intended that it should. In the past two months the President of the United States has described the views of two of the four members of the Chiefs of Staff (Admiral Carney and General Ridgway) as "parochial." One of these, the Chief of Naval Operations, has attempted to put forward, as Administration policy, his own estimate of Communist Chinese intentions in the offshore islands and possible measures to counter them, and the other, the Chief of Staff of the Army, has discreetly but publicly disputed the whole trend of American military policy. The agreed strategic advice to the civil authorities, which the JCS system was created to provide, is obviously not forthcoming.

The United States tackled the almost insoluble problem of creating a unified system of strategic planning much later than any other great power. It was only after the second world war, when the Air Force had become a separate service, that the necessity for a new general staff system became inescapable. The organisation then set up, whose statutory basis is the National Security Act of 1947, as amended in 1948 and 1953, is midway between the old German pattern of a supreme General Staff dominating the different services, and the modern British system of linking the three service chiefs of staff by means of a military secretariat responsible to the Minister of Defence. The Act united the Chiefs of Staff of the Army, Navy and Air Force into a corporate body known as the Joint Chiefs of Staff under a chairman who has no service responsibilities and no vote, with a small Joint Staff drawn from the three services. The same Act nominated the Joint Chiefs of Staff, in their corporate capacity, as the principal [illegible] of the Secretary of Defence and the President, thereby giving them, by implication at least, direct access to him.

When the Eisenhower Administration took office, a minor reorganisation was put into effect. This strengthened the powers of the chairman, including the grant of full control over the Joint Staff, while bringing the Secretary of Defence and the three service Secretaries, who had increasingly become mere administrative drudges, into closer contact with the planning of higher strategic policy. At the same time the importance of the National Security Council was deliberately enhanced. While the Secretary of Defence (in common with his colleagues of the State and Treasury Departments) is a statutory member of the NSC, the chairman of the Joint Chiefs is now asked to attend its weekly meetings as a matter of course, if not of right. The word went round Washington eighteen months ago that henceforth the President would not tolerate any public displays of inter-service rivalry or disagreement; he and the NSC would accept only agreed recommendations and papers from the Joint Chiefs.

★

However, the developments of the past year have shown that no amount of directives, or of good intentions either, can produce an agreed JCS position if its component members do not start from the same premises. There were many divergences of opinion among the Joint Chiefs of Staff under the Truman Administrations, with the Air Force as the consistent opponent of the concept of "balanced forces," but they tended to turn on means rather than ends. Now two new difficulties have exacerbated the problem.

Firstly, the Joint Chiefs are both by law and by administrative custom supposed to confine their advice to the purely military aspect of a problem in foreign or strategic policy referred to them by the National Security Council. But the dissent of General Ridgway from the views of his colleagues, as exemplified in the split recommendations about an American commitment to the defence of Dien Bien Phu last April, and to Quemoy last September, and again this year, is based not only on differing military premises but on a differing approach to foreign policy. This gives the argument more than just military importance. The belief of senior Army officers that the American public is prepared to accept a higher level of both financial and personal obligations, if it could be clearly demonstrated that it enhanced the long-term prospects of peace, reaches down to the bedrock of differing social and political philosophies.

The second difficulty is that the growing importance of guided missiles has tended to increase inter-service rivalries. There is no clear rule of thumb by which development of different types can be allocated to the different services, and each is therefore tempted to make extravagant claims for its own favourite projects. It is partly to prevent the services from practically issuing the working blue prints of new devices and missiles to the American technical press, and thereby to the Russians, that Mr Charles Wilson, the Secretary of Defence, has recently imposed his much disliked "blackout" on news from the Pentagon.

There is little doubt that the Joint Chiefs of Staff exercise less influence, corporately, over the framing of American policy than they did under President Truman, whose respect for all generals except General MacArthur was well known. Though the influence of Mr Wilson and the three service Secretaries upon strategic policy does not seem to have increased noticeably, the importance which President Eisenhower attaches to the National Security Council has given the civilian members of the Administration a much closer scrutiny over military planning. But the most important factor is that President Eisenhower himself does not feel bound by the military advice he receives, and does not feel inhibited from disputing its soundness, sometimes with the asperity of a colonel towards his subalterns; full admirals and generals are apt to find this somewhat galling.

As was confirmed in the budget hearings before the Senate Armed Services Committee on April 5th, the decision to reduce the size of the Army and, to a lesser extent, of the Navy and Marine Corps, was not based on ideas of the Joint Chiefs. It was in fact taken by President Eisenhower last December entirely on his own judgment. Similarly, the positiveness with which the President rejected the idea of using atomic weapons in "police actions" last autumn, but was accepting them as conventional this spring, suggests that the decision to base American strategy on atomic weapons was made in the White House, for budgetary as well as strategic reasons, rather than wrung from it by the Pentagon. Finally, the President's speedy rebuttal of Admiral Carney's estimate that the Chinese would attack the offshore islands in mid-April confirms the fact that he does not rely primarily on the JCS for his intelligence.

Nor does Admiral Radford, however much he may be admired by Senator Knowland, command the same respect with Congress as did his predecessor, General Bradley. Though the Admiral does appear to have considerable influence with Mr Dulles, he has little ascendancy over the President. His influence has, if anything, grown less since he more than once strained the JCS system to its utmost by promoting his own views instead of co-ordinating and representing those of the three service chiefs.

The two-year terms of all four members of the JCS expire this summer, though under the law the chairman can be reappointed for another two-year period. There are, as yet, not even the usual Washington rumours as to who the new "team" may consist of, but it now seems clear that General Alfred Gruenther remains so indispensable in Europe that he cannot be recalled to succeed General Ridgway. It will be interesting to see whether the theory of rotation by which an Admiral succeeded a General as chairman means that an Air Force officer will succeed Admiral Radford. The increasing importance of continental air defence, which embraces elements of all three services, makes such an appointment quite probable.

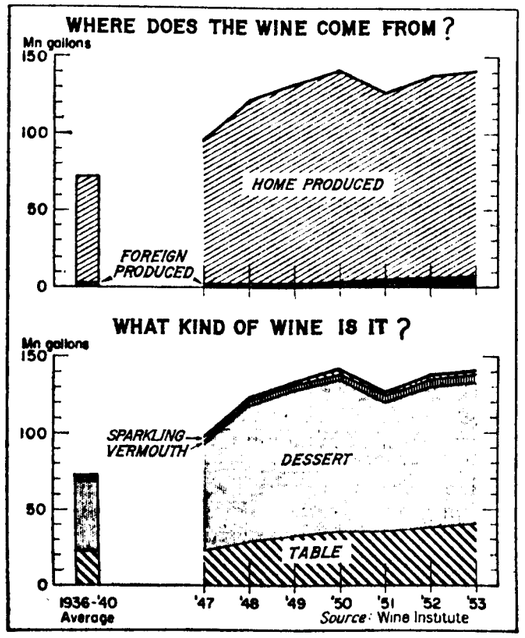
Taste for Wine

New York

AMERICANS, who can rarely tell a claret from a Burgundy, are the despair of the connoisseur, but the delight of the Californians who produce wine in bulk. For California supplies over 80 per cent of the increasing amount of wine now being drunk in the United States. About a dozen other states, led by New York, provide most of the rest, leaving only about 5 per cent of the market to imports. Consumption is greatest in California itself, in the eastern states, and in big cities in other parts of the country where a large foreign-born element in the population provides a steady demand. Topping the list, with the assistance no doubt of the foreign embassies, are the residents of the nation's capital, who each consume on the average

nearly 2½ gallons of wine a year; for the country as a whole, the annual average is about nine-tenths of a gallon a head.

Most Americans, when they do drink wine, prefer the "fortified" dessert wines, the sherries and ports of higher alcoholic content than table wine. But the red, white—and popular pink—table wines, although still accounting for little more than a quarter of all the wine drunk, are increasing their share. Among these table wines—the



familiar clarets and Burgundies, the sauternes and Rhine wines—imports play a greater part. Imported table wines, mainly from France, Italy, Germany and Chile, have tripled in volume in the last five years. But to customers who happily drink carbonated "champagne" in bottles with rubber corks, the aroma and bouquet of a vintage wine has little meaning, and the appeal must be not to their palates, but to their pockets. Although some Californina producers—unhappily the smaller ones—make wines that compare very favourably in quality with some of the best European names, the great bulk of the wine produced and consumed in the United States is of poor quality, sold, often in gallon containers, at very low prices. On the east coast, where imported wines make their greatest impact, and the Californian wines bear the greatest transport cost, some importers are reaching the low price market with palatable French and German vintages selling for under $1 a bottle. The import duty on table wines is only 37½ cents a gallon—less than a third of the duty on dessert wines—and it costs no more to ship wine to New York by sea from France than to send it by rail from California. But, in general, imported wines can compete, as can the premium wines of California and New York State, only for the much narrower market formed by those Americans with discriminating palates.

To give more Americans a taste for wine the industry is sponsoring educational campaigns for a generation which, in the words of one trade association, "is not familiar with the history, the virtues, and the entertainment values of French champagne." Consumers are invited to enrol in free study courses, and special attempts are being made to train the staffs of liquor shops and restaurants whose ignorance of wine is frequently as great as that of their customers. But even the wine industry, in a country where prohibition dies hard, has little hope of converting those 20 million Americans who, it fears, are still "morally dry."

SHORTER NOTES

Shortly after it was shown by a Gallup poll that Chief Justice Warren was the favourite Republican choice for President if Mr Eisenhower did not run, Mr Warren issued a firm statement that he would not take the nomination under any circumstances. He pointed out quite rightly that the dignity of his office would be undermined if his name were used in connection with the most political of ventures.

★

Last week, President Eisenhower strongly urged Congress to approve America's membership in the proposed Organisation for Trade Co-operation. He argued that the General Agreement on Tariffs and Trade, which OTC will administer, was to the advantage of American business and was vital to its foreign policy.

★

President Eisenhower has approved a plan for the exchange of certain categories of classified atomic information among the 14 member nations of Nato. The information will bear mainly on the training of personnel and on atomic artillery tactics suitable for Western Europe. The President's approval had been made possible by a revision of the Atomic Energy Act in 1954.

★

Miss Frances Knight, who has been in government service since 1936, has replaced the notorious Mrs Shipley as chief of the State Department's passport division in spite of a number of protests. Like her predecessor, Miss Knight is thought to belong to that school of opinion which sees in a passport a reward for loyalty rather than a courtesy extended between nations.

★

A report prepared for Congress by the General Services Administration reveals that the government owns more than one-fifth of the total acreage in the United States. Nearly 90 per cent of Nevada is government property—perhaps because no one else really wanted it—whereas in Connecticut only one half of one per cent is federal land. In the east, particularly, ground values have risen satisfactorily since 1789 when Uncle Sam first entered the real estate market.

HOW MUCH MONEY ARE YOU WASTING ON FUEL?

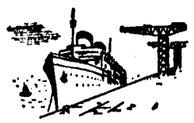
The heat energy from at least 5 million tons of coal evades British Industry every year!

Anglo American Productivity Report on Fuel Conservation

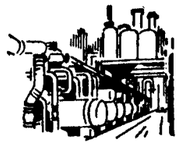
VERY few industrial firms are run as economically as they could be with better thermal insulation. Factories all over Great Britain are eating up fuel in a way that saps both their own profits and the nation's economy. Maximum fuel saving and the economical distribution of heat energy depend largely upon first-class insulation. Indeed, improved thermal insulation can save up to nine-tenths of present heat losses.



THE CHEMICAL AND INSULATING CO. LTD.—plays a major role in reclaiming heat energy previously dissipated through inefficient insulation. This leading organisation in the specialised field of thermal insulation maintains sales and contracting offices throughout Great Britain. It manufactures insulating materials, for sale in bulk or in prefabricated shapes, for temperatures as high as 2000° F. *The head office or your nearest branch office will be pleased to answer any enquiries.*



THE DARLINGTON INSULATION CO. LTD.—a subsidiary company of The Chemical & Insulating Co. Ltd., is a contracting organisation for the supply and installation of all types of heat, cold, or sound insulation. Power Stations, Oil Refineries, Shipping and Industrial Plants are all achieving higher efficiency per ton of fuel since consulting this company. Requirements are so diverse that each problem is individually studied, to ensure an efficient, economical and lasting installation.



IPSCOL LTD., another subsidiary company, makes automatic industrial process control equipment, and S. T. TAYLOR & SONS LTD. make sheet metal and light plate structures and casings for all types of insulation.

THE CHEMICAL AND INSULATING CO. LTD.

DARLINGTON

SUBSIDIARY COMPANIES

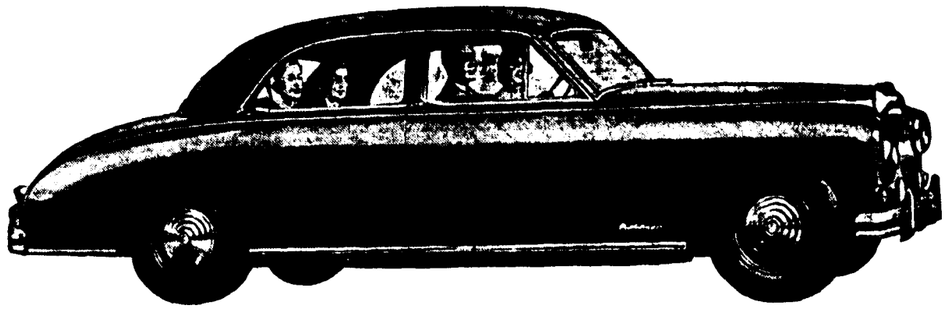
The Darlington Insulation Co. Ltd., Newcastle upon Tyne
For all types of insulation against heat, cold and sound

S. T. Taylor & Sons Ltd., Gateshead-on-Tyne
Fabricators in sheet metal and light plate

The British Refrasil Co. Ltd., Stillington, Co. Durham
Lightweight high temperature insulation for the aircraft industry

Ipscol Ltd., Hythe, Southampton
Makers of boiler and industrial process equipment

001



Most exciting **RILEY** *ever—the brilliant* **'PATHFINDER'**

Here is the latest, the most exciting car of a great English breed - the brilliant Riley 'Pathfinder.' Powered to put it in the 100 m.p.h. class with all the dash and spirit that goes with it. Styled for roomy comfort for six and with really generous luggage space. New coil spring rear suspension and torsionic front suspension, 12" hydraulic brakes, telescopic dampers, new steering entirely free from road reaction and a host of other advanced features. It's a new expression of a great Riley tradition.

The Riley 'Pathfinder' is fitted with Safety Glass all round.

BMC

REMEMBER—
Quality and dependability are guaranteed by the B.M.C. Used-Car Warranty and you are certain of a good deal when you sell.

Riley **FOR MAGNIFICENT MOTORING**

RILEY MOTORS LIMITED, *Sales Division*, COWLEY, OXFORD
London Showrooms: RILEY CARS, 55-56 PALL MALL, S.W.1 Overseas Business: Nuffield Exports Ltd., Oxford and 41 Piccadilly, London, W.1.

ROSA
A medium sherry for all occasions

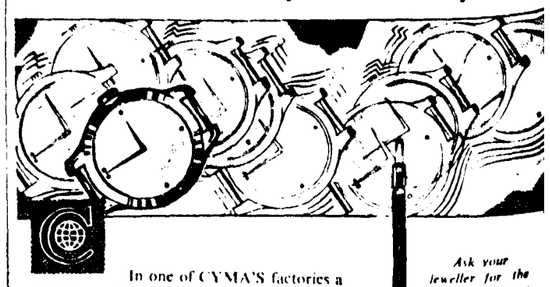
TIO PEPE
The finest and driest of them all



One of these is **sure** *to please –*

GONZALEZ BYASS
Sherries of Distinction

100 shocks a day for 50 years



In one of CYMA'S factories a CYMA watch has been tested with as many as *two million blows* equal to 100 falls daily from table to floor for 50 years and yet the movement remained completely undamaged, its delicate balance staff protected by the efficient, flexible CYMAflex Anti-Shock device.

This is just one of the features which make CYMA one of the world's finest watches.

Ask your jeweller for the Cyma Catalogue

ONE OF THE WORLD'S FINEST WATCHES

ONLY Cyma watches have the Cymaflex Anti-Shock, but every CYMA has it

IMPORTED BY H. GOLAY AND SON LTD. OF LONDON

The World Overseas

Moroccan Impasse

THE Minister for Tunisian and Moroccan Affairs in the Faure cabinet, M. Pierre July, is paying his second visit to Morocco within a month. The cheerful part of his purpose is to open a spectacular new dam, complete with attendant power stations and irrigation canals, in the Atlas region to the south-east of Casablanca—a network of public utilities that has been under construction for nearly fifteen years. The gloomy part of his assignment is to grope for a way out of the Franco-Moroccan political impasse. For when he turns to politics, M. July is between the devil and the deep sea. He is torn one way by his Premier, who promised to pursue the Mendès-France policy of progress towards self-government; but the other way by party orthodoxy. As a loyal member of M. Duchet's group of independents, he must heed the demands for local rights that are forever on the lips of the French settlers in North Africa; in the days of the last government, therefore, he regularly cast his vote against M. Mendès-France's liberal notions. The easy way out of his dilemma would be to keep professing new intentions, but in fact to do nothing. And this, alas! is all that is expected of him by most Moroccans, and many Frenchmen.

For even the ordinary traveller in Morocco today cannot fail to get wind of an expectation of French bad faith. This is admitted with cynicism by Frenchmen, and is at its most distressing among the many Môslems who would love a partnership arrangement with France. The kind of comment that they utter is: "I hold no brief for the ex-Sultan; I recognise that he was a bar to the kind of reforms that would suit our business affairs and our people, and I believed the Frenchmen who said that he was all that stood in their way. But who am I to believe now that he has been gone twenty months and no reforms have taken place?"

They exaggerate, but only slightly. Theoretically, democracy has inched forward, in that the absolute power which the old Sultan used to wield through his sole right to accept or reject decrees was modified when his successor agreed to accept a cabinet; in this body, which consists half of Moroccan viziers, half of French officials, the Moroccan Grand Vizier holds the casting vote and a two-thirds majority can override the royal veto; even though the present Sultan is a French rubber stamp and the Grand Vizier is over 100, the pattern is less medieval than it used to be. Minor reforms are also being inaugurated in the realm of village councils and of the judiciary. But, in practice, any change of note is withheld for various reasons of which the most compelling are: the changes of hand at the helm in Paris; the prior need for settling Tunisia's claims as being senior to those of Morocco; the impossibility of negotiating while terrorism persists and, last but not least, the deadlock over the throne.

For although M. July has categorically stated that the question of the throne is a closed matter (*ne se pose pas*), large numbers of Frenchmen are now prepared to admit that it has become an issue that bedevils all others; they see that, however great the demerits of the ex-Sultan, the manner in which he was unseated in August, 1953, was a political blunder that needs adjustment before any new and firm relationship is attainable between French resident and Moroccan nationalist. The way in which he was bundled off at the hands of a queer combination of French officials and Moroccan tribal leaders has vested him with a mythical virtue even in the eyes of Moroccans who recognise his faults, and the fact that his successor is an elderly recluse who dislikes reigning only adds to the aura of uncertainty and impermanence that surrounds the throne. Sensitive to this feeling, the French Resident-General, M. Francis Lacoste, is known to have bestirred himself, while working under the benign eye of the Mendès-France regime, over a plan to bring about abdications by both ex-Sultan and Sultan, and the establishment of some kind of regency council that would have saved face all round. It was even rumoured that he had drafted a plan for an all-Moroccan Council of Viziers, to be attended by French officials merely in a supervisory capacity, and for the election of two Moroccan chambers, one based on educational qualifications and one consisting of representatives of regional assemblies; the second would be the only place in which French residents would sit as of right in order to regulate the affairs of the French community.

But both these plans, like so many of their forerunners, never got beyond the thin air stage because they came up against the classic snags already cited. One of these was the change of government in Paris; the other was the problem of the throne. On March 6th el Glaoui, Pasha of Marrakech, who is the chief feudal opponent of the ex-Sultan and so the chief protagonist of the new, proclaimed that he would brook no change of ruler; hard on the heels of his statement came one by Si Bekkai—who is the ex-Pasha of Sefrou and the most notable Moroccan to resign office when the former Sultan was exiled. Settlement of the dynastic question, he said, was the *sine qua non* of successful reform. He added a point that is very prominent in Moroccan minds today—that the reforms, when they came, must be freely negotiated and voluntarily accepted, and not simply imposed from the French end.

His statement was supported by leaders of both the main political parties. It is difficult to see how any French ministry can worm its way out of the dilemma constituted by this clash between Moroccan opinions of note.

For the present, terrorism in the cities—in Casablanca in particular—is adding to the difficulty of introducing change ; its perpetrators range from Moroccan nationalists to Frenchmen bent on reprisal, and its victims from Moroccan "collaborators" with France to French police officers at work to curb French gunmen. Indeed, it sometimes seems that, politically and sociologically speaking, nothing can go right just now in Franco-Moroccan relations. For instance, Moroccan labour leaders have, with the blessing of both the ILO and the International Confederation of Free Trade Unions, lately been seeking to set up Moroccan unions on the non-Communist model of the Tunisian UGTT. That they were taking preliminary soundings was well known to the French authorities, but the meeting at which they sought to found their new organisation was held without the necessary permissions. Their body has therefore been declared illegal and the sense of brooding resentment that pervades the Moroccan air is enhanced.

A note of irony prevails, therefore, as M. July opens the great new waterworks that are to irrigate 80,000 fresh hectares of central Morocco and to generate more kilowatt hours than are used by Paris. For the gesture whereby he switches the lever is dwarfed by the immensity of the conundrums that await him on his return to Casablanca—problems which, owing to his political affiliations, he is in no position to solve. His programme for the week symbolises the whole of French postwar effort in Morocco—so estimable in the realm of economics, so abortive in that of politics.

Shocks at Königswinter

FROM OUR SPECIAL CORRESPONDENT

NEUTRALISM was much in the air at Königswinter last weekend, strengthened but not caused by the "triumph" of Herr Raab in Moscow. One visitor to the conference of the *Deutsche-Englische Gesellschaft* remarked bitterly that he had heard of rats leaving the sinking ship, but never of them deserting one that has just been launched. But that was the impression gained by the British from the Germans at the meeting—that they were planning to leave the western alliance before the ink on it is dry.

The shock felt by the British members of parliament was considerable. They had known about the German desire for reunion, and sympathised with it, but had not realised that there was any considerable sentiment for a deal with the Russians in which Germany would accept nôt only neutrality or neutralisation, but also not-quite-free elections. They heard with some indignation German arguments that they must contract out of Western European defence, while somehow keeping cultural and political association with the West. The neutralist Social-Democrats were reinforced by others of the same persuasion but different parties. Herr Pfleiderer of the Free Democratic party was at least as extreme as the Socialists. He spoke for the politicians who demand an immediate resumption of diplomatic relations with the Soviet Union, and said that—to save Russian face—the Germans must be content to accept imperfect democratic conditions in a reunited Germany. His idea was that Germans would achieve full freedom step-by-step after the Americans and British had withdrawn from the neutralised Reich, leaving it isolated to face Communist pressure.

Protests against these illusions and appeals to defend freedom came from the British speakers, led by Mr Herbert Morrison. Their reaction somewhat alarmed the Germans whose final speeches, therefore, gave reassurances that Germany was really on the side of the West, in every way but militarily. And the few representatives of Dr Adenauer's party present tried to cast doubt on the representative character of the neutralists in the gathering. But as a spokesman of the reunification lobby explained, Germany's partners must realise that their new ally is a "problem child."

Strategy for a Neutral Germany

The Bonin plan played a big part in the discussions. This is the scheme drawn up by the head of the planning section of Herr Blank's office, who was dismissed—not because his scheme did not agree with the Nato strategy—but because he had spread his plans around the town, to generals and politicians outside Herr Blank's office. His scheme has been taken up as the strategy for a neutralist Germany. His army would be outside Nato, and some of its backers imagine that it would eventually merge with the Soviet German forces. In the meantime, it would not provoke the Russians because it would not be capable of a counter-offensive, let alone an offensive. Herr von Bonin's original plan was not, it seems, a semi-political one, though it contained the idea that it gave young Germans some reason to fight ; but it has been elaborated to fit the neutralists out with a military uniform. Whether he likes the use to which he is being put by politicians is doubtful. It is also open to question whether his plan has swept the country as its champions allege ; it may, however, eventually do so, as various popular papers have taken it up with the zeal they reserve for anti-western causes. "A national or a Nato strategy" may well become a slogan soon.

The Königswinter gathering will have served a salutary purpose in waking the British up to the fact that public opinion is being roused in the cause of reunification by a group of men who are determined to saw away at the nerves of the British and Americans until they take up the same cause themselves. It also showed that these men are thinking about the price that Germany should pay for unity. The suspicion was roused among the British that the Germans have gained what they want from the West—sovereignty and the right to rearm—and think that now is the time to sell it to the East. Mr Denis Healey, MP, warned them that, after building Germany up in peace and freedom with western help and protection, they are treading a path which will deprive them of both. If the Bonin episode proves how essential it is to rearm Germany inside a western framework, because the Germans would have rearmed themselves anyway, the Königswinter discussions show how necessary it is for the West—including the Adenauer government—to keep the initiative in reunification, because the Germans will otherwise reunite themselves inside a Russian cage.

Spain in Transition—I

FROM OUR SPECIAL CORRESPONDENT

SPAIN today is a country that bears many signs of being in transition: toleration of religious criticism of the censorship, the emergence of differences on the organisation of the worker-employer syndicates, tentative moves towards an eventual restoration of the monarchy. Over each there hangs a question mark, for if the signs of transition are visible, the direction of any impending changes remains obscure. A larger question mark, indeed, hangs over the signs as a whole, for it is by no means clear whether they do amount to the beginnings of a gradual change, or merely to the releasing of a set of safety valves by the ruthless but prudent man who guides the destinies of his country from the *Palacio de El Pardo*.

One thing is patent: the regime is softer, less oppressive today than on the terrible morrow of the civil war, when executions after often arbitrary denunciations fertilised the seeds of bitterness so freely sown during the fighting. The Spaniard who talks, even in Spanish, to the foreigner in a tavern near the Puerta del Sol does not bother to throw a glance over his shoulder, even when he is attacking General Franco. At the back of his mind, perhaps, is the knowledge that successive amnesties have reduced the political population of the Spanish prisons to a fraction of its peak.

The chief of state can indeed point with satisfaction to the developments of the past few years, such as the emergence of Spain from its old isolation with the beginings of American military and economic aid, and a decided progress in social welfare. It would be straining the truth, however, to claim that Spain is any more democratic—in the western sense—than it has been since the days of the Republic ; and it is pertinent to ask how far democratic processes are relevant to the needs of a country of intense individualists whose dislike of regimentation created the Anarchist movement and whose divisive tendencies created chaos out of the democratic ideal.

The Bishop and the Censor

The average Spaniard, even if mentally in opposition to the regime, will always give Franco credit for one thing at least, *tranquilidad ;* for many, this is worth a good dose of constitutional liberty. It is said that General Franco flew into a rage at the news that his Minister of the Interior, Sr Blas Pérez, had turned the strong-arm men of the *Guardia de Franco* loose at last November's municipal elections in Madrid, with orders to remove the ballot papers and beat up voters as they thought fit. What is not certain is whether his rage was directed at the Minister for losing his head at the strength of feeling on behalf of the Monarchist candidates, or at the breakdown of a modest experiment in democracy designed to impress the American missions in Spain. At any rate, the Monarchist candidates had no chance to win, and the Monarchist paper *ABC*, which had refused to publish the official version of the elections, was penalised by the reduction of its ration of low-priced newsprint.

The censorship of the press remains, indeed, one of the most obnoxious features of the regime. It is both negative (through the suppression of material considered offensive) and positive (through the enforced inclusion of official articles). Here again, however, there have been signs of possible change, though at the snail's pace of Spanish political development, it would be rash to forecast a definite relaxation in the near future. As might have been expected, the initiative came from the Church, since the Catholic Action paper *Ecclesia* is the only uncensored publication in the country. The opportunity, however, was provided by a prominent Falange leader, Sr Arías Salgado, Minister of Information and a man known both for his piety and for his intransigence in matters of censorship. In a speech at the press congress at Barcelona last December, Sr Salgado reaffirmed the party's belief in a controlled press. On January 8th, *Ecclesia* attacked the speech and the principle of censorship, quoting from a speech by the Pope about the evils arising from the absence of public opinion in any country.

The theme of the *Ecclesia* article was taken up in passionate terms by the Bishop of Málaga, Mgr Angel Herrera, a former journalist, in a letter to the Minister of Information. The notable thing is that the Minister then allowed the publication of the letter and of his own reply, first in the Catholic paper *Ya*, on March 11th, then in *El Español*, the Ministry of Information's weekly, and finally in the Monarchist *ABC* on March 13th. The Bishop did indeed recognise the need for censorship, to guard against such evils as Communism or obscenity, but he attacked the system of press directives and complained that the Press Law of 1938 gave the state excessive powers over editors. The original *Ecclesia* article had, in the meantime, been endorsed by the Cardinal-Primate of Spain, Archbishop Pla y Daniel, and by the Bishop of the Canaries, Dr Pildaín, a Basque who, as an MP during the Republic, had fought against its anti-religious dispensations. It is by no means certain, however, that the Church as a body will follow up these individual criticisms by a formal request for an amendment of the 1938 Press Law ; and it is even less certain that the regime would permit a change, even if requested by the Church.

It should be remembered that the attitude of the clergy as a whole is bound to be conditioned by its gratitude to the regime for re-establishing the Church, after the anti-clerical manifestations of the Republic. While individual clerics may take it upon themselves to criticise or suggest, the Church as a body may be expected to tread cautiously in a path that might be regarded as anti-Franco.

(To be continued)

The Paper Bulletin

This is a new bulletin service for paper users and makers. It deals with the supply, demand and price trends for paper, paper products and raw materials. The first quarterly issue will be available at the end of this month. Full details from :

THE ECONOMIST INTELLIGENCE UNIT,
22 Ryder Street, London, S.W.1. Whitehall 1511, Extension 144.

Perón's Hardest Battle

IN an Argentine city, called Evita Perón, a triumphal arch of costly Italian marble is being raised to commemorate the lives and exploits of General Perón and his late wife. When dictators begin immortalising themselves in stone it is either because they are clear-sighted enough to anticipate the end of their régime or blinded by power to the point of self-infatuation. The present situation in Argentina suggests that it is blindness rather than a sense of prophecy that is afflicting the Peronista régime.

On April 14th the teaching of Catholic doctrine and morals was stopped in all Argentine schools that receive government support. At the same time, the Minister of Trade, Dr Antonio Cafiero, resigned from President Perón's cabinet. He is known as an active spokesman for Argentine Catholicism. These two developments were the latest in the battle between Church and State that has been waged in Argentina over the past six months. Hundreds of Catholic students, a score of priests and a number of lay "activists" are now in prison; church processions and festivals have given rise to fierce clashes between Peronista police and the faithful; the Catholic press has been all but muzzled; prominent Catholics in every walk of life have been resigning their functions; and relations between General Perón and the Vatican are near breaking point.

A Serious Blunder?

There have been many attempts to explain exactly why it is that President Perón should have chosen to start his fight against the Catholic Church, whose prestige in Argentina, and place in the lives of the Argentine people are nearly as great as those of Peronismo itself. It is not satisfactory to argue that economic difficulties and the inertia of oppression inherent in autocracy compelled General Perón to find a scapegoat. The Catholic Church is too dangerous an opponent to fill this rôle, and it had preserved toward the Perón regime an attitude of often benevolent neutrality. Rather, it would appear that General Perón has lost, since the death of his wife, what slight instinct he had for popular feelings and has blundered into a battle that may sap the foundations of his dictatorship.

If anything, political tyranny in Argentina has been worsening. Since the seizure of *La Prensa* the last voices of anti-Perón feeling have been all but stifled. The Radical party, which has tried to muster an active minority, is merely tolerated under the incessant surveillance of Peronista police. It estimates that there are nearly 700 political prisoners being held in Argentine gaols with little prospect of a trial and far less of an acquittal. The explosion of a number of bombs during May Day demonstrations in 1953 was followed by waves of arrests, and under Peronista "justicialism" there is absolutely no protection for freedom of opinion. The Catholic Church—as it too often will—watched this state of affairs with tacit disapproval but did not use its great spiritual influence to bring about a change. Nevertheless, certain Catholic universities and priests, particularly in the province of Córdoba, were beginning to look beyond the end of Peronismo and were penetrating certain of the more intellectual centres in the trade unions. This appears to have been the signal for the Peronista attack on "ecclesiastical subversion," and it is in the nature of a police state that such attacks turn swiftly into campaigns of mass suppression.

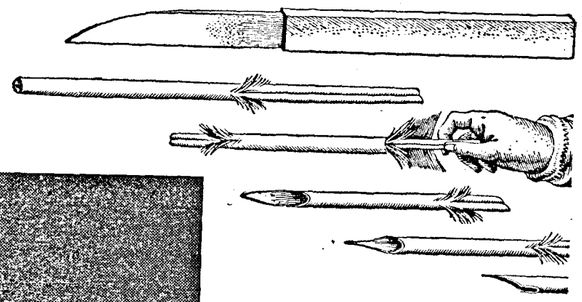
Dark Economic Background

What renders the present situation so crucial is the fact that the church-state battle coincides with grave economic troubles. The working-class cost-of-living index, whose basic figure of 100 is equated with 1943, stood at 644 in the first quarter of this year. There have been grave budgetary deficits in every year of the Peronista régime with the exception of 1950-51. Argentina is showing the classical symptoms of a fundamentally wealthy agricultural nation in which autocratic planning and rapid over-industrialisation have undermined the monetary system. Output per man-hour has declined and the costs of production have risen steadily. The supposed "social revolution" has had some meaning only in so far as the poorest strata of Argentine society are concerned. Despite recent trade pacts with the United Kingdom and Spain and efforts to attract foreign capital by a liberalisation of exchange controls, foreign investors have been wary of entering a country in which confiscation and hopeless, state-initiated litigation have been frequent. In fact, it has largely been support given by the United States government for rather confused political and strategic reasons that has held Peronismo suspended over its fiscal abyss.

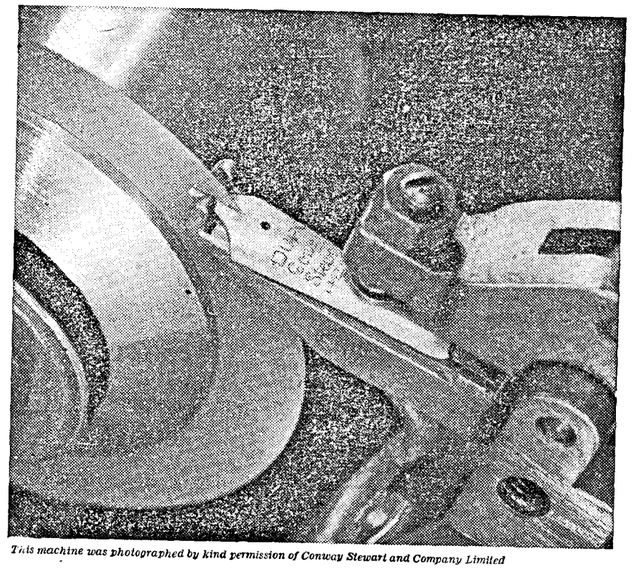
It would be premature, however, to conclude that the rule of General Perón is in its last stages or that it will be replaced by a democracy, in any ordinary sense of the word. The army remains attached to the dictator, and it is doubtful whether the larger trade unions have as yet woken up to the realities of the "syndicalist" myth. But there is no doubt that Argentina is in a critical state, and that General Perón has taken on a formidable task in his wish to secularise the country. It takes more than the Evita Perón foundation for orphans or marble effigies of the distinguished lady to oust Catholicism in a strongly religious land.

Austria's Long Road to Freedom

MR MOLOTOV'S apparent decision to lift the barriers in the way of an Austrian peace treaty comes all the more surprisingly after the ingenuity shown by the Russians in blocking negotiations during the last five years. As long ago as December, 1949, the deputies of the foreign ministers of the four great powers had reached agreement on 47 o. the 52 articles of the draft treaty, and the remaining fi dealt with only minor points. At the Berlin conference la year Mr Dulles, with the support of the British and Frer delegates, offered to accept the Russian text of these ar A final agreement has been delayed until now only b the Russians have on various times laid down unac conditions for the resumption of talks. o open discussion on agreed clause simply failed to reply to



An early pen-slitting operation—after G. Hercolani, 1574. By courtesy of the Victoria & Albert Museum.



This machine was photographed by kind permission of Conway Stewart and Company Limited

Twentieth-century penknife

WHEN PENS WERE FEATHER QUILLS, penknives really were *pen* knives, but the nearest thing to a penknife that modern pen makers use is this machine in our illustration. They use it for slitting nibs for modern fountain pens. The blade of this twentieth-century penknife is an abrasive cutting wheel about three inches in diameter and one two-hundredth of an inch thick. It is made of rubber-bonded silicon carbide, and is mounted on a shaft which revolves at 20,000 revolutions per minute. When the wheel is stationary it is fragile and slightly flexible. At 20,000 revolutions per minute centrifugal force keeps the wheel perfectly rigid and steady, and the cutting edge moves at some 170 m.p.h. Gold nib blanks, stamped to shape and tipped with iridium, are presented to the edge of the wheel point foremost, and fed smoothly forward. The wheel cuts a fine, highly finished slot, clean through the iridium tip and along the centre line of the nib.

Beside these small abrasive wheels for nib slitting, The Carborundum Company Limited make abrasive cutting-wheels of many kinds and sizes: wheels that can cut through a Nimonic-steel bar, three and a half inches in diameter, in 45 seconds; wheels that can cut through red-hot sections of high-speed steel in the rolling mill, at temperatures up to 1,000° Centigrade; wheels that can cut concrete; wheels that can cut plate glass; wheels that can cut an eggshell cleanly into two pieces without damaging the skin of the egg inside it.

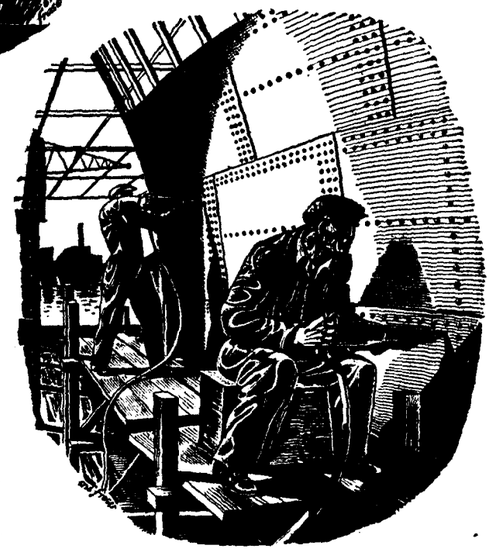
These cutting wheels are finding new uses every year, but they are still only one small group in our much wider range of abrasive wheels for a thousand and one other industrial purposes—grinding, polishing, and honing wheels, of every kind.

Abrasive and Refractory products by CARBORUNDUM

THE CARBORUNDUM COMPANY LIMITED. TRAFFORD PARK, MANCHESTER



Tunnelling in Peru



Riveting in Scotland

Atlas-Copco puts compressed air to work for the world

If you could talk to the contractors responsible for Peru's most important tunnelling schemes they would tell you that their pneumatic equipment is supplied almost entirely by Atlas-Copco. And in Peru's largest copper mine you would learn that Atlas-Copco tools have increased output by 50%. Go then to Scotland, and you would see Atlas-Copco riveters and chipping hammers in shipyards, Atlas-Copco stone-breakers in quarries.

As in Scotland and Peru, so in almost every part of the world—Atlas-Copco is on the job wherever compressed air is working hardest. Atlas-Copco provides equipment for every conceivable application of compressed air. Add to this, the servicing and delivery facilities of allied companies* in 37 countries, and you realise why Atlas-Copco are among the world's leading compressed air specialists.

* *Atlas-Copco embraces companies trading under the names Atlas, Atlas Diesel, Atlas Polar, Atlas-Copco, Copco, Delfos and Sampa. Enquiries in the U.K. should be addressed to* THE ATLAS DIESEL COMPANY LTD., *Beresford Avenue, Wembley, Middlesex.*

The Moscow Declaration of 1943 set forth the aim of the United States, Russia and Britain to re-establish a free and independent Austria, and at the Potsdam conference in 1945 it was agreed that reparations should not be exacted from Austria. Negotiations for a treaty began in January, 1947, when the deputies of the four foreign ministers began a series of 258 meetings which finally broke down at the end of 1950. This four-year series of talks among the deputies was interrupted by three meetings of the Council of Foreign Ministers, in Moscow, London and Paris, and on both levels some genuine progress was achieved. In particular, at the Paris meeting of the foreign ministers in May and June, 1949, two of the knottiest problems were overcome. The Russians stopped insisting on Jugoslavia's demands that Austria should hand over parts of Carinthia and Styria and pay $150 million as war reparations (the Jugoslavs had recently been expelled from the Cominform) and an agreed definition was worked out showing which of the former German assets in eastern Austria the Russians were entitled to appropriate. It was decided that they should receive 60 per cent of the oil concession areas in Austria, much of the Danube Shipping Company's former property, and $150 million in convertible currency.

It was in late 1949, when the gap between the two sides seemed to have been almost closed, that the Russians started to obstruct in earnest. First they refused to discuss the five outstanding articles of the draft treaty until the Austrians had paid compensation for the relief supplies provided by the Russians since 1945; and yet a series of attempts by the Austrian government to open negotiations on this very subject went unanswered by Moscow. Then the Russians accused the western powers of encouraging the revival of Fascism in Austria and tried to renegotiate Article 9 of the draft treaty. Finally, they refused to implement the treaty until the Trieste question had been dealt with. These tactics led to a breakdown of the meetings of foreign ministers' deputies in December, 1950.

An Invitation Ignored

In March, 1952, the western powers offered to get the discussions moving again by proposing a shorter treaty. When the Russians asked for a number of additions to this shorter version, the western powers agreed to all the Russian suggestions. However, Moscow replied by calling for the complete withdrawal of the shorter treaty and by repeating its demand for a settlement in Trieste. When the western governments offered to withdraw the abbreviated version provided the Russians promised not to introduce any extraneous issues, the Soviet reply stated that the West was imposing conditions "which were bound to lead to new complications and delay." An invitation to the Russians in 1953 to submit the precise text they would be willing to sign was ignored.

The negotiations then began which led to the four-power conference on the German and Austrian questions at Berlin at the beginning of last year. At this conference the West offered to accept the Russian text of those treaty articles not yet agreed upon. In answer to this Mr Molotov introduced a new condition—that even if a peace treaty with Austria were signed the occupation forces should be kept in the country until a German peace treaty was concluded. The Austrians offered, "as a sacrifice," to accept occupation up to the middle of 1955, but the Russians rejected this. Mr Molotov's insistence on linking the German and Austrian treaties persisted all through 1954, and as late as last December 29th an article in *Izvestia* declared that ratification of the Paris agreements "would render talks on either the German or Austrian questions pointless."

Whatever motive the Russians had for changing their policy was a powerful one. It also seems to have persuaded them to relax the economic conditions which the Paris meeting of the foreign ministers in 1949 allowed them to impose on Austria. Under the agreement which Herr Raab has won in Moscow it appears that Russia is to hand back the former property of the Danube Shipping Company and will take deliveries of crude oil in place of certain oil fields and installations. All prisoners are also to be repatriated. Benevolence is, indeed, the order of the day.

Notes from South Africa

(These Notes are contributed by Our Correspondent in South Africa)

162640

Juggling with the Judiciary

PUBLIC concern at some of Mr Swart's judicial appointments is growing. To begin with, the Minister of Justice has apparently decided as a matter of policy to confine his choice to Gentile barristers, thereby excluding some of the country's most brilliant lawyers. Worse still is the growing suspicion that he appears to be allowing political considerations to influence many of his decisions. There have, of course, been exceptions and there will doubtless be more. But a few of Mr Swart's appointments have caused grave misgivings in legal circles, and it is known that the Bar Council of South Africa has been seriously concerned at the course of events.

The composition and nature of the Bench is being radically altered, and there is a fear that the standard of the judiciary, which has always been extremely high in South Africa, may suffer through the appointment of inexperienced and, in one or two cases, ill-equipped lawyers. Mr Swart's nominees to fill the five lower court vacancies caused by his enlargement of the Appeal Court Bench will therefore be scrutinised with more than ordinary care. Political observers in South Africa believe that the Strydom regime is now acting on the assumption that it is engaged in a fight for White survival, and that the end justifies the means. It is feared that this whole attitude will strike a blow at the conception of the rule of law and do irreparable damage.

The South African government's decision to enlarge the Appeal Court by nearly doubling its size and at the same time to establish a quorum of 11 judges for constitutional and five for civil and criminal cases, was greeted with dismay in non-Nationalist circles. And the fact that the Minister of Justice ignored Parliament in making his original announcement—which was given to South Africa through the medium of a party political newspaper—is regarded as evidence of the Nationalists' basic contempt for parliamentary institutions, and their disregard of the wishes and feelings of all except their docile and obedient followers.

Chains of Freedom

SOUTH AFRICANS with a feel for Western traditions are growing perturbed at the gradual shrinkage of civil liberties. But persistently though they charge the government with reducing the area of personal liberty and freedom, the government and its apologists with equal persistence deny that there is any threat to anyone—except to "Communists," statutory and otherwise.

There are often encroachments upon individual rights, either through a system of permits for anyone who wishes to leave the country; or through the power given to a minister to close down a newspaper or deprive men of their livelihood by banning them from certain jobs; or through additional powers given to the police to enter meetings, public and private; or through restrictions on the right of access to courts of law. But every time, the government's reply is that these restrictions are essential to "fight Communism" and are only aimed at "Communists and fellow-travellers." Mr Strauss, the leader of the Opposition, has strongly warned the country against the whittling away of personal liberties, and showed how the path to a police state might well be strewn with good intentions. The speech infuriated the government.

Mr Strydom went on record as saying that he knew of no civilised country in the world which was more democratic than South Africa or where the people had greater freedom. As a score of critics at once pointed out to him, his statement was untrue even if it applied only to the White population of less than 3 million out of a total population of 13 million. It was plainly ludicrous when applied to non-Whites as well as Whites. What nationalist spokesmen refuse to concede are the dangers inherent in legislation which gives ministers draconian powers, and in which party politicians and bureaucrats are given the right to decide what is and is not good for the individual.

★ ★ ★

Mr Strydom's Dilemma

THE growing manpower shortage, which manifests itself in all spheres of life, from the public service to mining, in industry and commerce as much as in the trades and professions, is beginning to worry the government more and more. It knows that the solution is to be found in immigration, but it is so frightened of the effects of bringing in large numbers of workers—if it can find them—that it still blows hot and cold on the issue and has once again decided against state-aided immigration.

The Prime Minister recently told a German newspaperman that while South Africa wanted skilled workers, there would be no large-scale importation of unskilled workers from anywhere, for that would simply create unemployment. As the demands of an expanding economy grow more and more insistent, and as the ideology of *apartheid* refuses to countenance the more intelligent use of non-White workers through a relaxation of the economic colour bar, the government's dilemma grows more embarrassing. The Minister of Labour, Mr de Klerk, who is very close to the Prime Minister, has spoken in emotional terms of the threat to White *baasskap* (dominance) unless the country can find sufficient White labour to maintain the position of the White man. He has condemned the traditional White approach to unskilled work and has urged White South Africans, men as well as women, to roll up their sleeves and get down to work. There is no reason to believe that White South Africans will take Mr de Klerk seriously or need his advice as long as they have sufficient Black labour to do the work.

A new bogey is now being held up to faithful Nationalist followers: that the growth of a Black proletariat threatens the very existence of the White man. Beyond saying that the number of Black workers must be restricted no positive steps have yet been taken to reduce the size of the existing Black proletariat. Nationalist theorists see the solution in complete territorial segregation, but the politicians are becoming more and more chary of talking about total *apartheid*. In the meantime the government has raised the retiring age of its civil servants, temporary and even ill-equipped teachers are being drawn into service, and private enterprise is hiccoughing along with insufficient men to man the machines or to fill the jobs that need to be done if the tempo of economic development is not to be slowed down disastrously.

★ ★ ★

Afrikaner Trek into Towns

AN analysis of the 1951 census figures, just published as a special report, gives some significant revelations. The drift of the Afrikaans-speaking population from rural to urban areas has become a new Great Trek, involving the movement of nearly a quarter of a million people. In 1936, 48 per cent of Afrikaners lived in the rural areas, another 27 per cent in the smaller urban areas, and only 25 per cent in the cities. Four years ago only 31 per cent lived in the rural areas, 32 per cent in the smaller urban areas and 37 per cent in the cities. From an almost entirely rural, land-owning, employer community, the Afrikaner has been urbanised, with incalculable social, economic and political consequences. Another interesting phenomenon is that the percentage of English speakers in rural areas rose from 13 to 16 per cent between 1936 and 1951.

One of the indirect consequences of this migration—these figures do not refer to the Africans, who have been drawn to the towns by industrialisation on a far greater scale even than the Europeans—is that nearly 75 per cent of the Union's population is now bilingual, compared with about 50 per cent 30 years ago. Since 1918 the number of unilingual persons has declined—those who speak only English from 30 to 15 per cent and those who speak only Afrikaans from 27 to 11 per cent.

One of the intriguing political questions arising from this trek to the towns by the Afrikaner is what influence urbanisation, and the trade unionism that goes with it, will have on the political outlook of a people to whom Nationalism has become a way of life. The Nationalist party has, of course, followed them into the towns and already holds most peripheral urban seats; and so has the Dutch Reformed Church. But the employed, rent-paying urbanised Afrikaner is a different being from the employing, land-owning rural Afrikaner, and his political philosophy is undergoing modification. Towards what?; that is the question. And, finally, of course, urbanisation is also producing a more homogeneous people, with a community of interests that did not exist when one language group lived in towns and the other on the farms. Will the new pressure towards homogeneity lead, in time, to political divisions on economic instead of racial lines, as at present?



Let Catesbys take this headache off your hands

When an old-established business takes on a new lease of life — or when a fast growing business is ready to blossom out into bigger and better offices: that's the time when Catesbys Contracts can be very useful. Catesbys can take off your hands all the pains and problems of furnishing, decorating and generally modernising old premises or fitting out new ones. We have our own team of specialists and craftsmen to do the whole job, from preliminary plans to final cleaning up. They'll provide all that's needed, *do* all that's necessary, in intelligent co-operation with you or your architect. They really have reduced the whole formidable business to a very fine art.
Why not ring Museum 7777 and set the ball rolling!

Catesbys
CONTRACTS & EXPORT LIMITED
TOTTENHAM COURT ROAD · LONDON W1 · MUSEUM 7777
CATESBYS PUT A NEW FACE ON THE PLACE

The expert's way to get business



Be there first by flying SABENA

SABENA with more than 32 years flying experience, serves over 90 destinations in 35 countries

Book through your SABENA Appointed TRAVEL AGENT
or



SABENA BELGIAN WORLD AIRLINES

Offices in:
LONDON — MANCHESTER — BIRMINGHAM
GLASGOW — SALZBURG — BRUSSELS
COLOGNE — ZURICH — PARIS —
MILAN — etc. . . .

SABENA

Ma grand'tante
MY GREAT-AUNT
a fait une belle
HAS MADE A HANDSOME
lampe de table
TABLE LAMP



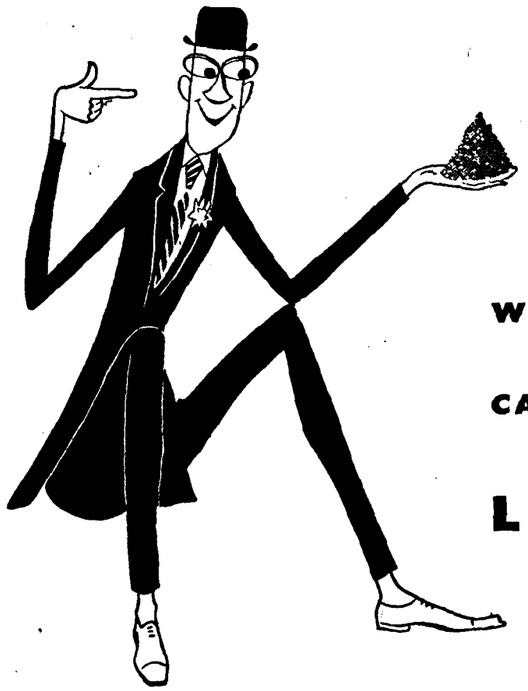
d'une bouteille de
FROM A BOTTLE OF
Dubonnet. Son mari
DUBONNET. HER HUSBAND
voudrait bien savoir
WOULD LIKE TO KNOW HOW
faire l'inverse.
TO REVERSE THE PROCESS.

As the mainstay of a party or a general raiser of morale Dubonnet is unrivalled. Remember too that this famous French aperitif does not affect the liver, and that the price of a large bottle is 20/-. Ask for Dubonnet today—all bars and wine merchants stock it.



DUBONNET does not affect the liver

SOLE DISTRIBUTORS: L. ROSE & CO. LTD., ST. ALBANS, HERTS.



WHAT YOU

CAN MAKE WITH

LUSTREX*

MANY DIFFERENT PRODUCTS, cheaply and well. You can make tool handles, and packages for tools. You can make filing trays, and fittings for refrigerators and radios. In fact you can make almost anything—from instrument panels and picnic sets to camera spools and small cable drums—*in Lustrex polystyrene plastic.* Lustrex is light yet strong; it resists acids and alkalis; it does *not shrink or become brittle.* It is made in two grades—Lustrex for general purposes and *Lustrex Toughened 1 for* particularly tough purposes. Colour choice is *almost unlimited.*
These physical properties give you some idea of the capabilities of Lustrex.

Information for the Technical Man.
Lustrex Toughened 1 : Properties at 23°C. & 50% Relative Humidity.

Property	Test Method		Units
Tensile Strength	ASTM D.638-52T	3700-4500 ...	lb/in²
Elongation at break	ASTM D.638-52T	15-25 ...	%
Modulus of Elasticity in Tension	ASTM D.638-52T	3.5-4.5 x 10⁵ ...	lb/in²
Flexural Strength	ASTM D.790-49T	7000-8500 at yield	lb/in²
Deflection	ASTM D.790-49T	No failure ...	inch
Izod Impact Strength :			
½" x ½" bar	ASTM D.256-47T	1.5-2.0 } ...	ft.lb/in. of notch
½" x ½" bar	ASTM D.256-47T	0.7-1.0 } ...	
Softening Point	B.S. 1493	86-90 ...	°C.
Water Absorption	ASTM D.570-42	0.03-0.05 ...	%
Specific Gravity		1.05-1.06	

***Please Note.* Lustrex is supplied only in production quantities for injection moulding: it is not yet available in sheet form. Write for literature to keep ready for your next design job. Deliveries can be made at short notice to all parts of the world.**

Lustrex is one of Monsanto's wide range of chemicals and plastics for industry. If you have an industrial problem which chemicals might help you to solve—get in touch with Monsanto *today!* *Lustrex is a Registered Trade Mark*

MONSANTO CHEMICALS FOR EVERY INDUSTRY
MONSANTO PLASTICS LIMITED
50 Victoria Station House, Victoria Street, London, S.W.1
and at Royal Exchange, Manchester, 2

MONSANTO
Regd.

THE BUSINESS WORLD

The Budget Analysed

ALTHOUGH Britain's economy is now even more fully employed than it was twelve months ago, Mr Butler's budget this year is as optimistic as last year's was restrained. He estimated the prospective increase in home demand at less and the possible increase in production at more than many private guesses had suggested, and thus contrived to justify the granting of tax reliefs costing £134 million this year, or slightly less than half the amount of his prospective above-line surplus on the old basis of taxation. Dispassionate readers of the budget speech are likely to conclude, however, that this optimism stemmed from his own sincerely held economic philosophy rather than from any bid for electoral popularity. The budgetary problem, he remarked, should be analysed " in as objective a manner as our various temperaments permit."

Thanks to last year's boom and this year's further rise in wages; the Chancellor could count upon a substantial gain from the buoyancy of revenue. He estimated that income-tax, which bettered estimate by £93 million last year, would this year have provided an additional £116 million at the old tax rates, despite the increased cost of the initial and investment allowances. From purchase tax, which last year exceeded estimate by £47 million, he expected an additional £28 million ; from tobacco, which had gained £17 million, an additional £10 million ; from beer and spirits, which had gained £9 million, only a further £1½ million ; from import duties, £8 million ; and from Customs and Excise as a whole £58 million, or slightly less than half their actual rise in 1954-55. Only an additional £7 million is expected from profits tax, while the ending of EPL in the budget of 1953 will this year exert its first perceptible effect on the revenue, involving an estimated loss of £51½ million. Little change is envisaged, on balance, in the yield from other taxes, so that the net gain from tax revenue as a whole was put at £128 million, at 1954-55 rates. Despite the dwindling of sales of stocks of food and raw materials (which last year provided £62 million and £37½ million respectively), the prospective loss of miscellaneous receipts is put at only £20½ million. The net expected gain in ordinary revenue was £106 million.

The prospective increase in supply expenditure was, of course, already known ; it amounts to £223 million, after deducting £18 million less for defence aid (estimated at £43 million). The details of expenditure in 1954-55 now disclosed make it possible to apportion this increase between defence and civil outlays. Gross defence expenditure, at £1,497 million, last year fell short of estimate by £143 million (or by £119 million net), while civil expenditure, at £2,204 million, fell short by £96 million—as a result of " savings spread over a large number of items, but shared mainly by the Ministries of Food, Materials and Supply." Because of last year's lag, gross defence outlays now show a prospective increase of £40 million (£58 million after defence aid) despite the revisions of the defence programme, while civil outlays are expected to rise by £165 million, without reckoning the £14 million addition that will be required to meet the agricultural price review. Provision for this and for " other changes likely to be necessary in the existing provision for food and agriculture " will be made by supplementary estimates. A large part of this rise in civil expenditure reflects the " natural " growth of the social services, the cost of which is expected to rise from £1,278 million to £1,315 million, and the increase in the Exchequer contribution to the National Insurance Fund. Production grants and subsidies for agriculture and food are estimated at £323 million, of which £246 million represents " support " for agriculture, £41 million is for bread subsidy and £36 million for " welfare " subsidies.

For Consolidated Fund services an additional £34 million is provided, almost wholly because of the effect of "recent developments in the money market" upon the interest cost of the debt. Total above-line expenditure is therefore estimated at £257 million more than was spent in 1954-55 (but at only £39 million more than the original estimate for that year). Of this, £106 million is offset by the prospective gain from revenue, so that the Chancellor envisaged an above-line surplus, at the old tax rates, of £282 million, compared with the £433 million actually realised in 1954-55. Gross expenditure "below-line" is expected to rise by £84 million, principally because of increases of £49 million in compensation payments under the Town and Country Planning Acts, of £27 million in advances for capital expenditure by the Post Office, and of £20 million for coal, partially offset by an assumed reduction of £33 million in new lendings to local authorities.

1954-55 OUTTURN AND 1955-56 ESTIMATES
(£ million)

ABOVE THE LINE

Revenue	1954-55 Est.	1954-55 Out-turn	1955-56 Est.	Expenditure	1954-55 Est.	1954-55 Out-turn	1955-56 Est.
Inland Revenue	2,384	2,541	2,478	Interest on Debt	570	570	600
Customs and Excise	1,782	1,872	1,928	Sinking Funds	36	36	36
Motor Duties	77	79	80	Northern Ireland	51	50	53
				Miscellaneous	10	9	10
TOTAL TAX REVENUE	4,243	4,492	4,486	TOTAL CONSOLIDATED FUND SERVICES	667	665	699
Post Office (Net Receipt)	...	5	...	Supply: Defence	1,640	1,497	1,537
Broadcast Licences	21	22	25	*Less:* defence aid	*85*	*61*	*43*
Sundry Loans	24	23	24				
Miscellaneous	245	196	175	Defence, net	1,555	1,436	1,494
				Civil	2,254	2,158	2,315
				Tax collection	47	46	54
				TOTAL SUPPLY	3,856	3,640	3,863
Total Revenue	**4,533**	**4,738**	**4,710**	**Total Expenditure**	**4,523**	**4,305**	**4,562**
				Surplus	**10**	**433**	**148**
					4,533	**4,738**	**4,710**

BELOW THE LINE

Receipts				Payments			
Interest outside Budget	105	104	120	Interest outside Budget	105	104	120
Export Guarantees	4	2	2	Export Guarantees	4	3	6
Housing receipts	24	24	7	Post-war Credits	36	24	19
Local Authorities—				E.P.T. Refunds	3	6	3
Repayments	25	25	34	War Damage	28	30	24
P.O. capital repayments	...	...	1	Scottish Special Housing	8	6	8
Raw Cotton Commission—				Armed Forces—Housing	10	1	7
Net repayments	25	25	12	Loans to Local Authorities	300	353	320
Coal Nationalisation	5	8	9	Loans to N.I. Exchequer	1	1	...
Film Corporation	1	1	...	Loans for New Towns Devpt.	36	30	36
Overseas Resources	1	1	...	P.O. capital expenditure	...	45	72
Town and Country Planning Acts	...	...	5	Loans to Film Corporation	1	1	...
Anglo-Turkish Armaments Credit	1	1	1	Loans to I.T.A.	...	...	1
Other repayments	1	...	1	Loans for Development of Inventions	...	...	1
				Town and Country Planning Acts—			
				Compensation payments	...	8	57
				Coal Nationalisation—			
				Working capital	59	75	95
				Overseas Resources—			
				Colonial Development	7	5	7
Total Receipts	**191**	**191**	**192**	**Total payments**	**598**	**692**	**776**
Net sum borrowed or met from Surplus	**407**	**501**	**584**				
	598	**692**	**776**				
Total Receipts	**4,724**	**4,929**	**4,902**	**Total payments**	**5,121**	**4,998**	**5,338**

Deficit and Surplus

Mr Butler rightly took the external balance of payments as the starting point for his analysis of "how much, if any" of the prospective surplus could be relinquished in tax relief. He reiterated here the two familiar needs: that Britain must not only pay its own way abroad but must earn a surplus—he mentioned no target amount — sufficient to enable it to "resume its traditional position as the main supplier of capital for the development of the Commonwealth." This could be done only in a world of expanding trade, and only if British industry had "every chance" to share in this expansion. Earlier in his speech the Chancellor had drawn attention to the deficit into which Britain and the sterling area had fallen in the second half of last year, and to the rising cost of British imports this year. But he did not point to the widening of the deficit that this implies, nor did he say that he expects the money measures of last February to prevent the widening. Confronted with the need to "moderate the growth of imports and to encourage exports," he had unhesitatingly rejected the expedients of restrictive controls and had chosen the flexible method of restraint by "fiscal and monetary policy which, without cramping or distorting the natural vigour of the economy, maintains the disciplines which are essential to an expanding community." Pointing to the improvement in sterling, he thought that these measures had "brought the situation under control"—though he admitted that they would take some time to make themselves "fully" felt on the balance of payments, and that "we cannot be satisfied yet."

Against this rather uncertain background he was prepared to imply, later in his speech, that all would be well. Although some export markets, such as Australia, would be difficult, world markets as a whole would offer "substantial opportunities to increase our exports"—if they are competitive, and if productive capacity, after allowing for home demand, leaves room for the opportunities to be seized. The Chancellor then argued that there would be such room, though the policy of "incentive and expansion" must be combined with "continued restraint in the demands which we make on that expansion for our own personal satisfaction."

Mr Butler then estimated that Government demands for goods and services would be "about the same" as in 1954-55; that fixed investment as a whole would rise at least as fast as last year, when it rose by £125 million at 1953 prices (though housing would rise less fast and productive investment faster); that the present rate of stockbuilding should be "at least enough to meet the needs of expanding production" thanks partly to the pressure of the higher Bank rate; and that personal consumption, which rose by £390 million last year, should rise less rapidly this year—despite the substantial increases in wages. The slackening assumed in the rise in consumption is evidently substantial, for the Chancellor concluded by estimating that the increase in home demand as a whole should be "appreciably less" than it has been in these past two years. Last year it rose by £525 million. On the other hand, despite the near approach to the limits of full employment, Mr Butler believed the scope for increased production to be "at least as great as it has been in the past, if not greater." The increase in gross domestic product in 1954 was estimated in the Economic Survey at £625 million. It seems that the Chancellor is counting upon a larger increase in output per worker than occurred last year, when the increment was 2½ per cent.

On this basis he satisfied himself that, "taking into account the resources of a flexible monetary policy," domestic demand would indeed leave a margin of potential output available to meet an increase in exports. From this he deduced that there was likewise scope for tax relief "directed towards increasing production and, therefore, this margin." This condition ruled out any general easing of indirect taxes, which would encourage spending; but to accept the contribution that no concessions at all should be made "would be a timid policy which might prevent us from achieving the full increase in production of which we are capable." Above all, there was need "to lighten the sheer burden on the economy." This Mr Butler has done to the extent of reliefs that will cost nearly £134 million this year and £155½ million in a full year, in the hope, apparently, that those who benefit will "save rather than spend as large a proportion as possible of what they gain." To the extent that they do so, the new strain upon the Chancellor's assumed "margin" for exports will be correspondingly lessened. But the effect on his budget accounts will be to cut the prospective above-line surplus to £148 million—or to roughly one-third of the amount actually realised last year—before taking account of the coming supplementary estimates for expenditure.

THE REVENUE PROSPECT
£'000

	Exchequer receipts in 1954-55	Estimates for 1955-56 at 1954-55 tax rates	Estimates for 1955-56 at new tax rates
Ordinary Revenue:			
INLAND REVENUE			
Income tax	1,892,965	2,009,000	1,877,400
Sur-tax	134,700	136,000	136,000
Death Duties	187,900	185,000	185,000
Stamps	75,100	74,000	74,000
Profits Tax and Excess Profits Tax	172,800	180,000	180,000
Excess Profits Levy	76,500	25,000	25,000
Other Inland Revenue Duties	1,280	1,000	1,000
	2,541,245	2,610,000	2,478,400
CUSTOMS & EXCISE			
Customs	1,100,049	1,131,700	1,131,700
Excise	771,637	798,300	796,050
	1,871,686	1,930,000	1,927,750
MOTOR VEHICLE DUTIES	78,980	80,000	80,000
TOTAL RECEIPTS FROM TAXES	4,491,911	4,620,000	4,486,150
Post Office (net receipt)	5,100	...	...
Broadcast Receiving Licences	22,300	25,000	25,000
Receipts from Sundry Loans	23,024	24,000	24,000
Miscellaneous	195,558	175,000	175,000
Total Ord. Revenue	**4,737,893**	**4,844,000**	**4,710,150**
Self-Balancing Rev.:			
Post Office	243,600	257,350	257,350
Income Tax, deducted from Excess Profits Tax, Post-war refunds	5,186	2,500	2,500
Total Self-Balancing Revenue	**248,786**	**259,850**	**259,850**

"A Simple Orthodox Reduction"

THE Chancellor prefaced his changes in direct taxation by stressing the limited amount that he could give away, by recognising the need, before all else, for fresh incentive to the forces of growth and expansion, and by admitting that his proposals this year must be "of classical purity and simplicity." On those canons, he chose a straight reduction of 6d. in the standard rate, from 9s. to 8s. 6d. in the £. This reduction would relieve industry of £40 million; individuals would benefit (to the extent of £76 million in a full year) at all levels of taxation and would pay less "on any extra income earned by greater personal effort" (though the same is true of increased investment income); and those paying the heavier burden of tax would have the greater opportunity to save since they would enjoy the greater relief.

This reduction of 6d. in the standard rate is accompanied by a reduction of 3d. in the reduced rates (which in 1953 were reduced by the full 6d. then taken off the standard rate). This, the Chancellor claimed, is a return to "the tradition that reductions in the general rates of income tax should be broadly proportionate to the rates already borne." Mr Butler has ingeniously combined this remission of 3d. in the reduced rates with changes in the personal allowances in order to raise the levels at which tax becomes payable but he has claimed

back part of the benefit by narrowing the band of income taxed at the lowest rate from £100 to £60. He has, in fact, secured the essence of a higher exemption limit without extending the benefits through the range of incomes. The essence of the change will be to take out of the PAYE files some 2,400,000 taxpayers, though the complications of coding mean that they—and other taxpayers—will have to wait until the first pay day after July 5th for the benefit.

The two ingredients of this change can be summarised in the following tables:—

Personal Allowances

	£	£
Single	120 raised to	140
Married	210 raised to	240
Child	85 raised to	100

Reduced Rate Changes

Old Rates	£ s. d.	New Rates	£ s. d.
First £100 at 2/6	12 10 0	First £60 at 2/3,	6 15 0
Next £150 at 5/–,	37 10 0	Next £150 at 4/9,	35 12 6
Next £150 at 7/–,	52 10 0	Next £150 at 6/9,	50 12 6
First £400....tax £102 10s.		First £360....tax £93	

Since Mr Butler has not pursued his incentive budgeting by improving the earned income allowance, the benefits of his " sixpence off " and the net effects of the changes in the allowances impartially enure to those with earned or unearned incomes and because unearned incomes pay more, they will also save more tax. The earned income allowance remains at two-ninths of earned income subject to maximum relief of £450—that is, with no additional allowance for earned incomes exceeding £2,025. Hence the raising of the allowances raises the exemption limits for earned incomes, as follows:—

Exemption Limits for Earned Incomes

	Formerly £	Raised to £
Single	155	180
Married	270	309
Married, one child	379	437
Married, two children	489	566

Earnings above the new and higher exemption limits will, however, be subject to a more steeply graded reduced rate system; the first £360 of assessable income under the old arrangement would have borne tax of £88 10s., but under the new system the tax will be £93. One important consequence of the new scales will be that the additions to personal allowances will be tempered for those with earnings more than £360 above the exemption limits by the liability to pay at full rate on the next £40 of income. This explains why the single man at £600 will still be paying £81 15s., compared with £83 16s. 8d., and why the married couple at £700 will save only £5 6s. 1d. But taxpayers with families and with incomes running well into liability at the standard rate, will find obvious advantages in Mr Butler's proposals.

These proposals are rounded off by raising the limit for the small income relief of two-ninths of total income from £250 to £300. Parents of families " on whom the present load of taxation falls with especially discouraging severity, especially when they have several children to educate," will note that although Mr Butler has raised the child allowance from £85 to £100, he leaves unaltered the limit of £85 for the child's own income, thus wholly depriving the parent of the increased relief if the child's income is above £85. It is something that the apprenticeship income allowance should be raised from £52 to £85; any parent with a child earning £100 a year under articles will have to beseech the employers to impose a £15 cut so that he can get the benefit of the child allowance.

Boon for Lancashire?

The Chancellor has made only one change in purchase tax—to halve the rate of tax on certain piece goods and household textiles from 50 to 25 per cent. The reductions are estimated to cost £2¼ million this year and £3 million in a full year and apply to sheets, towels, curtains, tablecloths and other household textiles and furnishings as well as to cloths sold by the yard so long as these do not contain 15 per cent or more of wool by weight. The benefits of the concession therefore extend to silk, nylon, plastic sheet, linen and other high-cost yarns as well as to the bread-and-butter cottons and rayons whose plight has recently been so well ventilated, and Mr Butler made particular reference in his speech to the assistance that the cuts would give both to high-quality fabrics in general and to the Ulster linen industry. The items so relieved bore about £6 million before the reduction, out of an annual total of £40 million on all textiles and clothing and a total yield of about £300 million for all purchase tax.

★

A high proportion of the cloth woven in Lancashire already bears no purchase tax and sales of such cloths will not be affected either at home or abroad by anything that the Chancellor decides to do about purchase tax. Since the introduction of the much-welcomed and later much-abused " D " scheme in 1952, textiles selling below a certain price have attracted no tax, while those that cost more have attracted tax only on the amount by which they exceeded this " D " level. A wholesale price of 4s. a square yard is laid down as the tax-free limit for all non-wool goods (those that contain less than 15 per cent of wool) with two exceptions; these are linen, which is given a higher limit of 6s. per square yard, and furnishing fabrics that weigh more than 6 oz. a yard, which also have a limit of 6s. All cloths with 15 per cent or more wool in them enjoy a limit of 14s. 6d. per square yard. A high proportion of the cheaper cotton, rayon and wool mixture cloths was either already below these limits and so exempt from tax altogether, while others were so little above them that they attracted tax of a few pence a yard. Only the really expensive fabrics attract enough tax to create noticeable sales resistance at home. There may have been justification here for the textile industry's complaint that the effect of purchase tax on the home market was to restrict the production of quality goods for export—although Lancashire is prone to confuse the effects of purchase tax with those of competition.

Mr Butler sprung an unexpected surprise on retailers by reducing the tax on these textiles to the same rate, 25 per cent, as that charged on made-up clothing. Since purchase tax was introduced in 1940, the rate of tax on piece goods and household textiles has always been twice that on made-up goods, in order to make the tax on customers' cloth or, the tax on clothing made up at home, roughly the same as that on similar clothes bought ready-made. If this differential is now to be eliminated for cotton textiles, there is chance of a revival in retail sales of piece goods, which have been relatively depressed for several years.

Steel in Demand

IN the first three months of 1955 more than 5 million ingot tons of steel were produced in Britain, far more than ever before—and still there was not enough. This record output, plus imports equivalent to perhaps 300,000 ingot tons of steel, does not appear to have moderated the burden of demand on the industry: the order load at the end of the quarter seems likely to have been higher than at the beginning, and the volume of applications for import licences indicates a further increase both in the industry's own buying of ingots and semi-finished steel and in consumers' ordering of finished steel abroad. Orders for export, too, are more than the steel makers can accept. It is hardly surprising that the industry has recently been wondering whether higher bank rate and restrictions on hire purchase are likely to reduce demand for steel.

Most of that demand comes from industries whose output has risen in recent months even more than that of steel, and which have certainly a larger labour force than they had last year and probably somewhat more capacity. Production in the metal-using industries in 1954 as a whole was about 8 per cent higher than in 1953. In the fourth quarter of the year it was up by nearly 10 per cent over the last quarter of 1953 and was, after rough allowance for seasonal factors, perhaps 6 per cent higher than the average of 1954. This last form of comparison was used in the " Economic Survey " as some indication of the lead with which output began in 1955 over the 1954 level, but a further " appreciable increase " was also expected, and this too largely from the metal-using industries.

★

Steel deliveries were not quite matching the increase of output in those customer industries in the closing months of 1954, but they may be by now. In 1954 as a whole deliveries were about 4 per cent higher than in 1953, and in the last quarter of the year, as demand swelled, about 6-7 per cent higher. Only production figures are as yet available for the quarter just ended; but a rough estimate, as in the table, suggests that record output, supplemented by higher imports and depleted by higher exports, will have allowed home consumers a weekly average of about 360,000 tons of ingots, or 265,000 tons of finished steel, during the quarter. That would be about 8 per cent more steel than in the first quarter of 1954, which on the conventional " 8 to 10 " rule of thumb used in the industry would have supported about 10 per cent more output in the industries using steel.

No close correspondence between output in the metal-using industries and actual consumption of steel can be expected over short periods, however, not least because consumers normally carry about three million tons of steel products in stock. Moreover, deliveries depend upon orders, and orders reflect customers' expectations about future output—or sometimes simply their anxiety not to go short even if others do. Some of that anxiety was evident last autumn, when orders for a few products shot up to three or four times the level of a few months before. Nevertheless, consumers as a whole were in fact using more steel than was delivered to them; they reduced their stocks slightly (by some 100,000 tons) in the second half of the year.

STEEL SUPPLIES AND CONSUMPTION

	Annual: million ingot tons			Weekly: thous. ingot tons	
	1953	1954	Forecast 1955	First qtr. 1954	First qtr. 1955 (est.)
Production	17·6	18·5	19·6	361·1	390·3
Re-usable material	0·4	0·4	0·4	6·9	7·0
To (–) or from (+) producers' stocks	–0·3	+0·1	...	+5·5	+3·0
Imports	1·1	0·5	1·4	16·6	23·0
Total supplies	**18·8**	**19·5**	**21·4**	**390·1**	**423·3**
Exports	2·7	2·9	3·0	53·1	60·0
Home Deliveries	**16·1**	**16·6**	**18·4**	**337·0**	**363·3**
To (–) or from (+) Merchants' and Consumers' Stocks	–0·4	+0·2	...	N.A.	N.A.
Apparent Home Consumption	**15·7**	**16·8**	**18·4**	**N.A.**	**N.A.**

No doubt there is still some ordering to fortify stocks. But no steelmaker can complain about any consumer who is prepared to order abroad and pay the world price—often markedly higher than the British—to insure his future output, and the extra cost of doing

so is likely to moderate hoarding of steel. The industry has revised its estimates of demand this year; though there may be the capacity to produce 19¾ million ingot tons of steel rather than the 19½ million tons that the Iron and Steel Board is cautiously forecasting, the main flexibility in supplies still open to the industry lies in the wide margin of imports that is planned.

The Board is forecasting that imports may in fact reach 1,400,000 ingot tons—600,000 tons in ingots and semis, and 800,000 tons in finished steel imported by consumers. Assuming that exports are kept down to 3 million ingot tons (though more could be sold), the increase of about a million tons that it expects in output during this year would offer the British economy well over 18 million tons of steel—almost 10 per cent more than was used last year. Home deliveries, that is to say, could rise by 1,800,000 ingot tons, half from extra imports and half from extra output.

It would require considerable optimism to question whether that will be enough; the steel industry, characteristically, is more concerned to question whether in fact it will all be required. Nevertheless, the orders with which steel makers have been unable to keep pace this winter have piled into a formidable current backlog comprising many more weeks' output than they normally have on their books at this time of year. This continued excess of demand is fairly general for most steel bought for processing, in particular flats and light rolled products; demand for the structural steels, rails, and for steel used in mining is steadier, but also high.

A "substantial" increase in fixed investment, and more of it industrial investment than last year; no further increase in defence demands on engineering; strong demand abroad for most types of capital goods, cars and metal consumer goods, and capacity in engineering to supply more exports as well as more investment—these prospects for 1955, set down in the "Economic Survey," include the main determinants of steel demand. But any marginal clipping of the fringe of investment by monetary policy could be reflected in steel; and so might a slackening in trade in metal consumer goods at home through hire purchase restrictions. The question would then remain whether exports of metal goods would take up the slack, and whether output of metal goods can possibly rise enough to need 10 per cent more steel. The steel industry, therefore, is not quite convinced that by the second half of the year consumers will necessarily be wanting all the steel it can now promise them—on paper. But that makes it no easier to satisfy their demands today—in steel.

Business Notes

The Budget in the City

It is broadly true that the City liked the Budget. It is also broadly true that markets did not respond to it. There is nothing necessarily contradictory in the contrast. The whole of the new Stock Exchange account that started on Wednesday, and the whole of the account that is to follow it, will be dominated by electioneering. The bald indices slightly obscure what happened immediately after the Budget; the *Financial Times* industrial index made another small advance; at 189.3 on Wednesday it showed a rise of 0.6 on the day and of 0.9 on the week. The index of Government securities, on the other hand, showed an insignificant fall from 99.82 to 99.79 on Wednesday and a slightly larger fall from 100.02 on the week. But the first reaction of jobbers on Wednesday morning was to raise prices in all sections of the market, and both gilt-edged and industrial prices later slipped back again almost to where they started, because investors failed to produce the volume of buying orders that had been expected. Prices fell more sharply on Thursday.

As a short-range market tipster, Mr Hugh Gaitskell ("I have no doubt that the Stock Exchange boom will continue now") is proving a disappointment. "What boom?" the investor might well ask as he noticed that an indecisive Wednesday was followed by a fall in gilt-edged and leading industrials on Thursday. But to be fair to Mr Gaitskell it must be accepted that it will be June, and the election will be over before the forces that Mr Butler set to work on Tuesday can have any free play on prices. What will happen then? There are two views. Mr Gaitskell's view has some adherents. The Budget was a little more favourable to the wealthy taxpayer than the market had generally foreseen. The reduction in the standard rate of tax without an increase in the earned income allowance and without a regrading of surtax had not generally been expected, and it puts a little more money into the hands of people who are likely to use it in the market than, for example, the expenditure of the same revenue on widening allowances at the lowest range of income, as a vote-catching Budget might have done.

But the most general feeling in the market, even among those who liked the Budget, is not one of wild optimism about prices. Assuming the return of a Conservative government, shrewd observers are still inclined to allow considerable weight to the Chancellor's intention to make the higher Bank rate work, and no one supposes that if that happens all implications are yet fully reflected in present prices. It will be surprising if that view does not prevail to the extent of keeping business small and prices narrow over most of the time as the election approaches, even though some excited short-term movements on the few days following the poll must naturally be expected.

The Response of Sterling

The recovery of sterling in the exchange market stopped a few days before the Budget, the rate in the official market slipping back from $2.79⅛ to $2.79⅛. The rate for transferable sterling moved correspondingly from $2.77½ to $2.76⅛. This modest reaction was attributed, in part, to the unfavourable impression created by the March overseas trade figures which showed a gap of £92.4 million in visible trade, about twice the figure for March, 1954. It is also significant that the drop in the sterling rate followed immediately on the news of the increase in the Federal Reserve rediscount rate in New York. This movement, by giving fresh impetus to the rise in short-term money rates in the United States, brings with it the suggestion of some diminution in the modest flow of money from overseas to the London market. For the time being, however, the relative attraction of London persists. With the 3 months' bill rate in London at 3¾ per cent and in New York at 1.6 per cent, the differential is still greater than the cost of selling sterling forward. The American bank buying sterling for short-term investment here must now pay 1¼ cents for covering its exchange risk through a forward sale of three months' sterling. This represents 5 cents for a year or 1.8 per cent on the spot rate. After allowing for this cost the American bank would still earn 2 per cent net on its short-term sterling investment as against 1.6 per cent in New York. Certain discount market houses continue to do appreciable business on overseas, and especially on Canadian, account.

The Budget, with confidence prominently in the shop window, led to an immediate recovery in rates. The official rate immediately moved up to $2.79⅜ and the transferable rate to $2.77 1/16. These improvements were not being fully maintained towards the end of the week and on Thursday the official rate fell to $2.79⅛ and transferable sterling to $2.77. These may be the reflection of second thoughts on the Budget and lucubrations in certain banking quarters on the possibility of a major sterling crisis in the autumn—whatever may be the outcome of the General Election. The uncertainties concerning that election and the dialectical exaggerations and extravagances that may be expected during the electoral campaign may lie heavily on the pound until May 26th.

Soaring Trade Deficit

The weapon of Bank rate needs time to do its work, and time is money when Britain is over-importing at the present rate. That is the rub—as the latest import figures make plain. Imports in March rose by no less than £56 million to £365.4 million cif, an even sharper rise than might have been expected for a lengthy month. This total has only once been exceeded in the past four years, and it raises the average cost of imports in the first quarter to £335.5 million a month—nearly £62 million (23 per cent) more than in the same quarter of 1954. The high rate of imports has completely swamped a gratifying recovery in exports.

In March exports rose by £27.5 million to £260.3 million fob, and the average for the first quarter, at £247.3 million a month, was £22.8 million (10 per cent) more than in the same period of last year. The comparison exaggerates the real recovery, for the first quarter's figures were swollen by shipments delayed by the dock strike last October. Comparing the monthly average of the last six months with that of the same period of 1953-4, exports were only 3 per cent up. With re-exports at £12.7 million in March, the gross visible trade deficit jumped to the uncomfortably high figure of £92.4 million. The average deficit in the first quarter of £77.6 million a month was also high, for it compares with a deficit of £59.4 million a month in the fourth quarter and of £40 million in the first quarter of last year.

It is small comfort that shipments to the United States—which were not significantly affected by the dock strike—recovered further in the first quarter to reach £13.9 million a month, equal to the mid-1953 peak. The recovery in shipments to Canada has been slower, and may have been masked in the first quarter by the closing of the St Lawrence.

UNITED KINGDOM TRADE
(£ million—monthly averages)

	Imports c.i.f.	Exports f.o.b.	Re-exports f.o.b.	Trade deficit
1953, 1st quarter	272·4	208·5	10·0	53·9
„ 2nd „	291·7	210·0	8·0	73·7
„ 3rd „	274·9	211·6	8·5	54·9
„ 4th „	275·5	230·6	8·7	36·1
1954, 1st quarter	273·8	224·5	9·3	40·0
„ 2nd „	284·1	223·9	8·6	51·6
„ 3rd „	279·2	221·1	7·9	50·2
„ 4th „	289·3	222·0	7·8	59·4
1955, 1st quarter*	335·5	247·3	10·6	77·6
„ March*	365·4	260·3	12·7	92·4

EXPORTS TO NORTH AMERICA

	USA	Canada	Total
1954, 1st quarter	11·9	10·5	22·4
„ 2nd „	12·5	12·1	24·7
„ 3rd „	11·9	10·0	21·9
„ 4th „	13·5	11·3	24·8
1955, 1st quarter*	13·9	9·8	23·7
„ March*	15·7	10·8	26·5

* Provisional.

Planning More Coal Imports

When the "coal winter" ends on April 30th, Britain is unlikely to have more than about 12 million tons of coal in stock. During the winter these stocks will pro-

bably have fallen by nearly 7 million tons, in spite of the import of some 4 million tons of foreign coal. Winter coal consumption seems likely to be about a million tons higher than in 1953-54. Production during the winter, however, will probably have been about 2½ million tons lower.

In these circumstances, coal budgeting for the coal year 1955-56 comes down to deciding how much coal should be imported or how much exports can be cut. Production must not be hampered for lack of fuel ; this means that provision should be made for an increase of 3 million to 5 million tons in inland consumption (though weather can modify this margin quite considerably). The current programme of exports and bunkers still seems to be about 14 million tons, some 1½ million to 2 million tons below the level of recent

COAL SUPPLIES, CONSUMPTION, AND CHANGES IN STOCKS, BY COAL YEARS, 1951–52 TO 1954–55
(Million tons)

	1951–52	1952–53	1953–54	Est. for 1954–55
Supplies :—				
Production	223·3	225·1	223·4	222·2
Imports	0·6	...	0·8	6·2
Total available	223·9	225·1	224·2	228·4
Consumption :—				
Home	204·8	205·2	209·7	215·7
Total	220·3	224·1	226·4	230·7
Changes in Total Stocks :—				
Summer	+6·9	+9·0	+4·2	+4·6
Winter	−3·3	−8·0	−6·4	−6·8
Coal Year	+3·6	+1·0	−2·2	−2·2
Stock Level at end Winter	15·2	16·2	14·0	11·8

years. If that amount is exported, the total demand would be for about 233-235 million tons during the coal year 1955-1956. So far this year production is down, and it needs some optimism to hope that it might increase even as much as 2 per cent in the coming twelve months. And even if it did, there would be a need for perhaps 6 million tons of imports during 1955-56 ; while assuming the "worst," i.e. no increase at all in output and a rise in home demand to the top of the bracket, Britain might need to import (or make available in part by further cutting exports) as much as 13 million tons of coal. The mining industry is no longer dignified with the danger of becoming a brake on the boom ; it is assumed to be inadequate, and imports to be automatically required. But it has become one of the more expensive imports required to support rising industrial output, and the question whether coal exports should be maintained at their present level is being reviewed.

Copper Confused—Tea Distressed

THIS week the British Government created further confusion in the copper market by releasing more copper from its trading stock. No formal announcement was made ; the news first leaked out in New York, and was later confirmed in London by the Board of Trade. The quantity is 20,000 tons ; it is blister copper which originated from mines in the Rhodesian Selection Trust group, and it has been sold back to that group for delivery in the latter part of this year and early next year. Last week copper dropped by about £30 a ton on the announcement of the release of 45,000 tons of electrolytic copper from the Government's stock ; prices subsequently recovered, only to fall again by about £10 a ton on the news of the second release.

The committee of the London Metal Exchange has justly criticised the Government for the inept way in which it has handled disposals. In a statement issued on Thursday, the committee defends the market against the charge of instability by pointing out that its function is to reflect all developments affecting trade in copper, and it expresses the hope that in any future disposals the Board of Trade will consider market stability. No doubt the committee finds it difficult to understand why the second release could not have been made at the same time as the first. No one would expect the Government to tie its hands indefinitely, but it should have been possible to say how much copper is to be released this year. Such a statement is needed.

Meanwhile, tea prices fell quite sharply when the London auctions were resumed this week. Medium and common qualities of Indian tea dropped by between 2d. and 5d. a lb, and clean common tea was quoted nominally at 4s. 6d. a lb, compared with 4s. 11½d. a lb at the end of March. Despite the smaller weight of tea on offer, a good deal was withdrawn

	April 14	April 21
Copper, prompt, per ton	£307	£324
Tin, " "	£717 10s.	£719 10s.
Lead, " "	£104 10s.	£104 15s.
Zinc, " "	£89 15s.	£89 10s.
Rubber, spot, per lb.	26½d.	27d.
Wool futures, May, per lb.	122½d.	120d.
Cotton futures, May/June, per lb.	30·84d.	30·61d.
Jute (mill firsts), April/May, cif per ton	£104/109	£104/107
Sisal (1 E. African), April/May, cif per ton	£83	£80
Wheat (1 Manitoba), May, cif per ton	£29 16s.	£29 19s.
Barley (Canadian 2 feed), May, cif per ton	£24	£24
Cocoa (Accra), April/June, per cwt.	312s. 6d.	307s. 6d.
Coffee (Santos extra prime), cif per cwt.	478s.	480s.
Tea (plain broken pekoe), per lb.	4s. 11½d.*	4s. 6d.
Sugar (Cuban raw), cif per cwt.	31s. 3d.	31s. 6d.

* March 31.

from the auctions, though some of it was sold privately later at prices in line with earlier bids. Prices of Ceylon tea also fell, except for the best qualities, and subsequently the market learned that the Ceylon government has reduced the export duty by 30 cents to one rupee (1s. 6d.) a lb.

Saved by the Bell

THE newspaper strike stopped just in time for some newsagents and advertising firms. They have lost four weeks' income, and those that were operating on very tight budgets had fallen into serious difficulties. But nobody appears to have been pushed out of business ; most had other lines that helped to keep them going. Newsagents sold an enormous number of magazines and periodicals,

ROLLS-ROYCE

AERO ENGINES

LEAD THE

WORLD

The only propeller turbine engined airliners in service in the world are powered by Rolls-Royce.



'You'll be reading this tree when you grow up...'

TWENTY YEARS from now, when that five-year-old southern pine seedling is fully grown, it will be cut down and made into newsprint. Then another seedling will take its place, for the forest must be repaid for the riches it yields. In the past year alone, Bowaters have planted no less than five million seedlings to serve their new mills at Calhoun in Tennessee.

And far to the north—in the great Bowater forests of spruce and fir in Canada, Norway and Sweden—as the trees fall so the cycle of growth begins again. In these latitudes the harvest will not be gathered again for seventy-five years. But during these silent years constant guard will be kept against the pests and diseases that would harm the trees, the fire that would devour them. By husbanding, by protection, so is the bountiful forest repaid.

Every day of the year the Bowater Organisation is at work converting timber into woodpulp into paper. From its mills in Europe and North America comes newsprint for the newspapers and journals of the world; other printing papers for magazines and reviews; paper for packages of almost infinite versatility.

Bowaters

THE BOWATER PAPER CORPORATION LIMITED

Great Britain United States of America Canada Australia South Africa Republic of Ireland Norway Sweden

though their customers quickly became much more discriminating than in the first few days of the stoppage when they frantically laid their hands upon almost anything readable, including back numbers. Altogether about £1-£1½ million in their margin on newspaper sales appears to have been forgone by newsagents and distributors, less the income from extra sales of other publications. The street-seller and the paper shop subsisting upon local delivery services were the worst hit.

That revenue is lost for ever. Advertising agents, on the other hand, hope to recoup a good part of the £350,000 or so they have lost in commission, and their anxiety may well assist the newspapers' own chances of recovering the advertising revenue forgone. Seasonal promotion campaigns, however, have been scrapped, and some at least of the £2½-£3 million that would have been spent upon advertisement space in the national daily and Sunday papers has been diverted to other media. One of the big London stores ventured to Radio Luxembourg for the first time; more spring catalogues have been issued by direct mail; and commercial television may have a little more money coming its way in the autumn. Only about one-sixth of total advertising turnover arises from advertisements in the national press (which account for a quarter of all expenditure on press advertising), but this proportion is considerably higher for most of the leading agencies. One or two had insured against a strike, but most agencies had to rely upon their bank managers or upon their own resources; and this is a business that does not normally require a heavy working capital. Another week or two, therefore, and more than a few would have been forced to scrutinise their payrolls.

The strike has had a more varied effect upon trades that use the national papers to stimulate their sales. Sections of the mail-order business were badly hit, but some firms were lucky enough to have launched their campaigns well before the papers stopped printing. The remarkably fine weather has been a great help for retailers; but Easter fashions and the particular lines that the stores had intended to promote this month have suffered, and many shoppers appear to have remained in the London suburbs rather than visit the West End of London. Cinemas have enjoyed good business, so have some of the new plays in the West End, strangely enough, as theatre attendance in general has been poor. Relief at the reappearance of London papers will also be felt by estate agents, personnel managers with lengthening vacancy lists—and, indeed, by butchers and fish and chip shops, though possibly it will react adversely on the turnover of the firelighter industry.

Quotas Against Japan?

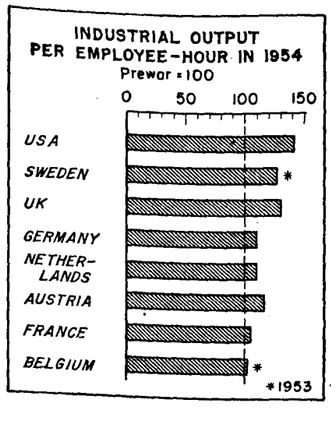
THE British Government has now issued a statement of policy on the question about Japan's accession to the General Agreement on Tariffs and Trade. It is made clear that quotas against imports from Japan will continue to be imposed in accordance with negotiations to be conducted from time to time with the Japanese government. Negotiations recently conducted in Geneva between Japan and a number of members of Gatt will certainly lead to Japan's

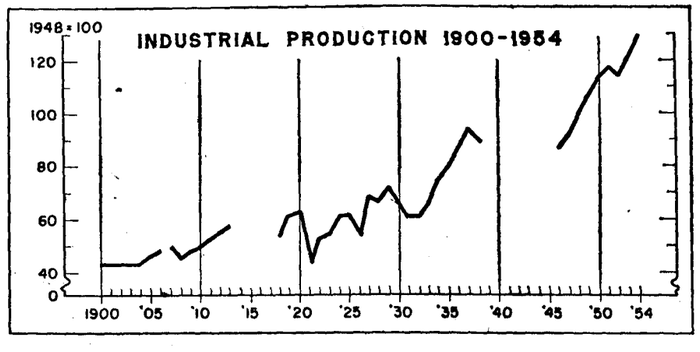
Productivity in the Long Run

INDUSTRIAL production in Britain last year was probably about three times as much as at the turn of the century, according to an index of production since 1900 that Mr T. M. Ridley has constructed on the same basis as the current official index. The 1900 figure is given as 43, against last year's index of 129: this is equivalent to an annual increase of just over 2 per cent compound over the whole period. Since the turn of the century, on a very rough calculation, employment in the industries covered by the index may have risen by about 75 per cent, but the hours worked have dropped sharply. This would imply that during the 54 years output per man-year would have risen by some 70 per cent and output per man-hour would have about doubled.

Mr Ridley produced the index from a variety of estimates over different periods during this century, adjusting these to give approximately the same coverage as the official index and putting them on the same 1948 base and weighting; his index is shown in the larger chart.

A more recent, but no less tentative, estimate of increases in man-hour productivity in Britain and other countries was published last week by the Treasury, based upon estimates by the United Nations. These suggest that Britain has achieved a larger increase in output per man-hour since before the war than any other West European nation except Sweden. The smaller chart shows the comparative increases. It needs to be borne in mind that since before the war labour productivity in the United States seems to have increased more than anywhere in Europe: the Transatlantic lead is hardly being narrowed yet.





accession to the Agreement since the necessary two-thirds majority is already assured. Even so, the British Government has now decided that it must exercise the right to invoke the provisions of Article 35 in the Agreement by which it need not treat Japan as a contracting party.

Britain, however, declares itself sympathetic to Japan's desire to accede, holding that it would be wrong to refuse "fair and reasonable" opportunities for Japanese trade and disclaiming any intention to injure Japan's efforts to expand exports "in fair competition." But the British Government is not prepared to tie its hands in advance by accepting the obligations of Gatt towards Japan. It first wants greater assurances that the "fair competition" is indeed fair. For some time past the quota arrangements for Japanese trade with Britain have been mutually agreed with the Japanese government. The Colonial territories have been free to fix the level of their imports from Japan, but always "with due regard to the balance of payments between Japan and the sterling area" and in the light of advice from London. That practice will continue. The British Government has again expressed the hope that a high level of trade between Japan and the sterling area will be maintained and has even envisaged the time when "the United Kingdom and the Colonial territories will in due course accept the full application of the provisions of the General Agreement to their trade with Japan." The statement, issued on the same day as the purchase tax concessions on textiles, has a domestic political flavour, and a thoroughly unsatisfactory result is likely to emerge after Japan has formally acceded to Gatt, and the United Kingdom Government has invoked Article 35 allowing it to "look through the new member." The British Government seems to have realised this and has invited the Japanese government to enter into negotiations for a long-term commercial treaty "embodying mutual undertakings with respect to shipping and establishment matters, protection of industrial designs and tariff matters."

Shell Does the Obvious

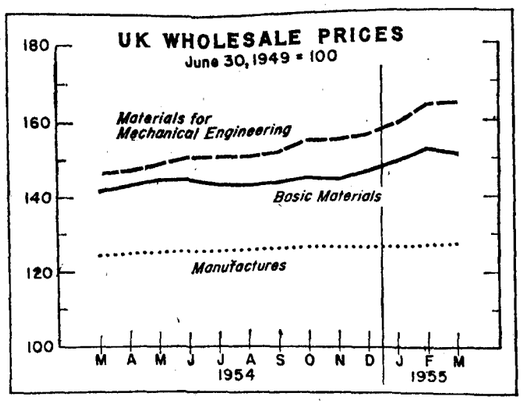
As with the Unilever dividend there is a ring of inevitability about the dividends of Royal Dutch and "Shell" Transport and Trading. They are just what cautious investors predicted when the two companies announced their 20 per cent scrip issues. And the profits that back them follow the line indicated by the half-yearly report of last September. The directors of Royal Dutch-Shell like those of the other Anglo-Dutch diarchy, Unilever, decided to maintain the old rates of dividend on the capital as increased by the free scrip issues.

For 1954, Royal Dutch have declared a dividend of 16 per cent and Shell a tax free payment of 15 per cent; after the scrip issues these payments represent an increase of 20 per cent in the amounts to be distributed as dividend, subject to the fact that Shell will save on the lower rate of British income tax. Where there is a steady expansion and where free scrip issues are about, there will always be some optimists. Some of them pitched their hopes too high and after the oil dividends were announced the Royal Dutch Fl. 100 stock units were marked down by £1 to £56½, rallying later to £57, while Shell £1 units fell from 127s. 6d. to 126s. 3d. At the ex-dividend price of 125s., and grossing up at the new standard rate of tax of 8s. 6d. in the £, the Shell units offer a yield of £4 3s. 6d. per cent.

That yield is supported by the continual growth of this leviathan of oil, shipping and international trade. Over the last four calendar years the group has spent £800 million on capital account, of which half has been devoted to crude oil production and exploration. In 1954 alone the group spent £226 million, £6 million more than in 1953. Yet at the end of the year it still held £346 million in cash and securities, £31 million more than in 1953. The accretion in assets is matched by a growth in sales. On the average the prices realised by sales of oil by Royal Dutch-Shell were lower last year than in 1953 but the volume of sales rose by 8 per cent, so that total proceeds from sales and other income rose from £1,700 million to £1,850 million. Sales taxes, excise duties and similar levies absorbed £406 million, £58 million more than in 1953 and tax liabilities went up from £115 million to £129 million. The net income of the group at £134 million was £4 million higher than the 1953 figure. The two parent companies share out dividends from those net earnings of the subsidiaries in the ratio 60 to Royal Dutch and 40 to "Shell" Transport and Trading. The sum they have drawn this time is £26.8 million, compared with £22.2 million for 1953.

Prices of Materials in March

The Board of Trade's price index of basic materials, excluding fuel, fell by nearly one per cent in March to 150.9 (June 30, 1949 = 100). The fall—the first for three months—reflected the decline of 11 per cent in the price of rubber, and smaller declines in cotton, wool and



jute, which together more than offset a further rise in the price of copper. The indices of materials used in the mechanical and electrical engineering industries, in which copper has a much bigger weight, rose respectively by 0.2 and 0.5 per cent in March. In the first quarter of the year the index of materials for mechanical engineering has risen by 5.4 per cent to 164.2, and the index of materials for electrical engineering by 9.4 per cent to 184.2. The index of all manufactured products, excluding fuel, food and tobacco, rose again by 0.2 per cent to 127.5 last month, bringing the total rise in the first quarter to one per cent.

More Security Arbitrage

The Stock Exchange Council is believed recently to have been considering the problem of dealings between members of the Stock Exchange and the London offices of New York stockbrokers. It has taken no action so far and that in effect means that it reaffirms its existing rule which requires London Stock Exchange members to treat the London offices of American brokers much as the English provincial broker is treated: the London jobber must be given the first opportunity of dealing and only if he cannot do so may the broker offer the business outside. That in itself is normal; the jobbers seldom fail to see that their proper interests are protected. But the fact that it has been considered just now marks a considerable growth that has recently been taking place in the scope of London arbitrage dealings.

Basically the change is that whereas formerly London found itself able only to arbitrage American stocks between London and New York and therefore to switch only against American stocks already held by British residents, it now does a substantial arbitrage business in American stocks with Continental countries, in particular with Holland, Belgium and Switzerland, often for settlement in New York. In effect, though not in name, this means that Continental residents can switch in the London market. They can sell dollar stocks in London against premium dollars and London can sell them other dollar stocks in exchange and the fact that dollar stocks in London command a premium of about 1⅜ per cent—representing the difference between security sterling at $2.76¼ to the £ and official sterling at $2.80—makes no difference if both transactions are at the same premium. There may on occasion be slight money advantages to the Continental investor in dealing through London rather than through New York. But the main attraction of London (which includes the London offices of American brokers) seems to be one of timing. London's market hours are nearer to those in which the Dutch or Swiss investor wishes to operate, than are New York's

British Cars in America

The announcement of a $20,000,000 repeat contract obtained by the British Motor Corporation for further deliveries of the Nash Metropolitan car that they are making for the American market adds one more to Sir Leonard Lord's laurels. The figures published for new registrations in the American market include the Nash Metropolitan among the other sales of Nash cars (which last year totalled 82,000), and one can only guess at the volume of sales of the Metropolitan. A reasonable surmise would be that its sales may be of the order of 10,000 a year. Such a figure would be a welcome addition to the turnover of Nash which, in spite of its merger last year with Hudson into the American Motor Corporation, is, like all the manufacturers other than the General Motors, Ford and Chrysler, having a hard struggle.

In last year's registrations of cars of European make (excluding the Metropolitan) the Volkswagen went handsomely into the lead, with a total of over 6,000 units. The MG, which in 1953 recorded a similar total, had a sad decline to 3,454 units, but still kept ahead of Jaguar in unit sales (3,365), though not of course in dollar volume. Declines of the order of 50 per cent compared with 1953 were the fate of the other established leaders in British registrations, viz., Hillman, Ford and Austin. The Austin Healey, however, made a spectacular success with sales of just over 2,000, while the other newcomer to the list of sports cars, the Triumph TR2, was within striking distance of the 1,000 figure. It seems likely that both will show better totals for 1955.

Apart from the Nash Metropolitan, which is tailored for the American family market and enjoys the advantages of a strong dealer organisation to take care of sales and service, it is clear that the best hope of the British manufacturer lies in the sports car field (though Standard, in obtaining a contract to supply pick-up trucks to American forces here, has found another way of earning dollars with motors). Both the Austin Healey and the Triumph give an excellent performance at a not unreasonable price, while the Jaguar XK140 gives, of course, an altogether outstanding performance at a very fair price. The MG, however, has exploited for all its considerable worth the rather indefinable qualities of "character," with something of a nostalgic

Mr. Butler said:

"... In general, there are good prospects that world markets will offer us substantial opportunities to increase our exports this year."

Budget Speech, April 19th 1955

Our 50 three-monthly reports on business conditions in over 70 countries regularly review market prospects for capital as well as consumer goods. In addition, we carry out investigations into the markets abroad for specific products and services. We also investigate methods of attacking particular markets and how to finance exports.

Full particulars of our comprehensive services for those with business abroad from:

The Economist Intelligence Unit

22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.

appeal, rather than serious speed or acceleration. The drop in its sales volume last year shows that this vein is beginning to be worked out. But the announcement that MG, who have not appeared for many years in the serious European racing field, are this year to resume competitive racing, may well presage a sports car which would give a really fine performance even though, if its body design is reasonably functional, it must inevitably forfeit some of the charm of the present MG, that miniature bottle of a vintage car.

Burnt Diamonds

THE recovery of most of the great consignment of diamonds lost in the BOAC stratocruiser "Cathay" that crashed at Prestwick *en route* for America last Christmas morning is remarkable among salvage operations. Of the 26,000 carats on board, the insurers—British insurance companies, Lloyds and to a less extent American companies—thought that 23,000 carats might be recoverable. Actually 90 per cent of that target was recovered after an unprecedented salvage operation in which more than 20 tons of ash and debris and all the turf and topsoil from the area were sifted. Messrs Tyler and Co., the surveyors employed by the underwriters, the diamond experts who have helped them, and the picked workmen who have sifted and washed the debris, have a most creditable operation to report. The underwriters who paid in full the £950,000 claims of the owners of the diamonds before the end of January now have a large quantity of diamonds to sell that should recoup part of their losses.

How much will the underwriters realise ? That question remains unanswerable until the recovered diamonds are sold and their preparation for sale is another remarkable story. In the great heat of the aircraft fire—believed to have reached 2,000 degrees centigrade—some diamonds were embedded in metal ; a few have perhaps disintegrated ; many suffered discoloration. Many of these stones so laboriously extracted from South African mines have had to be sent back to South Africa for examination and any necessary treatment in the experimental laboratories of the De Beers group. They are now in London again, their faces cleaned and waiting to be sold for the account of the underwriters. It appears that there is still a doubt about the effects of great heat upon the internal structure of the diamonds and that therefore they are likely to be sold separately from newly mined diamonds. They may command a slightly lower price than unburnt stones, for no one is quite certain that these uncut stones will behave quite like other diamonds when the time comes to cut them. But the experts have done a good job and the risk to a buyer is believed to be slight.

SHORTER NOTES

Leo, the digital computer built by J. Lyons, Ltd., at Cadby Hall, worked out the PAYE tables for weekly and monthly salaries on the new income tax rates during the night after Mr Butler's budget speech. "Programmes" for the computer had been prepared for a variety of possible changes in rate, ranges and allowances ; the actual changes in this budget required only a few coded characters on its paper tape. This is the second year that the electronic lion has been ready to help the Inland Revenue ; but last year, with no changes in income tax, its services were not required.

★

The executive committee of the International Sugar Council has decided to raise the effective export quotas from 80 to 90 per cent of the basic tonnages, thus increasing the supply available to the "free" world market by 445,000 tons to 4,133,000 tons. Following that decision, Cuba has confirmed the sale to Russia of 100,000 tons of refined sugar, and Russia has bought a further 50,000 tons from Cuba for April/June shipment.

★

Thorn Electrical Industries is to raise £1,250,000 by a "rights" issue of "A" ordinary shares, carrying limited or no voting rights ; the date and price of the issue will be announced later. In addition, £528,750 will be capitalised from reserves to make a 100 per cent free scrip issue of 5s. ordinary shares. The two classes of preference shares are to be merged into a single class of 5 per cent stock, compensation being offered to the holders of the 6 per cent stock for the loss in dividend and priority. The coupon rate on the unsecured loan stock is also to be raised from 5½ to 5¾ per cent and the redemption dates, 1959-64, will be changed to the single date of 1964.

★

Vaal Reefs requires another £4,400,000 to bring it to initial production. Of this sum £350,000 will come from temporary borrowings and the remaining £4,050,000 by an issue of 5s. shares. Shareholders will be offered 2,190,000 of these 5s. shares at 30s. in the ratio of three for every ten; the issue has been underwritten by the Anglo-American Corporation for a cash commission of 2½ per cent on the issue price. For the same commission Anglo-American has offered to subscribe for 510,000 shares at 30s. each.

★

Jessel, Toynbee and Co. and Smith St Aubyn and Co., the two discount houses with accounting years to March 31st, have both announced final dividends of 5 per cent, making payments of 10 per cent for the year, thus maintaining the increased payments of 1953-54. Both houses also report a fall in published profits (after provision for all contingencies) ; profits of Jessel, Toynbee fell from £115,918 to £73,793 and those of Smith St Aubyn from £206,374 to £66,908.

★

With effect from April 18th, specified brands of zinc ingots, slabs and plates can be exported under open general licence to any destination other than China.

★

The issue of 708,334 ordinary 5s. shares of Bowmakers as rights at 17s. was over-subscribed. More than 670,000 were taken up as rights. Small applications for excess shares were allotted in full and larger applications scaled down.

Starch does surprising things

IN SUCH SURPRISING PLACES



Example:

STARCH IN CARPET MAKING

There are two main parts to a carpet: the wool pile and the backing. After the carpet has been woven, the backing is sized with one of a range of speciality starches, depending on the sizing equipment in use and the type of carpet being made. This operation is called back-sizing. It strengthens the backing and assists in anchoring the base of the pile into the backing. It also prevents curling and improves the handling and wearability of the carpet.

Brown & Polson Industrial Division produce 200,000 tons of starch products a year: more than 400 products, which are helping more than 80 different industries to reduce production costs, to make better products, or even to make products that could not otherwise be made at all. We have spent more than 100 years in building up this large and varied business. We have learned a lot about the industrial uses of starch products, and our advice is freely at your disposal.

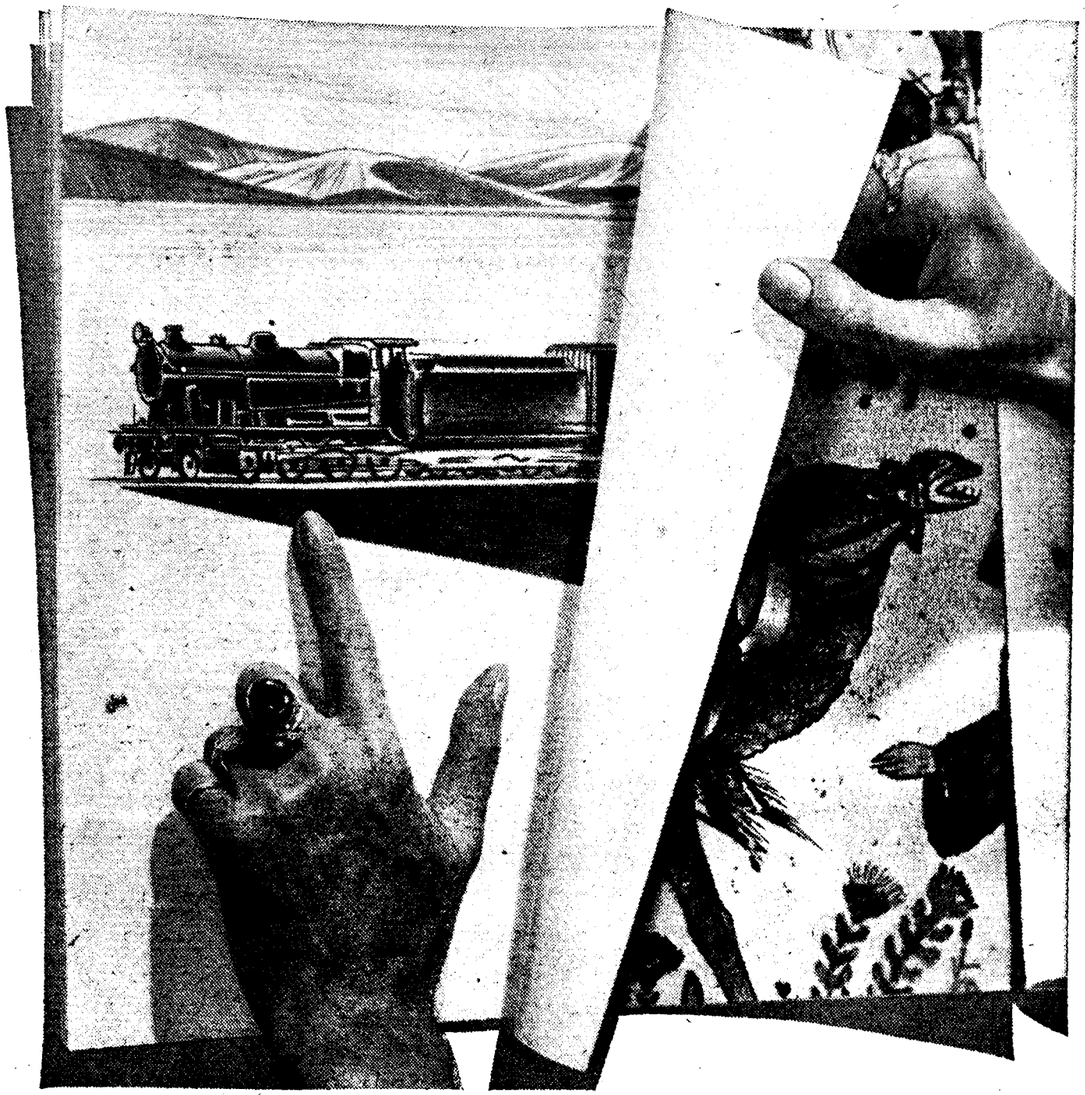
CAN STARCH HELP YOU?

When you read in these advertisements how starch products are helping other industries you may see new possibilities of turning them to account in your own business. We shall be glad to discuss them with you.

CORN PRODUCTS COMPANY LIMITED

THE INDUSTRIAL DIVISION OF

Brown & Polson



British steel builds Persia's railways

Persia wanted steel rails — 100,000 tons of them for the Tabriz-Maineh and Meshed-Shahrud routes. Several European countries were keen to supply them. But the contract came to Britain. British steel and goods made from steel are in demand all over the world.

Wherever there is steel there is British steel.

British steel leads the world

THE BRITISH IRON AND STEEL FEDERATION

Company Notes

PENINSULAR AND ORIENTAL. No one could describe the fractional increase in the Cunard dividend as generous; no one could fail to describe the increase in the P. & O. dividend as handsome. Effectively the deferred ordinary dividend has been raised from 11 per cent—the previous year's rate was 22 per cent before the issued capital was doubled by a 100 per cent scrip issue—to 16 per cent. Throgmorton Street blew hot and then cold on this dividend. A bigger payment had been in prospect since the scrip issue was made and that prospect became stronger when a ginger group of P. & O. stockholders was formed. But the general slide in the market brought the price of the P. & O. deferred down from this year's peak of 76s. (touched after the formation of the stockholders' association) to 68s. on the eve of the dividend announcement. Its prologue, a bigger payment by P. & O.'s subsidiary Orient Steam Navigation, sent the P. & O. stock units up to 70s. 3d. They fell back to 69s. after the P. & O. dividend was made known. But the most recent movements are small enough to suggest that investors' dividend estimates were near the mark.

	Years to Sept. 30, 1953	1954
Consolidated earnings :—	£	£
Trading surplus	17,079,901	17,860,872
Other income	994,864	1,008,100
Total income	18,074,765	18,868,972
Depreciation	9,240,477	10,172,594
Surplus, before tax	*8,476,052*	*8,235,500*
Taxation	3,522,059	3,058,986
Profit, after tax	*4,953,993*	*5,226,514*
Tax credits	467,669	950,793
Net income	*5,421,662*	*6,177,307*
Replacement reserves	2,128,076	1,960,693
Minority interests	802,028	757,997
Net surplus	*2,491,558*	*3,458,617*
Retained by subsidiaries	1,405,460	1,764,624
Surplus available to parent co.	*1,086,098*	*1,693,993*
Preferred dividends	83,600	83,600
Deferred ordinary dividends	833,542	1,212,425

The P. & O. board holds that the stockholders' association is not in the company's best interests and before its formation they had started a review of the structure and organisation of the group. But, on the face of it, the stockholders' association, in which Mr Walter Salamon is the substantial stockholder, has secured something that it did not ask for—a higher dividend. If the directors need to find a justification for the higher dividend they have no need to look beyond the profit and loss account for the year to September 30th.

The trading surplus is up—from £17,079,901 to £17,860,872; profits after tax are also higher. Ignoring the non-recurring tax credits, net earnings on the deferred stock after deducting preferred dividends and minority interests work out at £4,384,917, some £316,552 higher than the 1952-53 figure, the net ordinary dividend is £378,883 higher at £1,212,425. The calculation can be taken one step further on the assumption that the appropriations to replacement reserves (£1,960,693, against £2,128,076) attempt to make good depreciation charges calculated on historical costs. If those appropriations are treated as charges to be deducted, then earnings on the equity were £2,424,224, that is £483,935 higher than the 1952-53 figure. That argues that the increased dividend is within the bounds set by the rise in true earnings.

★

THOMAS TILLING. Preliminary figures for 1954 from this progressive industrial holding company had already shown a rise in profits and an increase in dividend from 7½ per cent to 10 per cent. Mr W. Lionel Fraser, the chairman, points out that, in the matter of dividends, shareholders now stand as they did before the Tilling transport interests were nationalised in 1948; the company then paid a regular 10 per cent per annum. Mr Fraser, indeed, understates the achievement for shareholders have in the interim received in cash £5 per share out of nationalisation proceeds. But 10 per cent again is a landmark, and in celebration the chairman announces a change in dividend policy. If all goes well the company will this year pay an interim of 5 per cent; its pre-nationalisation habit was to pay an interim of 5 per cent followed by a final payment of the same amount.

The achievement of 10 per cent does not mean that expansion is over. Mr Fraser proclaims the opposite. The policy is to develop and expand the company's existing interests, to broaden and expand its participation in industries in which it is already represented or in kindred ones, and to consider any new propositions that appear to hold attractive possibilities. In particular he states the company's preference for majority holdings in the companies in which it invests (it has just turned its minority interest in Lime, Sand and Mortar into a majority as well as adding to its minority holding in the Brush Group).

The sequel is inevitable. Thomas Tilling has used up its liquid resources and is going to the shareholders for over £2 million of new money. The consolidated balance sheet at the end of 1953 showed cash and deposits, less bank overdrafts, at £1,112,425. At December 31, 1954, net cash holdings were down to £351,592, and that was before the latest acquisitions. Mr Fraser reports that the funds have been fully absorbed and the company now has an overdraft. It will rectify that by creating 2,700,000 new £1 Preference shares of which 2,200,000 are to be offered for subscription by existing shareholders.

★

BRITISH INSULATED CALLENDER'S CABLES. Competition, notably in overseas markets, has presented its keen edge to British Insulated Callender's Cables, slicing away more than £1 million in profits in 1953 and another £1 million in 1954. A sharp drop in production and exports over the whole of the cable industry lies behind these figures. In 1953 the trading profit tumbled from £9,522,076 to £8,344,074, and last year it took another fall, coming down to £7,362,580. The normal provision for taxation also declined (from £3,636,990 to £2,866,497) but the tax credits relating to liabilities in previous years (including an EPL refund in 1953) fell sharply (from £817,595 to £130,335) so that the net provision for taxation declined by only £83,233 to £2,736,162.

Hence the profit attributable to the members of the holding company fell nearly as abruptly at the trading surplus, declining by £807,394 to £2,854,502. But the directors had no difficulty in maintaining the ordinary dividend from trading at 10 per cent. That dividend absorbs £702,406 (£23,156 more than the 1953 dividend disbursement owing to the change in the standard rate of income tax) and is covered nearly four times by net profits. In addition ordinary stockholders again receive a tax free payment of 2½ per cent from capital profits. Reserve appropriations are inevitably lower. On the lower profit the £1 stock units fell 2s. 6d. to 47s. 9d., to offer a yield of 3¼ per cent on the 10 per cent dividend.

★

BRITISH ROPES. Wire and fibre hawsers and ropes of every kind, canvases and tarpaulins, and a 50 per cent interest in Templeborough Rolling Mills make up the business of British Ropes. Last year, for the first time since the war, the group's activities were unhampered by shortages of hemp, sisal and jute; and as to steel it had regained its interest in Templeborough. The group came through the year with colours flying, reporting another advance in trading profits, which rose from £1,830,781 to £1,904,693. During the year, however, the prices of hard fibres were sliding and at the end of December the market replacement value of the group's fibre stocks was below cost. To cover this gap, the directors, following their normal practice, have transferred £125,588 from amounts set aside for stock contingencies. It looks as if this is only a paper loss, for in the current year the market value of the stocks has risen above cost.

	Years to Dec. 31, 1953	1954
Consolidated earnings :—	£	£
Trading profit	1,830,781	1,904,693
Total income	2,005,997	2,098,201
Depreciation	365,357	395,791
Taxation	875,129	884,558
Net profit	*762,738*	**767,295*
Ordinary dividends	225,544	250,604
Ordinary dividends (per cent)	13⅓	15
Retained by subsidiaries	106,670	242,812
Retained by parent Co.	325,575	428,930

2s. 6d. ordinary stock at 7s. yields £5 7s. per cent.
* Excluding £200,000 written back from tax provisions no longer required.

The provision has had no effect on the ordinary dividend. Last September the directors pushed up the interim dividend from 3 to 4 per cent. At that time they said that the decision was designed merely to narrow the margin between the interim

and final payments, but they have now raised the final dividend from 10½ to 11 per cent, making the total payment for the year 15 per cent, compared with 13½ per cent in 1953. Ignoring the non-recurring credit of £200,000 from tax provisions no longer required, the net profit of £767,295, against £702,738, covers the new dividend about three times. After the dividend announcement the 2s. 6d. stock units remained unchanged at 7s., to offer a yield of £5 7s. per cent—a yield merited by a sound, if unspectacular, ordinary share.

★

MONSANTO CHEMICALS. As befits a subsidiary of an American company, the full accounts of Monsanto Chemicals are full of statistics and charts. It is an attractive report both in its layout and its content. Last year, to quote the chairman Mr Edward A. O'Neal, was one of "consolidation and steady progress." Sales receipts went up from £10,852,854 to £12,634,616, the trading surplus £2,354,084 to £2,940,407

Consolidated earnings :—	1953 £	1954 £
Sale receipts	10,852,854	12,634,616
Other income	59,227	27,437
Total receipts	10,912,081	12,662,053
Raw materials, fuel etc.	6,967,443	8,006,220
Depreciation	491,756	669,382
Loan interest	142,370	175,000
Wages etc.	1,876,023	2,020,368
Taxation	763,629	984,584
Retained profits	303,735	402,249
Preference dividends	70,125	70,125
Ordinary dividends	297,000	334,125

and the ordinary dividend from 20 to 22½ per cent. Monsanto is a supplier of basic raw materials for many British industries and last year it continued to expand its capacity, operating most of it to the full in spite of increased competition both at home and abroad. In particular it expanded the plants making materials for the plastic, rubber and detergent industries, and also those making chemical additives for lubricating oils.

Expansion is still the keyword for the company. Its directors have authorised the spending of another £2,800,000 on capital account, to finance "substantial development during the next few years." Looking more closely at immediate prospects Mr O'Neal says that "forecasts for 1955 indicate a further growth in the tonnage of goods to be produced and sold." He makes no firmer statement than this, merely reminding shareholders that profits also depend upon the trend in costs of all kinds and upon competition in prices between the chemical concerns.

★

CEREBOS. In a year free from controls and restrictions the food and grocery trades did reasonably well, for housewives were spending more in the shops. But no investor had foreseen such a big jump in dividend as that reported by Cerebos, which manufactures a wide range of commodities as well as salt for the table. The directors have raised the ordinary dividend from 25 to 30 per cent. That, following the bigger payment made in 1952, is a further break with a conservative past. Since the announcement the 5s. ordinary stock units have made a net gain of 2s. 3d. to 30s., putting them on a 5 per cent yield basis. The dividend is backed by higher profits. Before all charges except tax, the consolidated profit has risen from £1,358,560 to £1,536,279. But, thanks to the end of EPL, the tax provision has not risen proportionately, going up by only £22,178 to £897,179, and net profits have advanced sharply, from £480,287 to £630,718. The ordinary dividend takes £330,000 from these earnings.

THE ACTUARIES' INVESTMENT INDEX

Group	Price Indices (Dec. 29, 1950 = 100) Mar. 30, 1954	Dec. 28, 1954	Jan. 25, 1955	Feb. 22, 1955	Mar. 29, 1955	Average Yields (per cent) Mar. 30, 1954	Dec. 28, 1954	Jan. 25, 1955	Feb. 22, 1955	Mar. 29, 1955
2½% *Consols*	90·8	93·0	90·7	86·3	89·4	3·89	3·80	3·90	4·10	3·96
Debenture stocks :										
Industrial	88·3	92·8	92·4	88·8	85·4	4·66	4·44	4·46	4·63	4·82
Investment trust	89·9	94·4	93·9	91·6	88·5	4·59	4·37	4·39	4·51	4·66
Preference stocks :										
Industrial	91·3	97·1	95·4	89·4	89·4	4·97	4·68	4·77	5·10	5·10
Investment trust	88·5	93·3	91·0	86·7	84·6	4·98	4·72	4·85	5·09	5·21
Ordinary stocks :										
Banks	96·5	113·0	112·1	108·0	107·3	4·56	4·10	4·24	4·40	4·43
Industrial insurance	114·5	135·7	135·0	127·3	128·7	5·09	4·46	4·48	4·75	4·99
Investment trust	147·9	199·5	211·2	212·2	195·8	5·02	4·21	4·07	4·19	4·62
Electrical engineering	109·1	139·3	148·8	150·0	143·2	5·51	4·77	4·50	4·53	4·82
Engineering	123·0	173·3	183·7	179·0	169·8	5·12	4·28	4·08	4·17	4·47
Motors and aircraft	128·9	167·0	180·7	173·6	170·4	5·88	5·17	4·75	5·05	5·20
Breweries	102·8	120·9	123·0	113·6	113·4	6·62	6·31	6·23	6·73	6·59
Chain stores	186·4	274·1	283·3	246·0	252·6	3·74	2·95	3·25	3·70	3·62
Cotton textiles	118·2	124·7	125·1	116·8	108·1	6·69	7·19	6·81	7·34	8·03
Household goods	125·5	160·1	171·4	158·3	153·3	5·40	5·05	4·73	5·30	5·98
Rayon	82·4	80·4	85·5	77·4	73·5	5·00	5·76	6·23	6·94	7·61
Tobacco	79·1	94·2	93·1	88·9	86·9	7·86	6·90	6·84	7·41	7·63
Wool textiles	106·2	129·0	127·1	124·5	116·3	6·18	5·49	5·67	5·84	6·38
Chemicals	141·0	188·7	202·7	188·8	184·6	4·67	4·12	3·88	4·14	4·29
Oil	144·6	186·0	204·4	185·6	187·8	6·28	5·96	5·47	6·03	5·91
Shipping	129·1	160·1	180·1	164·0	155·4	5·74	4·81	4·31	4·73	5·16
Total (capital goods)	*120·6*	*160·5*	*171·5*	*167·1*	*161·7*	*5·61*	*4·90*	*4·58*	*4·75*	*4·96*
Total (consumption goods)	*114·7*	*139·9*	*144·1*	*132·7*	*130·6*	*5·94*	*5·55*	*5·44*	*5·96*	*6·14*
Total industrial (all classes)	**129·7**	**152·1**	**160·1**	**148·4**	**146·5**	**5·73**	**5·24**	**5·62**	**5·45**	**5·58**

LONDON STOCK EXCHANGE

Next Account begins : **May 4th**
Next Contango Day : **May 4th**
Next Settlement Day : April 26th

THERE was little activity in Throgmorton Street before the Budget and, indeed, the market remained thin after Mr Butler's statement. Markings of the first day of post-Budget account (at 7,856) were running at about their recent daily average. The biggest movement immediately before the Budget was the drop in gilt-edged prices on Monday, when the market was unsettled by the prospect of a railway strike, by a weakening in sterling and by the belief that the Budget on the following day would not bring much cheer for the City. On Wednesday the gilt edged market was inactive, with prices tending to drift slightly lower ; on Thursday prices dropped sharply, with War Loan losing a point. The Budget debate, fears of lighter money policy and perhaps more than anything the appearance of newspapers to remind investors that they had profits, were the cause. In the foreign market Japanese issues remained firm but German issues fell slightly when the new account opened.

Before the Budget, industrial equities marked time, though brewery shares hardened on hopes of a reduction in the beer duty. On Wednesday, prices opened higher on the Budget statement but as trading failed to expand the initial improvements were not fully held. Nevertheless, the *Financial Times* ordinary share index went up by 0.6 of a point to 189.3, the highest level for over two months. Motor and engineering shares were firm—a rise in Ford Motor on American buying being the most notable feature of this market in the last few days—but steel shares, having opened strongly, fell back when profits were taken. Some sectors of the market, particularly those dealing with cinema, brewery and cotton textiles, weakened after the Budget had failed to give the reliefs that some had been expecting. Interest in rubber shares continued to broaden, with some buying stimulated by recent dividends ; teas were dull on the lower auction prices.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
April 13	188·4	110·23	3·91	4·65
,, 14	187·8	110·24	3·91	4·66
,, 15	188·4	110·26	3·91	4·65
,, 18	187·6	110·13	3·94	4·67
,, 19	188·7	110·25	3·93	4·70
,, 20	189·3	110·29	3·93	4·68
			Total bargains	
1955, High	197·5 (Feb. 3)	115·97 (Jan. 7)	1955 April 13	7,298
,, Low	175·7 (Mar. 15)	107·61 (Feb. 24)	,, 14	7,865
			,, 15	7,252
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	,, 18	9,765
,, Low	131·1 (Jan. 1)	111·78 (Jan. 5)	,, 19	7,573
			,, 20	7,856

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Apr. 20 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, April 13, 1955	Price, Apr. 20, 1955	Net Yield, April 20, 1955 § £ s. d.	Gross Yield, April 20, 1955 £ s. d.
97⅛	94 ⅜	Exchequer 2% 1960	95 ⅛	95	2 4 4	3 2 7
99 ⅜	92⅛	Exchequer 2½% '63-64	92 ⅜*	92½*	2 7 0	3 9 0
104⅛	98⅛	Exchequer 3% 1960	99⅛	99 ⅜	1 17 11	3 4 3
102⅜	97	Exchequer 3% '62-63	98⅜	98 ⅛	2 0 4	3 7 5
100⅛	96⅞	Serial Funding 2½% 1957	97⅜	97 ⅜	2 5 9	3 4 8
100 ⅜	99⅜	Serial Funding 3% 1955	99 ⅜	99⅜	2 10 6	3 13 3
100⅛	98⅛	War Bonds 2½% '54-56	98⅜	98 ⅜	2 10 7	3 15 2
100 ⅛	98	Funding 2½% '52-57	98 ⅛	98⅜	2 3 3	3 10 10
100 ⅜	97⅛	War Loan 3% '55-59	98 ⅜	98⅛	2 1 5	3 7 3
100 ⅜	93⅛	Savings Bonds 3% '55-65	95 ⅛	95⅛	2 5 7	3 12 5
100⅜	94⅜	Funding 2½% '56-61	95 ⅛*	95⅜	2 4 7	3 6 5
97	89⅜	Funding 3% '59-69	91⅜*	91⅜	2 8 11	3 15 9
98⅛	90⅜	Funding 3% '66-68	93⅛	93	2 7 6	3 14 9
95 ⅜	88	Funding 3½% 1999-2004	92⅛	92	2 6 1	3 18 3
103 ⅛	98⅜	Funding 4% '60-90	100⅜*	100⅛*	2 3 7	3 17 4
96⅜	87	Savings Bonds 3% '60-70	91⅜	91⅛	2 8 10	3 16 1
95 ⅛	87⅛	Savings Bonds 2½% '64-67	89 ⅛*	89⅛*	2 8 11	3 11 6
105⅛	98	Victory 4% '20-76	101⅛	101⅛	2 4 5	3 18 8
94 ⅜	85⅛	Savings Bonds 3% '65-75	88⅜	88⅛	2 9 4	3 17 3
97⅜	90⅛	Consols 4% aft. Feb. '57	95 ⅜	95⅝	2 8 4	4 4 5
89 ⅜	79⅛	Conv. 3½% aft. April '61	85⅛	85⅛	2 7 3	4 2 4
103	94⅜	Conv 3½% 1969	97 ⅜	97⅝	2 4 9	3 15 4
99 ⅜	95	Conv. 2% 1958-59	96 ⅛	96	2 4 2	3 2 11
66⅞	59⅜	Treas. 2½% aft. April '75	63⅛	63	2 5 8	3 19 7
78⅛	70⅛	Treas. 3% aft. April '66	74⅜	74⅛	2 6 4	4 0 8
98⅛	91	Treas. 3½% '77-80	94⅜	94	2 7 4	3 19 2
99 ⅛	91	Treas. 3½% '79-81	93⅜	93⅛	2 7 10	3 19 4
88⅛	78	Redemption 3% '86-96	83⅛	83	2 7 6	3 16 7
88 ⅛	79⅛	War L'n. 3½% aft. Dec. '52	86⅜	85 ⅛	2 7 3	4 2 9
66⅜	60	Consols 2½%	63⅜	63⅛	2 5 4	3 18 11
94 ⅛	86	Br. Elec. 3% '68-73	89⅜	89⅛	2 9 2	3 16 7
93 ⅛	85⅛	Br Elec. 3% '74-77	88⅜	88⅛	2 8 9	3 16 6
109⅛	100⅜	Br. Elec. 4½% '74-79	104⅛	104⅛	2 3 10	3 19 4
98 ⅛	91	Br. Elec. 3½% '76-79	92 ⅛*	92⅛*	2 7 10	3 18 10
88 ⅛	79⅛	Br. Trans. 3% '78-88	84⅛	83⅞	2 9 3	3 18 6
94 ⅛	86⅛	Br. Trans. 3% '68-73	89⅛	89⅛	2 9 2	3 16 7
105 ⅜	98⅜	Br. Trans. 4% '72-77	101 ⅛	101⅛	2 4 10	3 19 7
88 ⅜	79⅛	Br. Gas 3% '90-95	83⅛*	83⅜*	2 7 6	3 16 5
102⅛	94⅜	Br. Gas 3½% '69-71	96⅛	96⅛	2 5 2	3 15 10
105⅛	99	Br. Gas 4% '69-72	102 ⅛	102⅛	2 2 11	3 17 2

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. (§) Net yields are calculated after allowing for tax at 8s. 6d. in £. * Ex dividend. † Assumed average life 11¼ years approximately.

Prices, 1954 High	Low	Prices, 1955 Jan. 1 to Apr. 20 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, April 13, 1955	Price, Apr. 20, 1955	Yield, Apr. 20, 1955 £ s. d.
97⅞	90⅛	94⅛	87⅛	Aust. 3½% '65-69	91⅛	91⅛	4 3 0
101⅞	97⅛	101⅛	95½	Ceylon 4% '73-75	97⅛	97⅛	4 3 9
106⅛	98⅛	103⅜	98	N. Zealand 4% '76-78	98⅛	100⅛	3 19 3
79⅛	71⅛	75⅜	66⅛	L.C.C. 3% aft. 1920	71⅛	71⅛	4 3 11
99⅛	95	99	91	Liverpool 3% '54-64	92⅛*	92⅛	4 0 0
87⅛	80⅛	84	75	M.Wtr.'B'3% '34-2003	77⅛	78	4 0 9
104⅛	100	102	100	Agric. Mort. 5% '59-89	101⅛	101⅛	4 11 6
109⅛	71⅛	102⅛	91	German 7%	98⅛	98⅛	...
168⅛	102	164	149	German 5½%	162	160⅛	...
171	132⅛	171⅛	160	Japan 5% 1907	170⅛	171	...
198⅛	167	196⅛	190	Japan 5½% Conv. 1930	195	196	...

Prices, 1955 Jan. 1 to Apr. 20 High	Low	Last Two Dividends (*a*) (*b*) (*c*)		ORDINARY STOCKS	Price, April 13, 1955	Price, Apr. 20, 1955	Yield, Apr. 20, 1955 £ s. d.
58/6	48/9	% 5	% *a*	BANKS & DISCOUNT Barclays £1	53/6	54/–	4 8 11
76/7½	64/–	7	*a*	Lloyds 'A' £5, £1 pd.	66/–	66/–	4 10 11
89/3	78/9	8	*a*	Midland £1, fully pd.	81/–	81/–	4 8 11
87/–	78/3	8½	*a*	N. Prov. 'B' £5, £1 pd.	79/–	79/–	4 11 2
96/10½	87/–	8	*a*	Westmstr'B'£4,£1¼pd.	90/–	90/6	4 8 5
69/–	52/–	7½	*a*	Alexanders £1	52/6	52/6	4 16 3
58/6	49/6	5	*a*	Nat. Disc. 'B' £1	51/–	51/–	4 14 1
60/–	51/–	5	*a*	Union Disc. £1	54/–	54/–	4 12 7
48/10½	39/6	4	*a*	Barc. (D.C.O.) £1	42/6	43/6	3 13 7
51/9	43/3	7½	*a*	Chart. Bk. of India £1	44/–	44/–	6 16 4
17⅛	14⅛	50	*a*	INSURANCE Leg. & Gen. £1, 6/- pd.	16⅛	16⅛	2 8 11
23⅜	20⅛	20	†*a*	Pearl £1, fully pd.	23	23*	4 18 1
46⅛	41⅛	112½	†*c*	Prudential 'A' £1	44	44⅛*	4 12 4
41/–	128/6	10	*a*	BREWERIES, ETC. Bass £1	132/6	133/9	6 8 7
29/0½	22/–	25	*c*	Distillers 6/8	26/6	27/3	3 13 5
49/6	40/3	8	*a*	Guinness 10/-	46/10½	47/6	4 16 10
93/9	81/–	15½	*b*	Whitbread 'A' Ord. £1	90/–	91/3	4 19 9

Prices, 1955 Jan. 1 to Apr. 20 High	Low	Last Two Dividends (*a*) (*b*) (*c*)		ORDINARY STOCKS	Price, April 13, 1955	Price, Apr. 20, 1955	Yield, Apr. 20, 1955 £ s. d.
9 ⅜	7⅛	20	*a*	BANKS & DISCOUNT Anglo-Amer. 10/-	7⅛*	7⅛	4 8 11
143/3	110/–	80	*a*	De Beers 5/- Bearer	116/3*	113/9	8 15 10
126/3	80/7½	...	...	Free State Geduld 5/-	87/6	86/10½	Nil
70/9	62/6	5	*a*	Randfontein £1	64/4½	62/6	4 16 0
8/–	6/8½	22	*c*	London Tin 4/-	7/9	7/9	12 7 9
38⅞	31½	200	*b*	MINES Rhokana £1	37⅛	37⅛	6 12 2

Prices, 1955 Jan. 1 to Apr. 20 High	Low	Last Two Dividends (*a*) (*b*) (*c*)		ORDINARY STOCKS	Price, April 13, 1955	Price Apr. 20, 1955	Yield Apr. 20, 1955 £ s. d.
97½	94 ⅜	% 5	% *a*	STEEL & ENGINEERING B.S.A. £1	38/–	38/–	4 12 1
99 ⅜	92⅛	15	*c*	17½*c*	12/9	12/9	5 16 1
104⅛	98⅛	...	...	Colvilles £1	29/–	29/–	...
102⅜	97	...	8	*c*	27/3	28/6	5 12 3
100⅛	96⅞	10	*b*	5 *a*	74/3	68/9	4 7 3
100 ⅜	99⅜	...	12½	*c*	53/9	56/10½	4 7 11
100⅛	98⅛	10	*b*	6⅜*b*	33/6	33/6	5 17 6
100 ⅛	98	4	*a*	6 *b*	34/6	35/–	5 14 3
100 ⅜	97⅛	15	*c*	2½*a*	40/3	39/9	3 15 6
100 ⅜	93⅛	TEXTILES					
100⅜	94⅜	4	*a*	6 *b*	24/6	23/6*	8 10 3
97	89⅜	12	*b*	3 *a*	30/–	29/–	6 4 2
98⅛	90⅛	10	*b*	2½*a*	26/9	26/9	5 12 2
95 ⅜	88	4	*a*	4⅜*b*	30/–	29/6	8 9 6
103 ⅛	98⅜	10	*a*	7½*b*	29/6	29/6	8 9 6
96⅜	87	15	*b*	2½*a*	29/–	28/9	6 19 2
95 ⅛	87⅛	MOTOR & AIRCRAFT					
105⅛	98	20/10½	17/4½	6½*b*	19/10½	19/9	5 1 3
94 ⅜	85⅛	4	*a*	3½*a*	11/3	11/7½	5 7 7
97⅛	90⅛	12/9	9/10½	8½*b*	25/9	24/9	6 1 3
89 ⅜	79⅛	27/3	21/10½	7½*c*	80/9*	88/1½	3 8 1
103	94⅜	91/9	74/–	5 *a*	53/9	52/9	3 19 8
99 ⅜	95	57/6	43/1½	3 *a*	40/–	40/–	5 0 0
66⅞	59⅜	43/8	33/6	25 *c*	53/9	52/9	3 19 8
78⅛	70⅛	88/6	71/3	12½*b*	80/–	80/–	2 18 0
98⅛	91	8/–	6/10½	12 *c*	7/3	7/6	8 0 0
99 ⅛	91	SHOPS & STORES					
88⅛	78	32/6	25/–	22½*c*	28/6	28/9	3 18 4
88 ⅛	79⅛	45/3	36/9	7½*a*	41/9	41/–*	6 14 2
66⅜	60	62/6	43/9	45 *b*	50/3	50/6	3 14 3
94 ⅛	86	114/–	97/6	17½*b*	105/–	105/–	4 5 9
93 ⅛	85⅛	76/–	58/6	45 *b*	69/–	67/6	2 15 6
109⅛	100⅜	71/9	55/3	20 *a*	60/6	60/9	4 2 4
98 ⅛	91	OIL					
88 ⅛	79⅛	88/9	68/6	37½*b*	76/3	75/–	2 5 4
94 ⅛	86⅛	138/–	100/–	17½*c*	118/6	117/6	2 19 7
105 ⅜	98⅜	£58	£50⅛	6 *a*	£58	£56⅛	2 13 2
88 ⅜	79⅛	132/–	109/9	5†*a*	130/–	125/–*	4 3 6
102⅛	94⅜	35/1½	26/9	5†*a*	42/6	41/10½*	5 14 8
105⅛	99	SHIPPING					
		37/3	29/6	5 *a*	32/6	30/–	6 13 4
		57/–	45/6	12 *c*	48/6	48/–	5 0 0
		76/–	55/–	3 *a*	70/–	68/6*	4 13 5
		MISCELLANEOUS					
		74/3	61/3	4 *a*	72/6	72/6	3 17 3
		104/–	88/9	12½*b*	98/1½	101/10½	3 18 6
		84/–	67/–	16 *c*	80/7½	83/1½	2 17 9
		56/3	44/1½	2½*a*	50/–	49/6	4 0 10
		43/9	35/6	4 *a*	42/6	41/10½*	5 14 8
		55/7½	47/10½	15†*c*	54/9	54/3*	4 16 1
		$60½	$51½	3 *a*	5 0 3		
		45/4½	31/4½	14 ⅜ *a*	32/6	36/3	4 2 9
		33/4½	27/–	14 *c*	30/6	30/6	4 11 10
		69/3	54/1½	4 *a*	63/9	63/9	3 18 5
		61/9	51/3	12½*c*	56/3	57/6	4 6 11
		45/4½	38/3	9 *b*	43/3	44/6	3 16 5
		64/6	57/9	8½*a*	63/–	63/–	6 13 4
		$121½	$105½	$2·35*c*	$2·90*c*	$117⅜	4 8 10
		69/–	57/6	7½*a*	10 *b*	66/3	5 5 8
		34/9	26/–	6½*a*	15⅜*b*	29/6	3 16 4
		69/–	60/3	3½*a*	14½*b*	65/9	4 5 11
		85/9	72/6	7½*a*	10 *b*	77/6	4 10 4
		114/9	95/6	5 *a*	17½*b*	106/3	4 3 3
		82/–	69/3	6 *a*	9½*b*	80/6	3 18 4
		43/3	35/–	†7½*b*	†4 ⅜ *a*	38/3	5 15 9
		49/9	34/–	10†*c*	2½†*a*	39/6	8 16 1
		2/8½	1/10½	10 *c*	10 *c*	2/–	10 0 0
		50/6	38/9	15 *b*	7½*a*	43/9	8 0 0

(*e*) To earliest date. (*f*) Flat yield. (*g*) On 14·4%. (*h*) Also 4% tax free bonus and 50% tax free from capital profits ; on 14·8%. (*i*) Also 2½% special distribution, not subject to tax, from realised capital profits. (*j*) On 11½%. (*k*) On 8%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8½%. (*q*) On 22% gross. (*r*) On 37½%. (*s*) Interim for 15 months. On 12%. (*v*) On 7½%. (*w*) On 17½%. (*x*) On 12½%. (*z*) On 8½%. (§) On 20%. ‡ On 15%.

New York Closing Prices

	Apr. 13 $	Apr. 20 $		Apr. 13 $	Apr. 20 $		Apr. 13 $	Apr. 20 $
Balt. & Ohio	45	46½	Am. Smelting	48½	49½	Inter. Paper	91½	97½
Can. Pac.	30½	30½	Am. Viscose	47½*	48½	Nat. Distill.	21	21½
N.Y. Cent.	40½	42½	Cel. of Am.	23½	23½	Sears Roebuck	82½	82½
Pennsyl.	28½	29½	Chrysler	75½	81½	Shell	61½	60½
Amer. Tel.	181	182½	Gen. Elec.	52½	52½	Std. Oil of N.J.	115	116½
Stand. Gas	11½	10½	Gen. Motors	95½	98½	U.S. Steel	82	85½
United Corp.	6½	6½	Goodyear	61½	62½	Westinghouse	78	77½
W. Union Tel.	102½	105	Inter. Nickel	64½	64½	Woolworth	49½	49½

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 14·4%. (*h*) Also 4% tax free bonus and 50% tax free from capital profits ; on 14·8%. (*i*) Also 2½% special distribution, not subject to tax, from realised capital profits. (*j*) On 11½%. (*k*) On 8%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8½%. (*q*) On 22% gross. (*r*) On 37½%. (*s*) Interim for 15 months. On 12%. (*v*) On 7½%. (*w*) On 17½%. (*x*) On 12½%. (*z*) On 8½%. (§) On 20%. ‡ On 15%.

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	This week	Western Europe:	
Production and Consumption	April 9th	Production and Trade	April 2nd
Manpower	April 16th	British Commonwealth	April 9th
External Trade	Mar. 26th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	April 16th
Industrial Profits	Jan. 15th	United States	This week
		World Trade	Jan. 15th

Prices and Wages

	Unit	1952	1953	1954	1954			1955			
		mid-June			April 6	April 13	April 20	Mar. 29	April 5	April 12	April 19
WORLD PRICES											
Commodity Price Indicator: [1]	1952=100	99	89	99	98	99	99	96	95	95	95
All items	"	99·5	93·2	119·6	120·7	119·4	119·5	100·1	98·0	98·5	99·3
Food	"	98·5	87·0	88·7	87·5	88·4	88·4	85·5	85·4	85·2	84·8
Fibres	"	100 0	80·0	81·5	81·7	83·6	82·8	97·3	96·2	94·2	94·7
Metals	"	96·3	95·9	93·5	89·5	93·6	93·3	99·2	99·6	100·4	99·5
Other items		Monthly averages			1954			1955			
BRITISH WHOLESALE PRICES		1952	1953	1954	Jan.	Feb.	Mar.	Dec.	Jan.	Feb.	Mar.
Old series:											
All articles	1938=100	323·3	323·5	325·3	321·2	321·6	324·1	330·8	332·3	333·2	330·7
Food and tobacco	"	292·0	314·6	314·6	309·2	312·5	317·8	322·2	322·3	318·7	311·8
Materials used in:	June 30, 1949=100										
Non-food manufacturing		162·1	145·8	143·5	140·8	140·3	141·8	146·4	149·1	152·2	150·9
Mechanical engineering	"	149·9	145·7	150·4	147·1	146·3	146·7	155·8	159·0	163·9	164·2
Electrical machinery	"	165·4	155·2	160·5	156·3	155·1	155·7	168·3	173·4	183·2	184·2
Building and civil engineering	"	133·6	130·4	131·4	130·0	129·7	130·3	133·5	134·2	135·0	135·2
House building	"	130·6	128·7	130·7	128·6	128·5	129·2	133·1	133·7	134·2	134·3
Commodities:											
Cotton, raw [6]	"	171·9	140·6	155·0	144·7	149·7	155·8	157·4	158·1	157·9	153·9
Wool, raw	"	147·9	171·1	160·8	163·6	159·3	160·5	146·6	146·9	151·3	149·6
Rubber, No. 1 RSS, one month future	"	282·8	199·1	197·9	167·5	163·6	163·9	250·8	289·0	290·2	259·1
Softwood, imported	"	158·0	144·1	145·0	140·5	142·0	142·6	152·0	153·6	153·9	153·9
Copper, ex-warehouse [2]	"	220·7	217·6	213·4	195·1	197·3	204·3	240·8	260·0	294·0	301·6
UK RETAIL PRICES											
Interim index:	June 17, 1947=100	136	140	143	140	140	141	145	146	146	146
All items	Jan. 15, 1952=100	102·6	105·8	107·7	105·8	105·6	106·6	109·8	110·2	110·2	110·2
All items		105·4	111·3	114·2	110·2	109·5	111·6	118·2	119·2	118·8	...
Food	"										
All items	1938=100 [3]	221	228	232	228	227	229	236	238	237	...
Food	"	221	233	239	231	229	234	248	250	249	...
Rent and rates	"	122	129	134	132	132	132	136	136	136	...
Clothing	"	259	253	255	254	255	255	254	253	255	...
Fuel and light	"	197	207	216	215	216	217	222	223	223	...
Household durable goods	"	294	286	284	285	285	285	283	284	284	...
Drink	"	255	256	257	257	257	257	260	260	260	...
Tobacco	"	386	387	387	387	387	387	387	387	387	...
Purchasing power of £ (based on all consumer spending)	1938=100	45	44	43	44	44	43	42	42	42	42
UK TERMS OF TRADE [4]											
Import prices:	1954=100	113	100	100	98	98	98	103	104	105	...
All items	"	100	96	100	96	97	97	105	105	105	...
Food, drink and tobacco	"	123	102	100	99	99	98	101	102	103	...
Basic materials											
Export prices:	"	105	103	100	100	100	100	100	100	101	...
All items	"	105	103	100	100	100	100	100	100	101	...
All manufactures	"	105	102	100	101	101	101	99	98	100	...
Metals	"	98	100	100	100	100	99	100	101	101	...
Engineering products	"	110	98	100	100	100	99	97	98	104	...
Textiles (excluding clothing)											
Terms of trade:	"	108	98	100	98	98	98	103	104	104	...
Ratio of import to export prices											
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	100·0	77·5	86·1	71·9	77·6	77·4	115·5	115·1	119·8	113·7
UK WAGES											
Weekly wage rates:	June 30, 1947=100	130	136	142	139	139	139	144	146	146	...
All workers	"	129	134	140	137	137	138	142	144	144	...
Men	"	133	140	146	143	143	144	148	151	151	...
Women											
Weekly earnings: [5]	s. d.	151 11	160 1	171 9	...	...	...	...	...	...	...
All workers	"	178 6	189 2	204 5	...	...	...	...	...	...	...
Men	"	96 4	102 5	108 2	...	...	...	...	...	...	...
Women	Oct., 1938=100	285	301	323	...	...	...	...	...	...	...
All workers	"	259	274	296	...	...	...	...	...	...	...
Men	"	296	315	333	...	...	...	...	...	...	...
Women											

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

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1954 prices
	1947–49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	...	42	48	88	100·0	23·86	46·15
1953	110·1	97·0	114·4	112·8	104·8	117·7	117	102	115	193·3	71·69	71·91
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	100	120	229·8	71·64	71·64
1954, November	110·0	93·2	114·6	111·1	104·6	119·5	120	100	120	254·4	73·57	73·42
„ December	109·5	89·9	114·3	110·4	104·3	119·7	122	101	121	267·7	74·12	74·42
1955, January	110·1	92·5	114·3	110·6	103·3	119·6	...	...	...	270·6	73·97	74·27
„ February	110·4	93·1	114·3	110·8	103·4	119·6	...	...	...	281·0	74·34	74·64
„ March	110·0	92·1	...	...	...	...	...	...	...	279·6	76·30	...

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rates	Total industrial production	Manufacturing production						Building	Civilian employment		
			Durable goods			Non-durable goods			New construction; seasonally adjusted	Total labour force	Total employment	Unemployed as % of labour force
			Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals				
	$ billion	Index 1947–49=100; seasonally adjusted							$ million	thousands		% rate
1939	91·1	58	49	53	48	66	80	45	683	55,230	45,750	17·2
1953	364·9	134	153	132	189	118	107	147	2,938	63,815	62,213	2·5
1954	357·2	125	138	108	175	116	100	148	3,098	64,468[1]	61,238[1]	5·0[1]
1954, November	362·0[1]	128	142	118	175	118	103	151	3,192	64,624[1]	61,732[1]	4·5[1]
„ December		130	143	121	187	119	104	155	3,262	63,526[1]	60,688[1]	4·5[1]
1955, January		132	146	127	194	120	106	155	3,379	63,497[1]	60,150[1]	5·3[1]
„ February	369·0	133	147	131	196	121	105	...	3,426	63,321[1]	59,938[1]	5·3[1]
„ March		135	150	136	200	122	...	...	3,409	63,654[1]	60,477[1]	5·0[1]

TRADE

	Personal consumption Annual rates	All business[2]		Total retail[2]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res	Total	Finished goods	Imports	Exports
	$ billion; seasonally adjusted					$ million					1936–38=100	
1939	67·6	10·80	20·05	3·50	5·53	190	62	41	260	139	94	113
1953	230·1	48·84	81·07	14·23	22·66	898	217	224	1,304	911	158	262
1954	234·0	47·31	77·36	14·22	22·09	853	200	193	1,246	811	147	253
1954, October	237·7	46·22	77·54	14·07	22·00	761	181	187	1,253	731	132	258
„ November		47·99	77·60	14·36	22·08	832	186	203	1,237	718	144	251
„ December		49·47	77·36	15·12	22·09	931	206	218	1,303	775	158	263
1955, January		49·32	77·35	14·86	22·21	862	...	...	1,150	...	...	...
„ February	242·0	49·49	77·66	14·77	22·36	844	...	...	1,219	...	...	...
„ March		...	...	14·97	...	...	...	...	...	...	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit		Banking statistics[3]		Budget expenditure[4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	— 3·9	0·023	...	3·01
1953	286·1	204·4	12·2	29·54	22·19	78·1	67·6	74·3	— 9·4	1·931	2·93	3·20
1954	286·5	202·3	11·9	30·13	22·47	85·7	71·2	67·8	— 3·1	0·953	2·53	2·90
1954, October	286·3	202·7	10·4	28·98	21·95	86·3	67·8	4·9	— 2·2	0·987	2·52	2·87
„ November	289·3	204·7	11·2	29·21	22·01	86·3	69·5	3·8	+ 0·4	0·948	2·55	2·89
„ December	291·4	204·4	11·3	30·13	22·47	85·7	71·2	6·3	— 2·5	1·174	2·57	2·90
1955, January	291·4	205·9	12·1	29·76	22·44	85·7	70·7	4·9	— 0·3	1·257	2·65	2·93
„ February	292·4	206·5	12·5	29·52	22·51	85·7	71·4	4·8	+ 0·6	1·177	2·72	2·99
„ March	...	...	...		...	...	...	...	...	1·335	2·71	3·02

[1] Figures calculated on the basis of a new and larger sample. [2] 1939 figures not strictly comparable with rest of series; stocks are at end of period. [3] All commercial banks. [4] Annual figures are totals for the fiscal year ended June 30th. [5] Fourth quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended April 16th there was an "above-line" deficit (after allowing for Sinking Funds) of £40,357,000 compared with a deficit of £23,983,000 in the previous nine days and a deficit of £31,215,000 in the corresponding period of last year. There was a net "below-line" receipt of £4,001,000, bringing the total deficit to £80,377,000 (£59,759,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to April 17, 1954	April 1, 1955 to April 16, 1955	Week to April 17, 1954	Week to April 16, 1955
Ord. Revenue					
Income Tax	1877,400	73,931	49,434	19,030	16,217
Sur-tax	136,000	7,500	5,500	1,900	1,200
Death Duties	185,000	8,500	7,800	2,200	2,900
Stamps	74,000	3,200	3,200	1,000	1,100
Profits Tax & EPT	180,000	6,500	9,300	2,000	3,000
Excess Profits Levy	25,000	3,100	3,400	500	400
Special Contribution and other Inland Revenue	1,000	...	...	...	...
Total Inland Rev.	2478,400	102,731	78,634	26,630	24,817
Customs	1131,700	52,102	41,923	18,569	17,100
Excise	796,050	15,080	15,210	4,135	3,865
Total Customs and Excise	1927,750	67,182	57,133	22,704	20,965
Motor Duties	80,000	4,261	4,840	1,108	2,104
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	25,000	...	...	...	...
Sundry Loans	24,000	106	54	...	...
Miscellaneous	175,000	5,503	6,363	...	446
Total	4710,150	179,783	147,024	50,442	48,332
Ord. Expenditure					
Debt Interest	600,000	51,363	51,078	22,637	23,314
Payments to N. Ireland Exchequer	53,000	1,712	1,747	...	...
Other Cons. Fund	10,000	4	...	...	4
Supply Services	3862,875	169,450	158,100	58,650	65,150
Total	4525,875	221,525	210,930	81,287	88,468
Sinking Funds	36,000	634	434	370	220
"Above-line" Surplus or Deficit	—	42,377	64,340	31,215	40,357
"Below-line" Net Expenditure		17,382	16,037	8,542	Cr4001
Total Surplus or Deficit*	—	59,759	80,377	39,757	36,356
Net Receipts from:					
Tax Reserve Certificates		9,542	11,448	271	— 1285
Savings Certificates		700	3,000	600	600
Defence Bonds		— 2,494	1,033	— 1008	525

* Since end September the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at April 16th this item stood at £2,600,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
Apr. 17	3,190·0	1,382·7	308·3	...	4,881·0
1955					
Jan. 15	3,350·0	1,719·2	260·4	...	5,330·0
" 22	3,310·0	1,662·7	262·3	...	5,235·0
" 29	3,270·0	1,642·2	245·2	...	5,155·4
Feb. 5	3,240·0	1,575·9	236·8	...	5,052·7
" 12	3,190·0	1,557·1	251·8	...	4,998·9
" 19	3,160·0	1,674·1	286·4	...	5,120·4
" 26	3,150·0	1,681·6	268·0	...	5,109·5
Mar. 5	3,180·0	1,709·4	286·2	...	5,121·9
" 12	3,170·0	1,710·8	274·6	...	5,155·4
" 19	3,180·0	1,731·3	297·4	...	5,208·7
" 26	3,180·0	1,741·5	329·1	...	5,250·6
" 31		4,931·4	315·2	...	5,246·6
Apr. 9	3,200·0	1,801·9	274·2	...	5,276·0
" 16	3,220·0	1,830·5	269·8	..	5,320·3

THE MONEY MARKET

THE recent easing of bill rates in London has proved short lived. At the Treasury bill tender last Friday the market reduced its bid per cent for the £250 million of bills on offer from £99 1s. 5d. per cent to £99 1s. 1d., after having raised it from £99 1s. at the previous tender. Outside tenderers bid more than the market, and as applications rose by £18.3 million the market's allotment fell sharply from 61 to 33 per cent. The average rate of discount on all bills rose by only 3/64 per cent to £3 15s. 3.09d. per cent. At yesterday's tender the offer was cut by £20 million to £230 million. The excess of new bills over maturities next week will thus fall from £20 million to £10 million.

The Bank of England has continued to keep credit taut in the market. Last week the market was in the Bank borrowing on Tuesday was followed by further penal loans on both Thursday and Friday—whereas this week some houses were in the Bank on Monday, Tuesday and Wednesday. The amount involved on any one day was never large, but in total it was considerable: it is in part reflected by the rise of £27 million during the week ended Wednesday in the Bank's "discounts and advances," to £35.8 million. The Bank of England is giving hardly any special aid, but it has passed on some special order for bills. June maturities have taken place at 3⅛-3⅛ per cent.

The Bank return shows a post-Easter reflux of notes of £6 million.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
		Bank bills: 60 days	3⅝
Deposit rates (max)		3 months	3⅝
Banks	2½	4 months	3⅝
Discount houses	2½*	6 months	3¾-4
Money Day-to-day	2½-4½		
Short periods	2½-4½	**Fine trade bills:**	
Treas. bills 2 months	3⅝	3 months	4¼-4⅜
3 months	3⅝	4 months	4¼-4⅜
		6 months	4½-4⅝

*Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	April 21	April 13	April 20
Issue Department:*			
Notes in circulation	1,615·1	1,730·0	1,724·0
Notes in banking dept.	10·2	20·4	26·4
Govt. debt and securities*	1,621·7	1,746·2	1,746·2
Other securities	0·8	0·8	0·8
Gold coin and bullion	2·9	3·4	3·4
Banking Department:			
Deposits:			
Public accounts	10·4	16·4	18·0
Treasury special account	1·0	4·1	4·6
Bankers	292·5	274·3	276·7
Others	63·5	64·1	64·7
Total	367·4	358·9	364·0
Securities:			
Government	347·9	331·5	303·5
Discounts and advances	10·5	8·8	35·8
Other	13·9	13·7	13·8
Total	372·3	353·8	353·1
Banking department reserve	12·9	22·8	28·8
"Proportion"	% 3·5	% 6·3	% 7·9

* Government debt is £11,015,100, capital £14,553,00 Fiduciary issue reduced from £1,775 million to £1,725 millio on January 20, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate %
1954					
April 16	230·0	917·2	230·0	41 7·41	44
1955					
Jan. 14	250·0	544·1	230·0	38 11·97	62
" 21	220·0	351·1	220·0	40 3·46	51
" 28	210·0	376·8	210·0	46 7·35	38
Feb. 4	220·0	387·4	220·0	48 3·27	39
" 11	230·0	363·0	230·0	46 3·87	60
" 18	250·0	366·9	250·0	46 3·97	60
" 25	260·0	381·9	260·0	75 6·38	20
Mar. 4	260·0	390·7	260·0	75 8·95	60
" 11	270·0	393·9	270·0	76 0·65	61
" 18	270·0	386·2	270·0	75 11·64	56
" 25	280·0	410·2	280·0	75 11·21	51
April 1	270·0	408·5	270·0	75 10·35	48
" 7	250·0	402·4	250·0	74 5·00	61
" 15	250·0	420·7	250·0	75 3·09	33

* On April 15th tenders for 91 day bills at £99 1s. 0d. secu about 33 per cent of the sum applied for; higher tenders w allotted in full. The offering yesterday was for a maxim amount of £250 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: April 20	Market Rates: Spot: April 14	April 15	April 16	April 18	April 19	April 20
United States $	2·78-2·82	2·79-2·79⅛	2·79-2·79⅛	2·79⅛-2·79⅛	2·79⅛-2·79⅛	2·79⅛-2·79⅛	2·79⅛-2·79⅛
Canadian $	...	2·76⅛-2·76⅜	2·76⅛-2·76⅜	2·75⅝-2·76⅛	2·75⅞-2·75⅞	2·75⅛-2·75⅛	2·75⅛-2·75⅛
French Fr.	972-65-987·35	984-984⅛	984-984⅛	984-984⅛	984-984⅛	983⅛-98[illegible]	984-98[illegible]
Swiss Fr.	12·15⅛-12·33⅛	12·28⅛-12·28⅝	12·28⅛-12·28⅝	12·28⅛-12·28⅝	12·28⅛-12·28⅝	12·28⅛-12·28⅝	12·28⅛-12·2[illegible]
Belgian Fr.	138·95-141·05	140·20-140·25	140·05-140·10	139·97½-140·02½	139·95-140·00	139·90-139·95	139·95-140·[illegible]
Dutch Gld.	10·56-10·72	10·65-10·65⅛	10·64⅛-10·65⅛	10·64⅛-10·65⅛	10·64⅛-10·64⅛	10·64-10·64⅛	10·64⅛-10·6[illegible]
W. Ger. D-Mk.	11·67⅛-11·84⅜	11·78⅛-11·78⅝	11·78⅛-11·78⅝	11·78⅛-11·78⅝	11·78⅛-11·78⅝	11·78⅛-11·78⅝	11·78⅛-11·7[illegible]
Portuguese Esc.	79·90-81·10	80·10-80·20	80·10-80·20	80·10-80·25	80·10-80·25	80·10-80·25	80·10-80·2[illegible]
Swedish Kr.	14·37⅜-14·55⅜	14·55⅛-14·55⅜	14·55⅛-14·55⅜	14·55⅛-14·55⅜	14·55⅛-14·55⅜	14·54⅜-14·54⅞	14·54⅛-14·5[illegible]
Danish Kr.	19·19⅜-19·48⅜	19·39⅛-19·40⅛	19·39⅛-19·40⅛	19·39⅛-19·40⅛	19·39⅛-19·40⅛	19·40⅛-19·40⅛	19·40⅛-19·4[illegible]
Norwegian Kr.	19·86-20·15	20·01⅛-20·01⅜	20·01⅛-20·01⅜	20·01⅛-20·01⅜	20·01⅛-20·01⅜	20·01⅛-20·01⅜	20·01⅛-20·0[illegible]
One Month Forward Rates							
United States $		⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm
Canadian $		⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm
French Fr.		Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis
Swiss Fr.		2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm	2⅛-2c. pm
Belgian Fr.		½-1 pm	½-1 pm	½-1 pm	½-1 pm	½-1 pm	½-1 pm
Dutch Gld.		2⅜-2⅛c. pm	2⅜-2⅛c. pm	2⅜-2⅛c. pm	2⅜-2⅛c. pm	2⅜-2⅛c. pm	2⅜-2½
W. Ger. D-Mk.		1⅛ pf. pm	1⅛ pf. pm	1-1pf. pm	1-1pf. pm	1pf. pm-par	1pf.
Swedish Kr.		½-⅝ pm	2-1⅝ pm	2-1⅝ pm	2-1⅝ pm	1⅝ pm	1½
Danish Kr.		Par-3⅜ dis	1-4⅜ dis	1-4⅜ dis	2-1⅝ pm	1-4⅜ dis	1-[illegible]
Norwegian Kr.		⅜ pm-⅜ dis	⅜ pm-⅜ dis	Par-1⅜ dis	1-4⅜ dis	Par-1⅜ dis	Par[illegible]
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/7	250/6½	...	250/7	250/8	[illegible]

THE BANK THAT CONDUCTS THE LARGEST BANKING BUSINESS IN NEW ZEALAND

Since its establishment nearly 100 years ago, the Bank of New Zealand has kept pace with the country's development. Information supplied by over 340 Branches and Agencies provides current data on all aspects of commerce and industry, which is freely available to all with present or projected interests in the Dominion.

You are invited to contact the London Office or the Head Office

BANK OF NEW ZEALAND

(Incorporated with limited liability in New Zealand)

London Office: 1, Queen Victoria Street, E.C.4. Manager: A. R. Frethey. Assis. Manager: A. E. Abel.

Head Office: Wellington, New Zealand. General Manager: R. D. Moore.

Branches also in Melbourne and Sydney (Australia); Suva, Lautoka, Labasa, Ba and Nadi (Fiji); Apia (Samoa).

THE BANK OF TOKYO (Incorporated in Japan)

WORLD-WIDE BANKING SERVICE

Foreign Exchange Bank Licensed Under The Foreign Exchange Bank Law

Home Branches: Tokyo, Yokohama, Nagoya, Osaka, Kobe and other main cities in Japan.

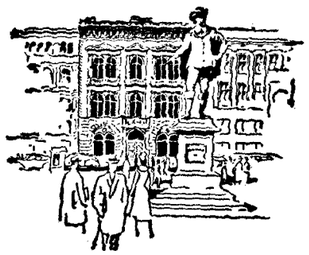
Overseas Branches: London, New York, Hamburg, Calcutta, Bombay, Karachi, Hong Kong

Affiliate: The Bank of Tokyo of California San Francisco Los Angeles

THE BANK OF TOKYO, LTD.

(THE former YOKOHAMA SPECIE BANK)

Head Office: TOKYO, JAPAN.



KREDITKASSEN

Christiania Bank og Kreditkasse

Established 1848

The oldest Joint Stock Bank of Norway

TELEGRAMS: KREDITKASSEN

OSLO — NORWAY

CRÉDIT LYONNAIS

Limited Liability Company Incorporated in France

LONDON OFFICE 40, LOMBARD ST., E.C.3

WEST END BRANCH

25/27, CHARLES II STREET, HAYMARKET, S.W.1.

Private Safes for rental at this Office

TRAVELLERS' CHEQUES ISSUED IN FRENCH FRANCS PAYABLE AT ALL BRANCHES OF THE BANK IN FRANCE AND THE FRENCH FRANC AREA.

ALL BANKING TRANSACTIONS

BRANCHES IN EGYPT AND THE SUDAN, NORTH AFRICA, SYRIA AND ON THE WEST AFRICAN COAST.

AFFILIATIONS IN BRAZIL, LEBANON, PERU, PORTUGAL AND VENEZUELA.

Central Office: PARIS. Head Office: LYONS.

CAN THE INDUSTRIAL DEVELOPMENT BANK HELP YOU IN CANADA?

Businessmen who are considering establishing or expanding a manufacturing or processing business in Canada and have a project that meets practical requirements for success, but have not been able to finance it by standard methods, might find it worthwhile to know more about Industrial Development Bank (a subsidiary of Bank of Canada) and its wide experience with unusual problems. Industrial Development Bank's credit officers and technical specialists examine proposals before the Bank provides financing. If a term loan is granted, it may make for a more efficient and profitable operation. On the other hand, it may uncover factors which make regular commercial financing feasible.

For further information we suggest you communicate with :

INDUSTRIAL DEVELOPMENT BANK

Office of the General Manager

901 Victoria Sq., MONTREAL, CANADA.

A HOME FOR YOUR SAVINGS



The savings of today ensure the homes of tomorrow.

Help yourself and the nation by saving regularly.

★ INTEREST AT 2½% PER ANNUM FROM DATE OF INVESTMENT.
★ £1-£5,000 ACCEPTED.
★ WITHDRAWALS AT SHORT NOTICE.

TEMPERANCE PERMANENT BUILDING SOCIETY

The Gateway To Security

FOR 100 YEARS

223-227 Regent Street
London W.1.
Phone : Regent 7282

Branches throughout the Country

COMMONWEALTH BANK OF AUSTRALIA

(AUSTRALIA'S CENTRAL BANK)

COMMONWEALTH TRADING BANK OF AUSTRALIA (undertakes general banking business)

COMMONWEALTH SAVINGS BANK OF AUSTRALIA (the largest Savings Bank in Australia)

Each of these Banks was established by the Australian Parliament and is guaranteed by the Commonwealth of Australia

Combined Assets - £1,980,000,000

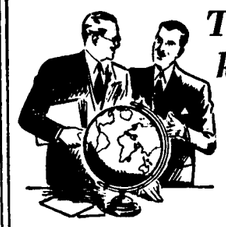
All classes of Banking and Exchange business conducted
Branches throughout Australia and territories
Agents and Correspondents throughout the world

HEAD OFFICE—SYDNEY

Governor : H. C. Coombs — Deputy-Governor : E. B. Richardson

LONDON OFFICE—8 OLD JEWRY, E.C.2

Manager : L. U. Rusden



The M.B.I knows Eastern Trading Conditions

Sixty years is a long time to be engaged in the complexities of Eastern trading. But in that time a world of specialised knowledge has accrued to The Mercantile Bank of India. All the benefits of this are readily available to shippers and merchants interested in opening up new trade with the East.

THE MERCANTILE BANK OF INDIA LIMITED

Head Office: 15 GRACECHURCH ST., LONDON, E.C.3

★

INDIA : PAKISTAN · BURMA · CEYLON · MALAYA SINGAPORE
HONG KONG · CHINA : MAURITIUS : THAILAND · JAPAN

Habib Bank Limited

Established 1941

Head Office: KARACHI (Pakistan)

BALANCE SHEET AS AT 31st DECEMBER, 1954

LIABILITIES

	Pak Rs. as. ps.	Pak Rs. as. ps.
Authorised Capital : 1,500,000 Shares of Rs. 20/- each	30,000,000 0 0	
Issued, Subscribed and Paid-up Capital : 750,000 Shares of Rs. 20/- each		15,000,000 0 0
Reserve Funds		10,000,000 0 0
Current Savings Bank, Fixed Deposits and Other Accounts		431,851,102 10 7
Bills Payable and Other Sums due by the Bank		21,676,706 8 6
Bills for Collection as per contra		17,254,297 12 0
Banker's Liability for Acceptances and Guarantees as per contra		65,545,856 7 2
Profit and Loss Account :		
As per Balance Sheet as at 31st December, 1953	3,177,148 7 8	
Less : Payment of Dividend	500,000 0 0	
Balance brought forward	2,677,148 7 8	
Net Profit for the year 1954	4,616,246 1 2	
	7,293,394 8 10	
Less : Transferred to Share Capital Account Pak Rs. 5,000,000 0 0		
Payment of Interim Dividend Pak Rs. 1,625,000 0 0		
	6,625,000 0 0	
		668,394 8 10
Contingent Liabilities : Pak Rs. 500/- is on Investment in Shares of Joint Stock Companies.		
Total Pak Rupees		561,996,357 15 1

ASSETS

	Pak Rs. as. ps.	Pak. Rs. as. ps.
Cash on Hand	10,819,450 0 8	
Cash with Bankers	75,423,393 0 6	
		86,242,843 1 2
Pakistan Government 3 months Treasury Bills		42,145,513 14 0
Investments at cost or market value whichever is lower		228,237,045 1 1
(a) Government, Municipal and Trustee Securities Pak Rs. 216,804,752 2 9		
(b) Shares in Joint Stock Companies Pak Rs. 7,160,052 12 9		
(c) Bullion Pak Rs. 4,272,240 1 7		
Interest Accrued on Investments		674,484 2 9
Loans, Overdrafts, Cash Credits and other Advances	102,796,894 2 5	
Bills Discounted and Purchased	14,258,058 15 0	
		117,054,953 1 5
PARTICULARS REQUIRED BY ACT VII OF 1913 :		
1. Debts considered good and in respect of which the Bank is fully secured	105,269,385 14 4	
This amount includes debts fully secured, due by Firms or Companies, in which Directors of the Bank are partners or Directors Pak Rs. 8,454,257 12 4		
2. Debts considered good, secured by the personal Liability of one or more parties in addition to the personal security of the debtors	5,039,764 7 6	
This amount includes Bills Discounted and Purchased Pak Rs. 152,000 0 0		
The liability of Directors or their Firms under this head is Nil.		
3. Debts considered good in respect of which the Bank holds no security other than the debtors' personal security	6,745,802 11 7	
This amount includes Bills Discounted and Purchased Pak Rs. 1,374,139 11 11		
The liability of Directors or their Firms under this head is Nil.		
4. Debts considered doubtful	Nil	
5. Debts considered bad	Nil	
6. Debts due by Officers of the Bank other than Directors (fully secured) Pak Rs. 16,722 1 6		
Bills lodged for collection as per contra		17,254,297 12 0
Customers' Liability for acceptances and guarantees as per contra		65,545,856 7 2
Landed Properties at cost as at 31st December, 1953	3,025,072 9 5	
Additions during the year	119,684 13 10	
	3,144,757 7 3	
Less : Depreciation for the year	103,973 7 3	
		3,040,784 0 0
Furniture and Fixtures :		
Balance as per last Balance Sheet	2,157,883 13 9	
Additions during the year	93,617 11 8	
	2,251,501 9 5	
Less : Depreciation written off up to date	992,503 0 8	
		1,258,998 8 9
Stock of Stationery and Stamps		541,581 14 9
Total Pak Rupees		561,996,357 15 1

COMPANY MEETINGS

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

ACCOUNTS DISCLOSE SATISFACTORY POSITION

EXPANSION OF OVERSEA ACTIVITIES

UK TAXATION A DETERRENT TO ENTERPRISE

MR D. M. OPPENHEIM ON THE OUTLOOK

The fifty-second annual general meeting of the British-American Tobacco Company, Limited, was held on April 15th, at Westminster House, 7 Millbank, London, S.W., Mr D. M. Oppenheim, the chairman presiding.

The chairman said: Ladies and gentlemen, with your approval, we will take the notice convening the meeting, the report of the directors and the accounts which have been circulated, as read, and the secretary will now read the auditors' report.

The secretary (Mr A. D. McCormick) accordingly read the report of Messrs Deloitte, Plender, Griffiths and Company, chartered accountants, appended to the accounts.

The chairman continued: Since our previous meeting Mr W. G. Matton, who had been a member of the board for twenty-one years—three of them as a deputy chairman—retired after a total service with the company and its associates of forty-two years. We shall miss his wise counsel, based as it was on long experience and expert knowledge of the tobacco business and of conditions generally in the western hemisphere, where your company's interests have flourished, largely due to his untiring efforts and devotion to duty. We wish him well in his retirement.

NEW DIRECTORS

I have also to report the appointments in July of last year of Messrs E. M. Bruton, R. F. Ridley and J. G. L. Wells as deputy chairmen, and of Messrs D. R. N. Clarke and G. F. Gelsthorp as directors in December last.

I may say that all these appointments have been made in furtherance of our policy of ensuring a succession of directors experienced in the many and varied aspects of your company's business. I am confident that your new directors, who have spent all or nearly all of their working life with the company or its associated companies, are well qualified to contribute to the formulation of major policy which is the function of the board.

I should also, at this point, like to refer to the recent retirement from active business of Sir Russell Kettle, until March 31st the senior partner of the company's auditors, Messrs Deloitte, Plender, Griffiths & Company. Of his fifty years' service with that firm, Sir Russell has been associated with the audit of your company's accounts for something like a quarter of that period, during which time there has been the happiest relationship between the auditors and the staff of your company concerned with the difficult and complicated business of preparing accounts for presentation to you.

I am sure you will join with me in acknowledging the services which Sir Russell and his firm have rendered to the company since the late Lord Plender was appointed as the first auditor of the company in 1902.

DATE OF MEETING ADVANCED

You will have noticed from the preliminary announcement of the results for the year to September 30, 1954, issued on February 22nd, that on this occasion we were able to make the announcement without the qualification that the figures were "subject to audit," and that it has also been possible to advance the date of this meeting by three weeks; but for Easter, the date would have been advanced four weeks.

With the coming into force of the Companies Act, 1948, and the obligation then imposed upon us of publishing consolidated accounts, it became humanly impossible for the financial results to be announced and the annual accounts to be issued as soon after the closing date of the company's financial year as stockholders are entitled to expect.

The preparation of consolidated accounts imposes a very considerable burden of additional work not only on our own accounting staff in London, but also upon the staffs of our subsidiary companies, and it is largely due to the assistance of our friends abroad and the ready co-operation of the company's auditors that it has been possible to achieve our accelerated programme this year. I am, nevertheless, hopeful that there is still some scope for improvement on this year's dates and I can assure you that ways and means of expediting the date of the preliminary announcement and of the annual general meeting are receiving our most careful attention.

The report of the directors and the accounts have now been in your possession for some time and I believe that they, together with the explanatory statement and the unavoidably extensive notes will adequately inform you of the company's general financial situation, and it is not my intention to take up your time with specific references to individual items.

CAUSE FOR CONFIDENCE

I think you will have found that the position as disclosed by these accounts gives cause for satisfaction and continuing confidence in the fortunes of your company.

There are still areas of the world in which subsidiary companies operate where inflation or exchange control regulations—sometimes a combination of the two—leave the directors of these companies no option but to retain and plough back the profits earned by their companies, with the result that the figures for "transfers to fixed asset and stock replacement reserves," "appropriations to reserves" and "balance carried to balance sheet"—i.e., Items XI, XIII and XVI—appearing under the column headed "group" are substantially greater than would otherwise have been necessary.

Where these two adverse factors do not apply or apply only to a limited extent, the holding company is beginning to reap the benefits of the very considerable appropriations to reserves which, almost without exception, the subsidiary and associated companies found it necessary to make in the immediate postwar period, partly to finance rehabilitation and inflation, partly—and more happily—to finance expansion of business.

WIDE-SPREAD ACTIVITIES

From time to time I receive suggestions that, in my annual address, I should give you more detailed information about the company and its associated companies. My colleagues and I have given very careful consideration to these suggestions.

You are, no doubt, aware that your company's activities can roughly be classified under two main heads. First, there is its own production in this country of the many well-known brands of cigarettes and smoking tobaccos owned by the company for export and for sea and air stores, and the sale of that production to many widely scattered markets overseas.

Secondly, there is the investment in subsidiary and associated companies operating in almost every territory abroad still open to private enterprise. It is in this sector of the company's business that the significant expansion is taking place, as will be readily seen by a comparison of the company's balance sheet with the consolidated balance sheet.

The field is very wide and varied both as regards the nature of the business and competitive relationship. It might be most misleading to stockholders to select one or even several of those territories for more detailed information. Yet, for political and other reasons I am satisfied that such information could only be given on a selective basis and for that reason alone I must refrain from acceding to these suggestions. I believe it is wiser in a company which largely derives its fortunes from subsidiary and associated companies incorporated and operating abroad to continue to follow the policy I have indicated. What must ultimately concern the stockholders is the global result as disclosed in the consolidated profit and loss account and in particular Item XII—the group available net profit as apportioned to the parent company.

EVENTS IN CHINA

I am happy to be able to report that in the middle of last year all the remaining covenanted staff of our associated companies in China were granted exit permits and left the country. Now that their welfare is no longer in jeopardy, I am able to make a somewhat fuller statement than it was advisable for my predecessor to make when he addressed you in May, 1952.

On that occasion he referred to the press reports which stated that our associated companies in China were handing over their assets to a Chinese government sponsored company. A fully documented record of the events leading up to this transaction has been prepared for possible use on a future occasion. The record shows beyond doubt that what appears, on the face of it, as a voluntary transfer of assets was indeed a confiscation of a major order.

Shortly after the Communists took Shanghai in 1949, it became clear to the directors in Shanghai that it would soon become impossible to carry on the business, which was heading towards insolvency. This was due to a combination of factors, such as strict control of selling prices at uneconomic levels, inadequate allocation of leaf tobacco and other materials to the factories, arbitrary methods of taxation, and the excessive size of the labour force which it was obligatory to retain on the payroll, and who were continually making impossible demands and imposing restrictions on the management. It was decided, therefore, to take steps to dispose of the business.

TSINGTAO AND TIENTSIN

In April, 1950, proposals were put to the Central Peoples Government in Peking and certain discussions took place but nothing transpired immediately.

In July, 1951, when all means of carrying on were exhausted, the manager of the branch in Tsingtao received a suggestion that, if he petitioned the government to take over the assets of the branch as a voluntary gift, the government might accept the offer and take over the liabilities of the branch. After protracted negotiations, an agreement was signed on January 13, 1952, but it was some months later that the branch manager was permitted to leave China.

Early in 1952 a similar suggestion was received in respect of the branch at Tientsin and in May of that year an agreement was signed on the same lines as that for Tsingtao. In the following month it was announced that everything was in order and that the manager and his assistant could apply for exit permits. Nevertheless, it was four months before the manager received his exit permit and nearly a year before one was granted to his assistant.

In the cases of both Tsingtao and Tientsin branches the fixed assets far exceeded the liabilities in value.

SHANGHAI

In the meantime, conditions had become desperate in Shanghai and great pressure was being brought to bear upon the directors in Shanghai to continue the business there and, if necessary, to obtain funds for this purpose from the shareholders abroad. Closing down was not permissible.

The record shows the extraordinary pressures brought to bear on the staff in Shanghai, especially during the so-called "Three Anti" and "Five Anti" movements which started towards the end of 1951 and under which managers were made personally responsible for payment of wages under pain of imprisonment and other penalties.

As a result of these pressures, considerable sums had to be remitted by the shareholders to the associated company in Shanghai, in order to enable the current liabilities to be met pending the signing of an agreement. In March, 1952, it was indicated by the Chinese authorities that negotiations about the taking over of the company's assets in Shanghai would be considered and in April, 1952, a provisional agreement for take-over was signed. A final agreement was signed on July 28, 1952. Under these agreements all the assets in China and Manchuria not already ceded under the earlier agreements were ceded, on the understanding that the transferees would, as from the date of the provisional agreement, assume the liabilities, except those to foreign companies and persons.

LONG DRAWN-OUT SETTLEMENT

As it turned out, the only obligations which were actually assumed were those in respect of remuneration to workers and local staff and for taxes. This left considerable claims to be met by the shareholders. As the value of the fixed assets (represented by eight fully equipped cigarette factories and other properties, quite apart from trade marks of very great potential value) was greatly in excess of the liabilities taken over, the transferees, in order to put a more reasonable face on the transaction, classified and arbitrarily valued many of the assets as "Japanese additions," to which they alleged the company had no title, although this matter had already been negotiated and finally settled with the Kuomintang Government, who had issued a formal receipt. When this receipt was produced, it was not only repudiated but impounded.

Settlement of the claims which were not accepted by the transferees was long drawn out. Exit permits for the chairman and his five colleagues who remained in China at that time were not granted until one year after all the claims had been settled; namely, in May, 1954—nearly two years after the original agreement had been signed.

Under a Communist regime local officials are reluctant to take any decisions, and our associated companies were greatly impeded by the difficulty, absent in happier times, of approaching those in real authority in the capital. In these circumstances, they received valuable assistance from HM Chargé d'Affaires in Peking, successively Sir Lionel Lamb, KCMG, and Mr Humphrey Trevelyan, CMG. It was largely through the able intervention of Mr Trevelyan that the last six exit permits came to be granted. I would like to record our gratitude to the Foreign Office, and to these gentlemen in particular, for the help they rendered.

TAXATION BURDEN

This year I am addressing you before the date on which the Chancellor of the Exchequer is to present his Budget, and I am, of course, unable to foresee what he may have in store for us as a company and as individuals.

During your examination of the accounts now under review, however, I am certain that the heavy burden of United Kingdom and oversea taxation to which the group is subject—the figure falls just short of £24 million, as expressed in sterling—will not have escaped your notice. In particular, there has been a sharp relative rise in the total of oversea taxation. This reflects the tendency for oversea rates of tax on companies to rise to the level of United Kingdom rates.

It is, in my view, essential to encourage investment in the Commonwealth and elsewhere. Such investment would, in due course, add to the volume of our invisible exports; and, so far as it would help to raise the standard of living of the peoples of underdeveloped countries, it would expand markets for this country's direct exports. One of the principal deterrents to such oversea investment is the United Kingdom tax assessable on dividends and other income derived from oversea companies, as well as on the profits of oversea branches and permanent establishments of United Kingdom companies.

In particular, as I have said before, in a group such as our own, the assessment of such dividends discourages the mobility of resources between territories, since it cuts down the balance available for reinvestment.

RELIEF NEEDED

I am, therefore, still firmly of the opinion that the basis of complete exemption from United Kingdom taxation of oversea income should be given serious consideration by the Chancellor. It may well be that, as a result of the rise in the rates of oversea tax, the actual cost to the United Kingdom Exchequer of such action might not be excessive as compared with present methods of relief.

If the Chancellor is prepared to encourage both this country's invisible and visible export earnings in the manner I have indicated, then the way will be clear to remove from the Statute Book Section 468 of the Income Tax Act, which, through longevity, is in danger of acquiring an air of respectability. The undesirability, from your company's point of view, of this section—commonly known as the "Ring Fence" section—is as great today as when it first came on the Statute Book in 1951, as Section 36 of that year's Finance Act.

All who have seriously and conscientiously in mind the continuing welfare of this country and its inhabitants must agree that excessive taxation has a deadening and frustrating influence on initiative and enterprise, and yet it is largely by the exercise of these two attributes that we can hope not only to maintain but to improve our standard of living.

PROBLEM OF STAFF TRANSFERABILITY

Apart from these general aspects of heavy taxation, there is a particular aspect which affects this company very materially. The main channel of advancement to the higher administrative posts here and to the board of directors is through service with one or more of the subsidiary or associated companies abroad. In circumstances as they are today, it often means that on promotion to one of these posts an employee is faced with a considerable reduction in net remuneration, as a result of the heavy burden of United Kingdom taxation. This seems to me to be putting an unfair strain on his loyalty, and in practice it means that our choice of men to fill the senior posts here is bound to be circumscribed, whereas in the best interests of the company and of the country—for which we earn substantial foreign exchange—this choice should be of the widest.

The only way of improving the rewards of employees in the higher brackets of taxation is to establish retirement benefits to the full extent permitted by the Inland Revenue; but this, in my view, is not an effective substitute for the incentive that can be offered in the shape of immediate financial reward. In particular, it does not meet the problem of transferability, which I have just mentioned.

I should add, in case of misunderstanding, that the tradition of loyalty in this company is so strong that, so far, it has surmounted these difficulties to a remarkable degree, but this fact, to my mind, does not detract from the seriousness of the problem; indeed, it enhances it. A level of taxation, which does not bear too hardly and even unfairly on senior employees is an urgent requirement for the country as a whole and, for the reasons

stated, a particularly acute one for your company.

CURRENT YEAR'S GOOD PROSPECTS

The future prospects of a company are never accurately predictable. At the annual general meeting last year I mentioned that the total volume of sales of the group for the first six months of the year to September 30, 1954, had continued to expand. The expansion was, in the final result, maintained to the end of that year and has continued for the first six months' trading of the current financial year. This points to the possibility of a new record volume of sales for the Group during the current year. Given fair trading opportunities wherever your company and its associates operate, and no major international upheaval, I predict that the results for the current year will be at least as satisfactory as those of the year we have just reviewed.

I now beg formally to move the adoption of the report and accounts for the year ended September 30, 1954, including the payment on May 31st next of a final dividend of 8d. per 10s. ordinary stock (free of United Kingdom income tax) on the issued ordinary stock of the company.

Mr F. H. St C. Sargant seconded the resolutions and, in the absence of questions or comments, it was carried unanimously.

The retiring directors, Mr Frits George Bodde, Mr Andrew Scott McAra, Mr Junius Walter Prince, Mr John Crisford Wren Stewart, Mr John George Lancaster Wells, Mr Denzil Robert Noble Clarke and Mr George Frederick Gelsthorp, were re-elected, and the remuneration of the auditors, Messrs Deloitte, Plender, Griffiths and Co., was fixed.

The proceedings terminated with a vote of thanks to the chairman, directors and staff at home and abroad.

HANDLEY PAGE LIMITED

INCREASED PROFIT

The annual general meeting of Handley Page, Limited, was held on April 20th in London, Sir Frederick Handley Page, CBE (chairman and managing director), presiding.

The following is an extract from his circulated review of 1954:

At our Cricklewood and Radlett works your company has concentrated on the construction of Victor and Canberra bombers for the Royal Air Force. As well, Hastings transports have been overhauled for the RAF and Hermes airliners equipped for service with independent airline operators.

At the Woodley works of our Reading subsidiary our technical and production staff have been engaged on a new feeder-line transport, the Herald. Prototypes have been under construction and production lines are being set up to meet the demand which is expected for this versatile new aircraft. At this works, in addition, Marathons have been re-equipped and modified as RAF navigation trainers.

POWER IN THE AIR

The recent official Statement on Defence makes clear that the primary task of the RAF is to build up its V-bomber forces; of these the Victor is built to the most exacting specification.

The performance of the Victor is still on the secret list, but the Under Secretary of State for Air, Mr George Ward, in the recent debate on the air estimates, said that it had flown within a small fraction of the speed of sound at over 50,000 feet.

Our maximum effort is being made to deliver Victors to the operational squadrons of the RAF at the earliest possible date. The recent statement on defence has emphasised the supreme importance of the Victor. Highest priority is today being given to nuclear weapons and their means of delivery. The Victor, as the premier V-bomber, may well be claimed to be the most important aircraft being produced in Britain today.

The design of the new Herald transport being built by your company at Woodley was preceded by a world-wide, on-the-spot survey of airlines operating over short to medium ranges.

All the information gained on thorough tours was analysed; from it emerged the specification of the Herald. It is designed as a robust, versatile aircraft to carry passengers and freight and to operate from primitive airfields under a wide range of climatic conditions.

FINANCE

The group net profit, after providing £382,846 for taxation, is £291,024 for the year. This is an increase of £47,459, of which £26,044 is attributable to our subsidiary company at Reading.

After due consideration to your company's recent trading results and to the heavy capital expenditure to be incurred in the near future, it was decided to pay an interim dividend of 5 per cent on the ordinary stock of the company and to recommend a final dividend of 10 per cent, making 15 per cent for the year. This is an increase of 1½ per cent and involves an additional net distribution of £10,268. It is hoped that this rate of dividend will be maintained for the current year.

As in the past, we have received assistance and encouragement from government departments and official organisations and, in particular, from the Air Ministry and the Ministry of Supply.

The report and accounts were adopted.

UNION CORPORATION, LIMITED

(Incorporated in the Union of South Africa)

ABRIDGED REPORT OF THE DIRECTORS FOR YEAR 1954.

After providing £603,900 for United Kingdom taxation the profit for the year is £1,091,379, plus £388,791 brought forward, making a total of £1,440,070. The Directors have placed £375,000 to the credit of Exploration Reserve Account and £81,000 to Pension Fund Account and have declared a final dividend of 1s. 10d. United Kingdom currency per share, less United Kingdom Income Tax, absorbing £408,875, leaving £382,095 to be carried forward.

For the last eight years dividends have been declared free of tax. There is reason to believe that this method has led to confusion in the calculation of yields and accordingly it has been decided to revert to the more normal method whereby the dividend is declared gross and paid after deduction of United Kingdom Income Tax at the standard rate. The final dividend of 1s. 10d. per share less tax was declared on March 22nd, 1955, and makes, with the interim dividend (6d. per share free of tax), a total dividend of 2s. 8.909d. per share less tax for the year compared with 2s. 5.091d. per share less tax for the previous year.

Holdings of shares, debentures and other securities have been taken into the Accounts at cost or under but in no case above the market value of December 31st last, or, where no market price exists, above the Directors' valuation. The Directors, as on other occasions, have thought it expedient to write down the book cost of certain holdings below both cost and market price.

The Directors record with deep regret the death on November 5th last of Mr. P. M. Anderson, Deputy Chairman and Managing Director of the Corporation. Mr. T. P. Stratten, who has been Deputy Managing Director since November, 1950, has succeeded Mr. P. M. Anderson as Managing Director.

A copy of the Corporation's Annual Trade Cycles Chart, revised to date, is enclosed with the Report.

GOLD MINING INTERESTS.

Summary of the operating results for the past year of the Companies operating in the Transvaal and Orange Free State in which the Corporation is largely concerned :—

	East Geduld Mines, Ltd.	Geduld Proprietary Mines, Ltd.	The Grootvlei Proprietary Mines, Ltd.	Marievale Consolidated Mines, Ltd.	St. Helena Gold Mines, Ltd.	Van Dyk Consolidated Mines, Ltd.
Tons milled ...	1,863,000	1,122,000	2,185,000	800,000	1,041,000	840,000
Yield per ton dwt.	6.15	3.27	4.27	5.10	4.52	3.43
Working Costs per ton	31s. 5d.	33s. 11d.	29s. 2d.	40s. 4d.	41s. 10d.	42s. 5d.
Working Profit per ton	45s. 4d.	8s. 11d.	24s. 1d.	23s. 3d.	14s. 7d.	5d.
Total Working Profit	£3,770,000	£386,000	£2,633,000	£930,000	£758,000	£20,000
Net Profit ...	£1,772,000	£935,000	£1,274,000	£487,000	£687,000	£23,000
Dividends: Total	£1,587,000	£895,000	£1,192,000	£450,000	—	—
Per Stock Unit or share	3s. 9d.	12s. 3d.	2s. 1d.	2s. 0d.	—	—

The net profit figures include revenue from other sources. Thus East Geduld Mines' dividend income in 1954 on its shareholding in The Grootvlei Proprietary Mines was £56,000 and Geduld Proprietary Mines' dividend income in 1954 on its shareholdings in East Geduld Mines and The Grootvlei Proprietary Mines was £657,963.

St. Helena Gold Mines. It has been decided to sink a vertical shaft (No. 2) to a depth of about 5,500 feet to serve the North-Eastern section of the property, and to extend the reduction plant by a further 50,000 tons to a total capacity of over 150,000 tons per month. Half of this extension should be in commission by the end of the current year and it is planned to treat the balance after the new shaft has been completed. The cost of the new shaft and the extensions to the reduction plant will be financed by the Company out of profits. The ore reserves at December 31st last were estimated to amount to 9,750,000 tons, assaying 5.9 dwt. per ton over a stoping width of 55 inches.

THE WITHOK PROPRIETARY COMPANY.—The Corporation retains a substantial interest in the Company which owns the mineral rights over 4,928 morgen on the Farm Withok No. 7, District Brakpan, Transvaal, and certain freehold rights thereon.

Interests in Gold Mining Companies not under the administration of the Corporation :—

STILFONTEIN GOLD MINING COMPANY.—Profits increased steadily during the year and the Company declared a maiden dividend of 6d. per share in December last. The capacity of the reduction plant is being extended to 110,000 tons per month.

WESTERN HOLDINGS.—The Company made impressive progress during the year under review and is earning substantial working profits. Development work on the basal reef horizon continues to disclose high payability with good values.

OTHER MINING INTERESTS

SAN FRANCISCO MINES OF MEXICO.—This Company earned a Working Profit of £766,000 in the year ended September 30th, 1953, and paid a dividend of 4d. per 10s. Stock unit in respect of that year. In the year to September 30th, 1954 a record tonnage of 728,800 tons of ore were treated. The results of operations for the year have not yet been published.

CHROME MINES OF SOUTH AFRICA.—Production and sales were again restricted by the limited number of trucks made available by South African Railways and the net profit for the year ended June 30th, 1954, after making provision for taxation and depreciation, amounted to £117,299. Since the close of the Company's financial year the rapid stockpiling of the excess of output over railings has necessitated a further curtailment of production and retrenchment of employees.

The Corporation is also interested inter alia in the following Company :—

TSUMEB CORPORATION.—The net profit for the year ended June 30th, 1954, was £2,486,681 compared with £3,196,522 for the previous year and dividends totalling 10s. 6d. per share were declared. During the first nine months of the current financial year dividends totalling 12s. per share have been declared.

OTHER INTERESTS

BAY HALL TRUST.—The net profit for 1954 was £103,825. A dividend of 15% less tax (against 13.64% last year) was declared. The Trust's investments as at December 31st last showed an appreciation of £922,042 over book cost of £2,470,018.

BRITISH ENKA.—The recovery in the textile trade which began in September, 1952, continued through 1954 and the Company was able to return to full production and to sell the entire output. The net profit for the year to December 31st, 1953, was £350,660, compared with a loss of £117,994 in the previous year; £100,000 was appropriated to General Reserve; a dividend of 10% was paid and the carry-forward was increased from £26,978 to £184,119. The results of operations for 1954 have not yet been published.

SOUTH AFRICAN PULP AND PAPER INDUSTRIES.—Production at the Tugela Mill began in July, 1954, and by the end of the year a considerable tonnage of material of satisfactory quality, mainly for the corrugated packaging industry, had been produced.

The net profit from operations at both the Enstra and Tugela Mills for the year ended December 31st, 1954, was £324,557 as compared with £334,947 for the previous year. The Company paid an interim dividend of 1s. per share.

Since the end of the year the Company has experienced difficult trading conditions. Whilst these commercial difficulties are believed to be only temporary, in order not to weaken its cash position the Company did not declare a final dividend for the year.

EXPLORATION

Drilling operations by Capital Mining Areas, Limited, during the year under review have indicated that the area underlain by payable Kimberley Reef is larger than visualised in last year's Annual Report. Drilling operations are still in progress, but it is anticipated that during the current year the Company may be in a position to apply to the Government for a Mining Lease over part of the area. The Company has exercised certain of its options to purchase mineral rights.

Some values in the Kimberley Reef, sufficiently encouraging to warrant further work, have been obtained in boreholes drilled by one of the Corporation's subsidiary exploratory companies operating also on Capital Mining Areas. None of the other subsidiary companies in the Bethel and adjoining districts has so far encountered anything of economic interest, though further drilling remains to be done. Options over large areas have been abandoned.

Copies of the full Report and Accounts can be obtained on application at the London Office, Princes House, 95, Gresham Street, E.C.2

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED

(Incorporated in the Union of South Africa)

GOLD MINING COMPANIES DIRECTORS' REPORTS FOR THE QUARTER ENDED 31st MARCH, 1955

(All Companies mentioned are incorporated in the Union of South Africa)

FREE STATE GEDULD MINES, LIMITED

ISSUED CAPITAL. In shares of 5s. each.....£2,199,663 5s. 0d.

During the quarter the Company purchased from Freddies Consolidated Mines, Limited, the No. 2 South Shaft of that Company, together with its ancillary equipment and buildings, and approximately 1,300 claims on the southern boundary of the Freddies Consolidated Mines, Limited, lease area. The consideration payable by the Company was £1,500,000, which has been met by the issue of 300,000 shares in the Company.

UNDERGROUND DEVELOPMENT.—During the quarter a total of 18,667 feet of underground development was accomplished, and the following were the results obtained :—

Sampled : 2,225 feet, averaging 110.52 dwts. over 5.80 inches equivalent to 641 inch-dwts.

Payable : 2,005 feet equal to 90.1 per cent. of the footage sampled, averaging 121.63 dwts. over 5.78 inches, equivalent to 703 inch-dwts.

The intersection of water-bearing fissures necessitating cementation continued to retard development operations.

The results obtained in the vicinity of individual shafts were as follows :—

No. 1 SHAFT AREA :

Sampled : 1,520 feet, averaging 75.36 dwts. over 6.25 inches, equivalent to 471 inch-dwts.

Payable : 1,330 feet, equal to 87.5 per cent. of the footage sampled, averaging 82.60 dwts. over 6.38 inches, equivalent to 527 inch-dwts.

No. 2 SHAFT AREA :

Sampled : 705 feet, averaging 208.90 dwts. over 4.83 inches equivalent to 1,009 inch-dwts.

Payable : 675 feet, equal to 95.7 per cent. of the footage sampled, averaging 228.48 dwts. over 4.60 inches, equivalent to 1,051 inch-dwts.

DRIVE FROM WESTERN HOLDINGS, LIMITED.—Development in 41 Haulage North from No. 1 Shaft of Western Holdings, Limited, continued during the quarter. A total of 419 feet was advanced, of which 164 feet was on reef. 175 feet were sampled, all of which proved payable, averaging 333.00 dwts. over 5.00 inches, equivalent to 1,665 inch-dwts. As all this reef development was accomplished on the Company's property, the results are included in the development figures for No. 2 Shaft Area.

CAPITAL EXPENDITURE.—Capital Expenditure for the quarter was £598,663.

VAAL REEFS EXPLORATION AND MINING COMPANY, LIMITED

ISSUED CAPITAL. In shares of 5s. each.....£1,825,000

DEVELOPMENT.—The development footage for the quarter totalled 11,471 feet and gave the following results :—

Sampled : 2,365 feet averaging 96.75 dwts. over 6.16 inches, equivalent to 596 inch-dwts.

Payable : 2,035 feet, equivalent to 86.0 per cent. of the footage sampled, averaging 108.80 dwts., over 6.25 inches, equivalent to 680 inch-dwts.

No. 1 SHAFT SYSTEM—SHAFT SINKING.—No. 1 Ventilation Shaft : During the quarter under review the shaft was sunk 1,817 feet to a depth of 2,568 feet below the surface. In addition at a position 975 feet below the collar, a cable pocket and a temporary pump chamber were cut, and at 1,958 feet a station cut on the elevation of the future permanent intermediate pump chamber. At an approximate depth of 1,176 feet the shaft passed out of the dolomites of the Transvaal System into the lavas of the Ventersdorp System. During March, the shaft was sunk 667 feet, a world record for shaft sinking.

No. 1 Vertical Shaft : Following upon the completion of the headgear, the erection of hoists, sheave wheels and construction of the shaft collar, sinking operations began in February 1955. At the end of March, 1955, the shaft had reached a depth of 159 feet from surface. The intersection of water-bearing fissures requiring cementation retarded shaft sinking operations. In addition to the work of sinking, an air inlet station was cut 95 feet below the bank and a sinking platform suspended in the shaft.

No. 1 Sub-Vertical Ventilation Shaft : The shaft was advanced 802 feet in the footwall quartzites below the Vaal Reef Horizon to a depth of 2,748 feet below the collar. During the period under review sinking operations were handicapped by broken ground. In addition to sinking, stations were cut on the 62 and 65 levels and a total of 319 feet of crosscutting was accomplished on these two levels.

No. 1 Sub-Vertical Shaft : The headgear excavations were completed and sheave wheels erected. The main station on the 4,000 foot level was fully excavated and a chamber cut to accommodate facilities for skip and cage changing. Preliminary sinking operations were started and the shaft was sunk 69 feet below the elevation of the collar. In addition, 344 feet of crosscutting and winzing was done to provide the arrangements necessary to maintain rapid sinking operations.

MINE BUILDINGS.—Work started on the building of a permanent store and on the foundations for four additional workshops. A fourth 500-case explosives magazine was completed.

COMPOUND.—At the No. 3 Joint Shaft a further 22 rooms were occupied, bringing the total occupied at the end of the quarter to 84.

At No. 1 Shaft the completion of an additional 14 rooms provided a total of 56 rooms now available for occupation.

REDUCTION PLANT AND URANIUM PLANT.—Excellent progress has been shown with the construction of the gold reduction and uranium plants.

EUROPEAN HOUSES.—In Orkney, a further 42 houses were completed and occupied during the period under review, thus providing a total of 52 houses now completed and occupied. At No. 1 Shaft a total of 48 houses and 50 rooms of the single men's quarters have been completed.

CAPITAL EXPENDITURE.—£960,968 (including expenditure on the Uranium Plant amounting to £85,248).

WELKOM GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL. In shares of 5s. each.....£2,750,000

TONS CRUSHED.....226,500

			Per ton milled s. d.
Working Revenue	£592,986	...	52 4.3
Working Costs	568,932	...	50 2.8
Working Profit for Quarter	£24,054	...	2 1.5

No taxation and no share of profit is payable to the Government.

CAPITAL EXPENDITURE.—£185,129.

Capital Expenditure on the construction of the uranium plant amounted to £116,430. Of the underground development costs incurred during the quarter, an amount of £16,000 was charged to capital account. Both of these amounts are included in the total of £185,129.

DEVELOPMENT.—The development footage for the quarter totalled 14,135 feet, and gave the following results :—

Sampled : 4,590 feet, averaging 74.81 dwts. over 4.89 inches equivalent to 366 inch-dwts.

Payable : 3,580 feet equal to 78.0 per cent. of the footage sampled, averaging 88.44 dwts. over 5.00 inches, equivalent to 442 inch-dwts.

SHAFT SINKING.—No. 1 Shaft : The shaft was sunk 156 feet during the quarter to a depth of 3,347 feet below the collar. The cutting of 32 station was completed, together with the rock loading arrangements, thus allowing development to be carried out on this level concurrently with shaft deepening operations.

URANIUM PLANT.—The uranium plant which was commissioned towards the end of January 1955, has worked very satisfactorily. Operations are confined to the treatment of slimes from Freddies Consolidated Mines, Limited.

DAGGAFONTEIN MINES, LIMITED

ISSUED CAPITAL. In shares of 5s. each.....£1,750,000

TONS CRUSHED.....663,000

			Per ton milled s. d.
GOLD :—			
Working Revenue	£1,905,532	...	57 5
Working Costs	970,466	...	29 3
Working Profit	£935,066	...	28 2
URANIUM :—			
Working Profit (Estimated)	£365,000		
Total Working Profit	£1,300,066		

TAXATION AND GOVERNMENT'S SHARE OF PROFITS.—It is estimated that the Company's liability under this heading in respect of profits earned during the three months ended 31st March 1955 is £680,300.

CAPITAL EXPENDITURE.—£4,187.

URANIUM LOANS.—Quarterly instalment redemption and interest £140,776.

DEVELOPMENT.—Main Reef Leader : The development footage for the quarter totalled 4,232 feet, and gave the following results :—

Sampled : 3,730 feet, averaging 11.21 dwts over 13.93 inches, equivalent to 156 inch-dwts.

Payable : 1,525 feet, equal to 40.9 per cent. of the footage sampled, averaging 20.52 dwts. over 15.01 inches, equivalent to 308 inch-dwts.

Kimberley Reef : In addition a total of 7,820 feet was accomplished on the horizon of the Kimberley Reef.

Sampled : 6,805 feet averaging 8.36 dwts. over 22.15 inches equivalent to 185 inch-dwts.

Payable : 2,080 feet, equal to 30.6 per cent. of the footage sampled, averaging 19.85 dwts. over 26.14 inches, equivalent to 519 inch-dwts.

THE SOUTH AFRICAN LAND AND EXPLORATION COMPANY, LIMITED

ISSUED CAPITAL. In shares of 3s. 6d. each.....£433,125

TONS CRUSHED.....285,500

			Per ton milled s. d.
Working Revenue	£671,609	...	47 1
Working Costs	501,786	...	35 2
Working Profit	£169,823	...	11 11

TAXATION AND GOVERNMENT'S SHARE OF PROFITS.—It is estimated that the Company's liability under this heading in respect of profits earned during the three months ended 31st March, 1955, is £72,800.

CAPITAL EXPENDITURE.—£147.

DEVELOPMENT.—The development footage for the quarter totalled 12,998 feet, and gave the following results :—

Sampled : 8,250 feet, averaging 10.70 dwts. over 21.37 inches, equivalent to 229 inch-dwts.

Payable : 2,950 feet, equal to 35.8 per cent. of the footage sampled, averaging 24.55 dwts. over 22.35 inches, equivalent to 549 inch-dwts.

WESTERN REEFS EXPLORATION AND DEVELOPMENT CO., LTD.

ISSUED CAPITAL. In shares of 5s. each.....£1,750,000

TONS CRUSHED.....353,000

			Per ton milled s. d.
GOLD :—			
Working Revenue	£826,648	...	46 10
Working Costs	660,416	...	37 5
Working Profit	£166,232	...	9 5
URANIUM :—			
Working Profit (Estimated)	375,000		
Total Working Profit	£541,232		

TAXATION AND GOVERNMENT'S SHARE OF PROFITS.—It is estimated that the Company's liability under this heading in respect of profits earned during the three months ended 31st March, 1955 is £91,000.

CAPITAL EXPENDITURE.—£63,193.

URANIUM LOANS.—Quarterly instalment, redemption and interest £169,182.

DEVELOPMENT.—The development footage for the quarter totalled 18,296 feet and gave the following results :—

Sampled : 8,420 feet, averaging 14.66 dwts. over 21.83 inches, equivalent to 320 inch-dwts.

Payable : 4,240 feet, equal to 50.4 per cent. of the footage sampled, averaging 28.88 dwts. over 19.91 inches. equivalent to 575 inch-dwts.

Vaal Reef : The above figures include the following footages and values in development on the Vaal Reef horizon.

Footage driven : 8,857.

Sampled : 2,975 feet, averaging 46.89 dwts. over 9.25 inches, equivalent to 434 inch-dwts.

Payable : 1,915 feet, equal to 64.4 per cent. of the footage sampled, averaging 73.14 dwts. over 8.27 inches. equivalent to 646 inch-dwts.

FARM GOEDGENOEG No. 62.—In addition a total of 1,921 feet of development was accomplished in the part of this farm which is outside the Mining Lease Area. Results were :—

Sampled : 980 feet averaging 27.13 dwts. over 33.44 inches, equivalent to 907 inch-dwts.

Payable : 610 feet, equal to 62.2 per cent. of the footage sampled. averaging 35.07 dwts. over 41.46 inches, equivalent to 1,454 inch-dwts.

FARM NOOITGEDACHT No. 53.—Of the total of 225 feet of development accomplished in the part of this farm which is also outside the Mining Lease Area, the footage payable was negligible.

WESTERN HOLDINGS, LIMITED

ISSUED CAPITAL. In shares of 5s. each.....£1,874,094

TONS CRUSHED.....178,500

			Per ton milled s. d.
Working Revenue	£864,686	...	96 10.6
Working Costs	486,515	...	54 6.1
Working Profit for Quarter	£378,171	...	42 4.5

No taxation and no share of profit is payable to the Government.

CAPITAL EXPENDITURE.—£151,033.

Of the underground development costs incurred during the quarter an amount of £110,000 was charged to capital account. This amount is included in the total of £151,033.

DEVELOPMENT.—The development footage for the quarter totalled 16,914 feet, and gave the following results :—

Sampled : 4,220 feet averaging 128.64 dwts. over 5.31 inches. equivalent to 683 inch-dwts.

Payable : 3,640 feet, equal to 86.3 per cent. of the footage sampled, averaging 149.01 dwts. over 5.22 inches, equivalent to 778 inch-dwts.

Development work in 41 Haulage North from your Company's No. 1 Shaft continued in the property of Free State Geduld Mines, Limited, and a total of 419 feet was accomplished, of which 164 feet were on reef. 175 feet were sampled, all of which proved payable, averaging 333.00 dwts. over 5.00 inches, equivalent to 1,665 inch-dwts.

EAST DAGGAFONTEIN MINES, LIMITED

ISSUED CAPITAL. In shares of 10s. each.....£1,865,000

TONS CRUSHED.....282,000

			Per ton milled s. d.
Working Revenue	£594,144	...	42 2
Working Costs	452,004	...	32 1
Working Profit	£142,140	...	10 1

TAXATION AND GOVERNMENT'S SHARE OF PROFITS.—It is estimated that the Company's liability under this heading in respect of profits earned during the three months ended 31st March, 1955, is £64,800.

CAPITAL EXPENDITURE.—Nil.

DEVELOPMENT.—*Main Reef Leader* : The development footage for the quarter totalled 4,279 feet, and gave the following results :—

Sampled : 3,095 feet, averaging 13.84 dwts. over 8.72 inches, equivalent to 121 inch-dwts.

Payable : 1,140 feet equal to 36.8 per cent. of the footage sampled, averaging 20.87 dwts. over 12.04 inches, equivalent to 251 inch-dwts.

Kimberley Reef : In addition a total of 6,088 feet was accomplished on the horizon of the Kimberley Reef.

Sampled : 5,245 feet, averaging 11.38 dwts. over 8.43 inches. equivalent to 96 inch-dwts.

Payable : 1,265 feet equal to 24.1 per cent. of the footage sampled, averaging 43.69 dwts. over 6.70 inches, equivalent to 293 inch-dwts.

PRESIDENT BRAND GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL. In stock units of 5s. each.....£3,250,000

TONS CRUSHED.....116,000

			Per ton milled s. d.
GOLD :—			
Working Revenue	£1,009,600	...	174 0.8
Working Costs	414,637	...	71 5.9
Working Profit	£594,963	...	102 6.9
URANIUM :—			
Working Profit (estimated)	23,000		
Total Working Profit	£617,963		

No taxation and no share of profit is payable to the Government.

CAPITAL EXPENDITURE.—£223,766.

Of the underground development costs incurred during the quarter, an amount of £154,000 was charged to capital account. This amount is included in the total of £223,766.

DEVELOPMENT.—The development footage for the quarter totalled 20,561 feet, and gave the following results :—

Sampled : 2,960 feet, averaging 224.05 dwts. over 4.98 inches, equivalent to 1,116 inch-dwts.

Payable : 2,675 feet, equal to 90.4 per cent. of the footage sampled, averaging 249.95 dwts. over 4.91 inches, equivalent to 1,227 inch-dwts.

The connecting haulage between Nos. 1 and 2 Shafts on 46 level holed during the quarter.

URANIUM PLANT.—The uranium plant at President Steyn Gold Mining Company, Limited, commenced operations towards the end of January, 1955, for the treatment of slimes from your Company's and President Steyn's reduction plants. The plant has operated satisfactorily from the start.

PRESIDENT STEYN GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL. In shares of 5s. each.....£2,484,174 15s. 0d.
(1,840,000 shares are under option to Anglo American Corporation of South Africa, Limited, at 20s. per share to 30th, June, 1955.)

TONS CRUSHED.....191,000

			Per ton milled s. d.
GOLD :—			
Working Revenue	£785,096	...	82 2.5
Working Costs	528,549	...	55 4.1
Working Profit	£256,547	...	26 10.4
URANIUM :—			
Working Profit (estimated)	35,600		
Total Working Profit	£292,147		

No taxation and no share of profit is payable to the Government.

CAPITAL EXPENDITURE.—£245,446.

Capital expenditure on the construction of the uranium plant was £157,548. Of the underground development costs incurred during the quarter, an amount of £67,500 was charged to capital account. Both of these amounts are included in the total of £245,446.

DEVELOPMENT.—The development footage for the quarter totalled 18,146 feet and gave the following results :—

Sampled : 3,945 feet, averaging 71.69 dwts. over 8.48 inches, equivalent to 608 inch-dwts.

Payable : 3,765 feet, equal to 95.4 per cent. of the footage sampled, averaging 75.37 dwts. over 8.39 inches, equivalent to 632 inch-dwts.

URANIUM PLANT.—The uranium plant commenced operations towards the end of January, 1955, for the treatment of slimes from your Company and President Brand Gold Mining Company, Limited. The plant has operated satisfactorily from the start.

The date on which loan repayments will commence has not yet been finally determined and, as a result, no provision is being made for the time being for the redemption of the loans granted to finance the construction of the plant.

LORAINE GOLD MINES, LIMITED

ISSUED CAPITAL. In shares of 10s. each.....£8,226,686

(*Note*.—As consideration for the subscription of shares and the provision of loan facilities, the Anglo American Corporation of South Africa, Limited, has been given the right up to and including 31st December, 1957, to subscribe for 2,750,000 reserve shares in the Company at the price of 20s. per share.)

UNDERGROUND DEVELOPMENT.—During the quarter a total of 27,163 feet of underground development was accomplished, and the following were the results obtained :—

Sampled : 5,280 feet, averaging 30.25 dwts. over 8.16 inches, equivalent to 247 inch-dwts.

Payable : 4,085 feet, equal to 77.4 per cent. of the footage sampled, averaging 35.33 dwts. over 8.16 inches, equivalent to 288 inch-dwts.

The results obtained from development in the vicinity of individual shafts were as follows :—

No. 1 SHAFT AREA :

Sampled : 2,350 feet, averaging 44.51 dwts. over 6.27 inches, equivalent to 279 inch-dwts.

Payable : 1,950 feet, equal to 83.0 per cent. of the footage sampled, averaging 50.16 dwts. over 6.28 inches, equivalent to 315 inch-dwts.

No. 2 SHAFT AREA :

Sampled : 2,930 feet averaging 22.85 dwts. over 9.68 inches, equivalent to 221 inch-dwts.

Payable : 2,135 feet, equal to 72.9 per cent. of the footage sampled, averaging 26.70 dwts. over 9.86 inches, equivalent to 263 inch-dwts.

Satisfactory progress has been maintained in the connecting haulages between Nos. 1 and 2 shafts and a holing was made earlier this month.

REDUCTION PLANT.—The plant operated for metallurgical and test purposes during the quarter.

CAPITAL EXPENDITURE.—Capital Expenditure for the quarter was £628,626.

BRAKPAN MINES, LIMITED

ISSUED CAPITAL. In shares of 5s. each.....£1,150,000

TONS CRUSHED.....318,000

			Per ton milled s. d.
Working Revenue	£677,868	...	42 8
Working Costs	635,488	...	40 0
Working Profit	£42,380	...	2 8

TAXATION AND GOVERNMENT'S SHARE OF PROFITS.—It is estimated that the Company's liability under this heading in respect of profits earned during the three months ended 31st March, 1955, is £4,100.

CAPITAL EXPENDITURE.—Nil.

DEVELOPMENT.—The development footage for the quarter totalled 15,103 feet, and gave the following results :—

Sampled : 11,420 feet, averaging 5.66 dwts. over 43.09 inches, equivalent to 244 inch-dwts.

Payable : 3,450 feet, equal to 30.2 per cent. of the footage sampled, averaging 13.39 dwts. over 46.74 inches, equivalent to 626 inch-dwts.

SPRINGS MINES, LIMITED

ISSUED CAPITAL. In shares of 5s. each.....£2,527,500

TONS CRUSHED.....351,000

			Per ton milled s. d.
Working Revenue	£597,432	...	34 0
Working Costs	573,932	...	32 8
Working Profit	£23,500	...	1 4

TAXATION AND GOVERNMENT'S SHARE OF PROFITS.—It is estimated that the Company's liability under this heading in respect of profits earned during the three months ended 31st March, 1955 is £2,000.

CAPITAL EXPENDITURE.—Nil.

DEVELOPMENT.—The development footage for the quarter totalled 6,417 feet, and gave the following results :—

Sampled : 5,260 feet averaging 6.34 dwts. over 19.13 inches, equivalent to 121 inch-dwts.

Payable : 1,165 feet, equal to 22.1 per cent. of the footage sampled, averaging 16.79 dwts. over 20.49 inches, equivalent to 344 inch-dwts.

London Office : 11 Old Jewry, E.C.2.
April 21, 1955.

For and on behalf of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED.
R. V. PRITCHARD, Assistant London Secretary.

TRADE INDEMNITY COMPANY, LIMITED

RAPID GROWTH OF ACTIVITIES

SIR JOHN MAKINS ON CREDIT INSURANCE

The thirty-seventh ordinary general meeting of Trade Indemnity Company, Limited, was held on April 15th at 24 Cornhill, London, E.C.

The following is an extract from the statement by the chairman, Sir John Makins, which has been circulated with the report and accounts for the year ended December 31, 1954:

The gross premiums earned in 1954 came to £1,422,731.

The turnover of transactions underwritten in 1954 at £840 million was 40 per cent higher than the corresponding figure for 1953. Claims paid less salvages at £389,298 are up 45 per cent, but the ratio to gross premium income is still only 27 per cent and is no worse than the ratio for 1952.

Our retained premium was £450,254 and our share of gross claims £94,452.

If we divide the premiums and claims over the three accounts, we get a similar result to that which I referred to a year ago. Thus, under 2 per cent of the premiums and roughly 29 per cent of the claims relate to 1952 policies, about 49 per cent of the premiums and 59 per cent of the claims to 1953 policies, and about 49 per cent of the premiums and 12 per cent of the claims to 1954 policies.

The expenses of management in 1954 came to £140,331, which is just under 10 per cent of the gross premium income.

We now come to provision for outstanding claims and the balances of the underwriting accounts. In so far as 1952 (including previous years) is concerned, we are satisfied that £48,037 will suffice to look after outstanding claims and unexpired liability. This leaves us with a balance of £213,761, which we propose to transfer to the profit and loss account.

As regards 1953 and 1954, it is too early to be definite and we are carrying forward the balances of £233,580 and £80,392 as is customary. These two balances include provision for outstanding claims, unexpired liability and taxation, and should be adequate. We can, as usual, expect substantial additional premiums on the 1954 account.

Turning next to the profit and loss account, interest on investments and other income (gross) comes to £34,359, to which must be added £213,761 transferred from 1952 underwriting account. Against this total of £248,120, taxation on income in the account will absorb £167,419 as against £137,786 for 1953. The increase arises on income tax (plus £7,653) and on the excess profits levy of £37,500. Against that profits tax shows a decrease of £15,520.

In the result, taxation absorbs roughly two-thirds of our gross profit for 1954, leaving us with £80,701 to which must be added a carry-forward of £159,739 less £50,000 capitalised and applied in paying up 50,000 £1 shares issued to members in 1954. We therefore arrive at a figure of £190,440 from which £30,000 has been transferred to contingency reserve, bringing this up to a round figure of £100,000. The directors recommend payment of a dividend of 10 per cent less income tax. On the present paid up capital this will absorb £24,750, leaving £135,690 to carry forward.

I will again anticipate the proceedings of the extraordinary general meeting which follows after these proceedings by mentioning the proposal to increase your company's capital by £50,000 for the fifth year in succession, thereby bringing it up to £500,000 in fully paid £1 shares.

GENERAL REMARKS

The nation has recently experienced a fairly sharp tug on the reins by the Chancellor of the Exchequer with the object of forestalling a tendency for inflationary trends in the economy to get out of hand, and I think it may be useful if I endeavour to explain where we think that credit insurance stands in this respect.

In our opinion, credit insurance should not be an inflationary factor if it is properly directed and controlled. Its object is to protect merchants and manufacturers against losses due to the insolvency or protracted default of their customers to whom they sell goods on credit terms, and it should enable the insured to develop and expand his business on sound lines. That is not inflationary unless it leads to an increase in the size and period of credits which is not properly related to the efficient manufacture, sale and movement of goods.

When restrictions were removed from hire purchase business in July, 1954, we were asked to consider a form of credit insurance for hire purchase finance companies and dealers and retailers selling goods on the "never-never" system. We decided against the proposal because we could not see the basis of a sound demand for credit insurance in this respect.

Naturally, there are exceptions when expensive machinery or equipment is purchased on extended credit terms, but these medium term risks, as we call them, are in a category of their own.

EXPORT CREDITS

It is obviously in the national interest to extend the volume of export credits insurance and we shall continue our efforts to achieve this, with every expectation of success; but probably more could be done if their existed some closer form of co-operation between the export credits guarantee department and ourselves. With the advantages of co-operation in mind, we have joined the Union d'Assureurs pour le Controle des Credits Internationaux, which is concerned with the activities of governments in the export credits field.

At the same time, we continue to play a leading part in the affairs of the International Credit Insurance Association, of which our general manager, Mr Patrick, has now been president for nearly three years. Through these two channels we are able to keep in close touch with changing conditions which may affect our role.

Meanwhile, we are under pressure to help the development of credit insurance locally in Commonwealth countries, and there we are confronted with a dearth of trained personnel. As you will appreciate credit insurance is a very specialised business and the rapid expansion of our own activities in this country has absorbed our young men as fast as we have trained them. The process still continues.

In order to accommodate our growing staff, we have had to look for larger offices and we expect to move to a new building, 31/45 Gresham Street, before the end of the year. When we do that there will be more room for training and expansion, and we confidently anticipate that we shall increase our efficiency and widen the basis of our operations. The report was adopted.

LEGAL AND GENERAL ASSURANCE SOCIETY LIMITED

REVIEW OF OPERATIONS FOR THE YEAR 1954

STATEMENT BY THE CHAIRMAN, THE HONOURABLE W. B. L. BARRINGTON

The one hundred and eighteenth annual general meeting of the Legal and General Assurance Society Limited will be held on May 11th at Aldwych House, Aldwych, London, W.C.

The following is an extract from the circulated statement by the chairman, the Honourable W. B. L. Barrington:

LIFE ASSURANCE AND ANNUITY FUND

The society's achievements in the field of life assurance can be regarded with much satisfaction in the light of yet another record total of new business. This, for the first time in our history, has exceeded £100 million. The actual figure—£101,157,391—of net new sums assured includes substantial increases arising under existing group policies and also reflects a material increase in new production in every major section of life business, not only in the United Kingdom, but also in Southern Africa.

The total net premium income amounted to £30,597,751, an increase of £2,733,425 over the previous year.

OVERSEAS BUSINESS

Steady progress in our South African affairs, with a contribution to our new life assurance business in 1954 of £17,527,789 net sums assured, which is again a record.

MORTALITY EXPERIENCE

An investigation has, as usual, been made into our mortality experience and I am glad once again to be able to report a favourable result. Death claims during the year were less than those expected under the mortality table used in valuation. While the experience under our pension business was good, it was rather less favourable in respect of privately purchased annuities.

RATE OF INTEREST

The gross rate of interest earned on the life assurance and annuity fund, excluding the amount invested in purchased reversions, was £4 14s. per cent as compared with £4 11s. 5d. per cent in the previous year. The corresponding net rates were £4 1s. 4d. per cent and £4 0s. 10d. per cent respectively.

EXPENSES OF MANAGEMENT

The total cost of commission and expenses of management expressed as a ratio to the life premium income was 9.34 per cent as compared with 9.41 per cent in 1953 and 9.49 per cent in 1952. I think you will agree that this represents a very modest level of expense which, I hope, we shall be able to maintain. We do not, of course, take into our calculation of the expense ratio the large total of consideration monies received for immediate annuities, which amounted last year to £1,210,028.

FIRE INSURANCE ACCOUNT

The net premium income of the fire insurance account amounted to £2,111,502. This represented an increase of £63,165 and was achieved in spite of a substantial reduction in the amount of business received from other companies under reinsurance treaties.

After making provision for unexpired liabilities and after transferring the sum of £20,000 to exchange reserve, the underwriting surplus amounted to £214,469, which is 10.16 per cent of the premium income.

The balance of £85,194 represents the net profit on the account and this has been added to the additional reserve, which now stands at £465,150.

ACCIDENT INSURANCE ACCOUNT

The net premium income of the accident insurance account amounted to £1,481,076, an increase for the year of £100,829.

After providing for unexpired liabilities the underwriting surplus amounted to £135,343. After adding £58,898 representing interest on the funds the total surplus was £194,241. The balance of £68,914 represents the net profit on the account and has been added to the additional reserve, which now amounts to £283,980.

The totals of our combined fire and accident accounts were therefore—premiums, £3,592,578; claims paid and outstanding, £1,482,187 or 41.26 per cent of income; commission, expenses of management and overseas taxation, £1,593,130 or 44.35 per cent. Profit, after providing for unexpired liabilities and before deduction of United Kingdom tax, was £374,777 or 10.43 per cent, which, I think you will agree, is a satisfactory result.

MARINE ACCOUNT

The actual fund at the end of 1954 was £730,522, as compared with £532,479 at the end of 1953. The 1952 account has been closed and the balance on that year of £37,504 has been retained in the fund. This compares with a final balance of £25,149 on the 1951 account.

PROFIT AND LOSS ACCOUNT

The balance brought forward in the profit and loss account is £468,396. The directors now recommend the payment of a final dividend of 5s. 6d. per share. This, with the interim dividend paid on January 1, 1955, will make a total of 8s. per share, as compared with the total of 6s. 9d. per share paid for the year 1953. The amount carried forward is £1,037,704, which includes the sum of £750,000 to which I shall refer later.

ASSETS

The assets of the society amounted to £230,295,107, representing an increase during the year of £22,341,609, and the investment of our growing funds engages the constant attention of the board.

ARTICLES OF ASSOCIATION

I will only refer briefly to the proposed adoption of new articles of association, as this is the subject of a separate letter explaining in detail what is involved. The position in short is that following the important alterations which were adopted last year, we feel that it is now desirable to bring the society's articles up to date and into line with the Companies Act of 1948. They had been virtually unchanged since 1922, and the adoption of the new articles is, in the directors' opinion, very desirable and is recommended.

SHARE CAPITAL

Lastly, in connection with the society's share capital, I have to refer to the directors' proposals which are embodied in the resolution now in your hands. At present this capital is £1 million, in one million shares of £1 each, of which 5s. per share has been paid, and it is recommended that these shares should now be made fully paid.

Coupled with this is the recommendation previously mentioned, that the final dividend should be increased to a total of 8s. per share. The dividend at this level is more than covered by the existing balance in the profit and loss account. The shareholders will appreciate that a transfer of profit from the life assurance and annuity account cannot be made until after the quinquennial valuation at the end of 1956 has been completed. The above proposals are submitted by the directors in the confidence that they represent a proper and desirable course of action.

In conclusion, I should like once again to express to Mr G. W. Bridge, our very able general manager, and to all members of the staff, both at home and abroad, my own and the directors' very sincere thanks for, and deep appreciation of, the splendid work they have done in helping the society to sustain such a high level of activity and progress.

PROCEA PRODUCTS

The eighteenth ordinary general meeting of Procea Products Limited was held on April 18th in London, Mr D. W. Kent-Jones, PhD, BSc, FRIC (the chairman), presiding.

The following is an extract from his circulated statement:

The profit for the year ended August 31, 1954, was £32,049. The larger profit this year—indeed, the highest actual profit figure so far achieved by the company—is largely due to the extension of our own baking interests.

The Wrapped and Sliced Small Procea Loaf: Last year I discussed the many reasons why we had decided to produce this loaf ourselves, and it is sufficient to say that the proposition has been a most successful one. The coverage will be extended as soon as possible until we hope the whole of the country will be catered for. This means the provision of suitable production centres, but it would be impossible to start up a large number at one time without the provision of additional working capital.

To enable us to do what we want, it is, therefore, necessary to raise further capital, but at this stage I cannot say what form this is likely to take. If and when we issue further capital it is our intention to apply for a quotation on the London Stock Exchange.

I feel that we have now met and overcome the principal difficulties we knew that we would meet after the end of the war, such as decontrol, changed food habits, etc. There seems now no reason why there should not be ready expansion on profitable lines.

The report was adopted and a total dividend of 7½ per cent for the year was approved.

JAS. WILLIAMSON & SON LIMITED

A SUCCESSFUL YEAR

LORD PEEL'S STATEMENT

The twenty-fourth annual general meeting of Jas. Williamson & Son, Limited, was held on April 20th at The Royal King's Arms Hotel, Lancaster. Mr F. E. Winmill presided in the absence of the chairman, the Right Honourable the Earl Peel, who is abroad, and presented Lord Peel's apologies for his absence.

The secretary (Mr L. Beswick) read the notice convening the meeting and the report of the auditors.

The following is the statement by the chairman which had been circulated to stockholders with the report and accounts for the year ended December 24, 1954:

Nineteen hundred and fifty-four was the first year since 1938 in which, with very minor exceptions, the company was able to trade without restriction. I am glad to be able to report that it was successful. Our net profit before tax at £926,464 is the highest in the company's history, and this was earned on a record turnover in spite of having reduced prices of most of our products at the beginning of the year.

CAUSES OF SATISFACTORY RESULT

This satisfactory result may be attributed to three main causes; to the generally favourable conditions in the building trade; to hard and steady work in all departments; and to the increased output flowing from the new and improved plant on which we have spent large sums of money since the war. It is true that some markets where we used to do a substantial turnover have been closed to us. It is true also that the dock strike in the autumn prevented us from shipping many goods we had on order. By and large, however, both domestic and commercial building has been very active, not only in this country, but in Europe, America and many other countries, and we have not been slow in meeting the consequent increased demand for floor coverings, table coverings, and other coated fabrics.

Having said this it is only right for me to say that trading conditions may not be quite so favourable in 1955. Our costs are rising again; the expense of maintaining and replacing machinery and buildings grows no less; and many of our raw materials are now dearer. Linseed oil, for example, which after having been freed from control fell by the middle of 1954 to its lowest price since the war, has risen considerably during the past six months. Nevertheless we prefer to have a free market, and even though trading may not be as profitable in 1955, I see no special reason why the demand for our products should fall off. Our order book after the first two months of the current year is healthy and we have equipped ourselves, and continue to equip ourselves, to meet the increased competition which we know is bound to come.

PLANT REPLACEMENTS AND IMPROVEMENTS

I have referred to the large sums of money we have spent on plant and machinery. Since the beginning of 1946 this has amounted to £2,547,383 and even though a large part of this was for replacement of old plant, always at higher cost and usually in improved form, a considerable part nevertheless represents expansion. This expansion has been paid for out of past profits, or, to put this another way, much of our reserves and surplus which stood in the balance sheet at the end of 1953 at £1,733,133, and to which your board have added £269,547 at the end of 1954, is permanently invested in plant and buildings. Your board consider it desirable to recognise this fact by capitalising that part of our reserves.

You will find enclosed a notice convening a meeting to consider resolutions to increase the nominal capital of the company to £4 million, and to issue 1,330,848 new "A" stock units in the proportion of one new "A" stock unit for every three units of ordinary stock at present held. The new stock will be in every way equal to the present ordinary stock except that it will not carry the right to vote and will not be entitled to the final dividend declared in respect of 1954.

INCREASED DIVIDEND

Your board have given much thought to what the dividend should be for 1954. The profits were good and they feel it right that the shareholders should receive some benefit from them. They therefore propose to recommend a final dividend of 12½ per cent which, together with the interim dividend of 2½ per cent declared in October, makes 15 per cent for the year against a total of 12½ per cent paid in respect of 1953.

I should like to make clear that this increased dividend and the scrip issue are in no way connected. It has become customary and is regarded by some as almost perfunctory to remark that a scrip issue does not imply an increased distribution of profits in future years. I would, however, go further and say that, whilst your board consider the above dividend a proper distribution in relation to the profits for 1954, they will not hesitate to recommend a lower distribution if they consider profits in any year do not justify its maintenance.

You will be asked to confirm the appointment to the board as from January 1, 1955, of Mr Harry Priestley. Mr Priestley entered the company's service in 1935 and was appointed commercial manager in 1952. Your directors feel certain that he will prove to be a valuable addition to the board.

THANKS TO MANAGEMENT AND EMPLOYEES

Finally, I must express our thanks to the management and to all the employees of the company for the work that they have done during the past year. The majority of them have been with us for many years and the results we are able to show would have been impossible to obtain without their loyal cooperation.

The report and accounts were adopted; and the proposed dividend was approved.

The retiring directors, the Right Honourable the Earl Peel and Mr F. E. Winmill, were re-elected; the appointment of Mr H. Priestley to the board was confirmed; and the remuneration of auditors, Messrs. Viney, Price and Goodyear, was fixed.

At a subsequent extraordinary general meeting of the company resolutions were passed increasing the authorised capital and approving the proposed scrip issue.

NORTH BRITISH AND MERCANTILE INSURANCE

SATISFACTORY QUINQUENNIAL VALUATION

The annual general meeting of the North British and Mercantile Insurance Company, Limited, will be held on May 12th in Edinburgh.

The following is an extract from the circulated statement of the chairman, the Right Honourable Lord Brand, CMG, DCL:

Fire Department.—During the past year this most important section of our business has, I am sorry to say, failed to maintain the satisfactory rate of profit to which we have become accustomed. Premiums at £16,401,469 show a modest increase of £161,547. Losses at £8,670,504, 52.87 per cent of premiums, against £7,811,461, 48.10 per cent in the previous year, have also increased by £859,043.

The amount of profit to be transferred to the profit and loss account is £60,047, 0.37 per cent of the year's premiums, compared with £963,414, 5.93 per cent in the previous year.

Casualty Department.—Total casualty premiums amounted to £5,368,247, being £290,981 in excess of those for 1953 of £5,077,266.

The underwriting profit is £367,260, 6.84 per cent of premiums, compared with £366,374, 7.22 per cent for 1953.

Marine Department.—The Marine Premium income for 1954 was £1,566,197, which compares with £1,702,750 in 1953.

Claims totalled £1,024,919 against £1,321,578 in 1953, and expenses of management and overseas taxes amounted in 1954 to £266,038, the corresponding figure for 1953 being £294,922. We have transferred the sum of £260,071 from our marine fund to profit and loss account.

Life Department.—The year 1954 completed another quinquennium.

After deducting reassurances, the new business completed during 1954 amounted to the satisfactory total of £11,403,255, which represents an increase of 10.9 per cent on the previous year's figure of £10,283,433.

As you will see from the report submitted by the Actuary the valuation result is very satisfactory. The surplus has justified the recommendation that a bonus at the rate of £2 per cent per annum be declared for each of the five years covered by the investigation.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Net interest on investments amounts to £998,173, compared with £945,913 in the previous year. The transfers from the fire, accident and marine accounts total £687,378 as against £1,546,643 in 1953. Credit has been taken for one-fifth of the shareholders' portion of the profit from the life department Provision has also been made for the transfer from the annuity branch of £750,000 and from the sinking fund branch of £20,000.

The proposed dividend of 11s. per share and the preference dividend will absorb £704,000. United Kingdom taxes absorb £452,714 and overseas taxes charged to this account £43,180.

We are left with a final balance on the account of £14,587,322, representing the aggregate amount carried forward in the accounts not only of the "North British" but also of its associated companies at home and overseas.

MENTMORE MANUFACTURING COMPANY

INCREASED HOME SALES

The nineteenth annual general meeting of the Mentmore Manufacturing Company Limited was held on April 19th in London, Mr A. Andrews (chairman and managing director) presiding. The chairman said:

The profit for the year, before providing for tax, is £190,579, compared with £206,225 for the previous year. The actual reduction in trading profit, however, is £10,568, the remaining difference of £5,078 being the amount which was added to our profit figure last year because of the settlement of a loss of profits claim arising from the fire at Wood Green in 1952.

CONTINUED AND STRENUOUS COMPETITION

The year under review has been one of continued and strenuous competition in the export markets, both from Japan and Germany. It has been necessary for us, in many markets, to produce special lines at prices which will meet this competition. We have, in addition, been faced with rising costs in certain of our raw materials and also an award negotiated with the unions which has increased our wage bill in the year by approximately £15,000.

Despite these increases in our costs, we have not raised the price of our products on the home market and, in fact, have introduced new lines which show considerable price reduction to the public. These increases in our costs and the price reduction to which I have referred, have been, to a large extent, offset by savings in costs made possible by improvements in design and production.

Although we have had these problems with our export markets, the sales of our Platignum and Mentmore products on the home market have increased considerably during the year.

DIVIDEND MAINTAINED

Turning to the accounts, you will see that owing to the cessation of the excess profits levy, our net profit, after paying tax, notwithstanding the reduction to which I have referred, is only £1,294 lower than last year. Therefore, it is possible for your board to recommend a final dividend of 20 per cent, less tax, which will keep the ordinary dividend at the same level as last year, that is, 40 per cent for the year, transferring £42,756 to reserve and still carrying forward £61,728.

From the profit and loss account it will be observed that taxation absorbs about £14,300 less than last year. £6,500 of this is due to the fact that excess profits levy was payable only in respect of the profits of the first quarter of the year under review. On income tax the saving was £7,500 due, of course, to our assessment being made on a smaller figure and for the same reason profits tax is down by £300. Next year we shall reap further benefit by the abolition of excess profits levy to the extent of £3,000.

CAPITALISATION OF RESERVES

The amount of issued capital employed in the company is £245,233 and, as you will see from the report, it is proposed to capitalise from the company's general reserve and distribute amongst members, two new ordinary stock units of 1s. each for every three ordinary stock units held by them on March 21, 1955.

As I have already mentioned, your directors propose to transfer to general reserve from the profit and loss account £42,756, making this figure £214,489. When the proposed bonus issue has been deducted from this amount it still leaves a figure of £100,000 for general reserve.

Last year, you will remember, I spoke to you about the proposal to build at Stevenage New Town. Plans for the new factory have been drawn up and this matter is well in hand. As you will see from the balance sheet, we have sufficient cash reserves to finance this project, apart from the fact that we own one freehold factory at Wood Green and our leasehold factory at Hackney which should, according to estimates which we have received from property surveyors, realise a sum considerably in excess of the amount shown in our balance sheet.

We have again had a satisfactory year in our plastics division, which continues to expand steadily.

At our last meeting I told you that it was proposed by your board to alter the name of the company from Mentmore Manufacturing Company Limited to Platignum Pens Limited, because it was believed that owing to the very good name which our Platignum products enjoy, it would be to our advantage to make this change. However, although our products have such a good reputation under the brand name Platignum, our customers in the retail trade and in the markets overseas are so familiar with the name Mentmore Manufacturing Company Limited that it was eventually felt it would be undesirable to make this alteration.

GENERAL REFRACTORIES LIMITED

GENEFAX HOUSE, SHEFFIELD, 10

A comprehensive range of refractories serving all industries is produced by the Company and its Subsidiaries at their Works and Quarries situated in many parts of England, Scotland, Wales, and in Belgium. Research and technical field service facilities are available. The Company has offices and representatives throughout the United Kingdom and Agents in all parts of the world.

SUMMARISED CONSOLIDATED BALANCE SHEET OF GENERAL REFRACTORIES LTD., & SUBSIDIARIES

Based on figures as at 31st December, 1954

	£		£	£
Issued Capital	1,040,000	Fixed Assets	3,507,117	
Capital Reserves	178,473	*Less* Accumulated Depreciation	1,778,546	
Revenue Reserves and Unappropriated Profits	891,559			1,728,571
Liabilities	1,629,274	Trade Investments, etc.		13,138
		Current Assets		1,997,597
	£3,739,306			£3,739,306

SUMMARISED APPROPRIATION ACCOUNT OF GENERAL REFRACTORIES LIMITED.

	£
Profit for the year after providing for Depreciation, Taxation, etc.	223,042
Net Distribution for year to Stockholders	100,100
Retained in the business	£122,942

EXTRACTS FROM THE CHAIRMAN'S STATEMENT

Turnover in the Home Market reached a very satisfactory level and your Company continues to maintain its leading position in the industry. Considerable progress has again been made in Overseas Markets and the orders booked in 1954 showed an increase of no less than 56% over 1953. Large tonnages were booked in the last three months of the year for delivery in 1955 and recently we have been able to resume business with the Argentine Republic as a result of some relaxation in currency and import restrictions.

The Trading Profits of the Group amounted to £685,181. The Group Surplus for the year, after providing for Depreciation and Taxation amounts to £245,554. Your Directors recommend the payment of a Dividend of 17½%, less Income Tax.

It is clear that we are on the threshold of a new era—the atomic age—with all its immense potentialities. Out of evil good may come. Out of the development of the atom bomb our scientists are daily making new discoveries which, if harnessed to peaceful ends, may well revolutionise the economy of the world within a generation. Whether the threat of inflation and international uncertainties will imperil the prosperity of the country only time can tell. Come what may, I can say with confidence that your Company is in a very strong position to take advantage of favourable developments or to withstand any strains which may be thrust upon it.

Copies of the Accounts and Chairman's Statement may be obtained from the Secretary, Genefax House, Sheffield, 10.

CURRENT YEAR'S PROSPECTS

Our trade at home continues to increase, but on the export markets we are still faced with serious problems. In addition to the Japanese and German competition which I have mentioned, and which is most intense throughout the East and Near East, we are faced with what I am beginning to think is likely to be a recurrent recession in our Australian market. As you will have read, the Australian balance of payments is not considered by the Government of that country to be satisfactory and a programme of curtailment of imports has commenced. Unfortunately, our type of product is amongst those, the importation of which will be affected. We are, however, confident that the steps which we have taken to meet the competition in our other export markets will result in our obtaining a fair share of the business to be done.

We have also met with considerable success in the home market with certain of our new lines, amongst which I will mention our Platignum Kleenpoint Ball pen, which, owing to a special ink formula, has been particularly successful. All of the foregoing leads me to feel that I can give you a reasonably optimistic forecast as to the current year's results.

Finally, on behalf of the board of directors, I wish to express thanks to all of our staff and employees for their loyal services throughout the year.

The report and accounts were adopted.

Resolutions were also passed approving (1) the increase of the capital of the company from £260,000 to £500,000 by the creation of 4,800,000 ordinary shares of 1s. each; (2) the capitalisation of £114,488 18s. of the general reserve and its allotment to ordinary stockholders in the proportion of two new ordinary shares for every three ordinary stock units of 1s. each held; and (3) the conversion of the said new ordinary shares into stock as and when issued.

MONSANTO CHEMICALS LIMITED

The following is a précis of the circulated statement of the Chairman, Mr. Edward A. O'Neal, Jr., which will be presented at the Annual General Meeting on 12th May, 1955.

OPERATIONS/Net sales in 1954 reached the record total of £12,634,616, an increase of £1,781,762 over 1953.
Exports were also a record at £4,799,179 and represented 38 per cent of total sales.
Net profit was £806,499, an increase of 20 per cent over 1953. Dividend for the year on the ordinary stock totalled 22½ per cent on the nominal value of the stock.
The record sales which were achieved in face of increased competition both at home and abroad enabled most plants to be operated at full capacity. Continuous effort was directed to improving manufacturing efficiency, the quality and properties of products and to expanding facilities for giving technical service to customers.
During the year the number of employees increased from 3,435 to 3,683.

EXPANSION/Plans have been laid and construction begun for substantial developments during the next few years. Capital expenditure during 1954 totalled £471,471. The board has also authorised further capital expenditure of £2,800,000.
Expansions were carried out in a number of manufacturing plants at both factories to give increased production of polystyrene plastic, chemical additives for lubricating oils, chemicals for the rubber industry, intermediates for detergents and raw materials for the paint and plastics industries.
Expansions under way include facilities for producing rubber-like resins for synthetic shoe solings and emulsion paints, also a major plant for the manufacture of maleic anhydride. Maleic anhydride is the basic raw material for the manufacture of alkyd and polyester resins employed in the paint and plastics industries.
A major project has been launched for the production of cyclohexylamine.
Research facilities have also been expanded.

SUBSIDIARY AND ASSOCIATED COMPANIES/Monsanto Chemicals (Australia) Limited showed increased earnings. Profits were ploughed back to assist expansion programme.
Monsanto Chemicals of India Limited showed a satisfactory increase in sales volume against heightened competition.
Forth Chemicals Limited is making good progress with the doubling of capacity for manufacturing styrene monomer. A project for still further expansion has been authorised.
The Tororo Exploration Company Limited interested in the commercial development of Uganda phosphate and niobium deposits has made very good progress in solving preliminary technical questions.

Copies of the Annual Report are available on application to the Department of Industrial and Public Relations.
MONSANTO CHEMICALS LIMITED
Registered Office: 8, *Waterloo Place, London, S.W.*1.
Sales Offices: *Victoria Station House, Victoria St., London, S.W.*1, *and at Royal Exchange Bldgs., Manchester*

MONSANTO

THE IMPERIAL TEA COMPANY LIMITED

CAPITALISATION OF RESERVES

MR R. A. SIMSON'S STATEMENT

An extraordinary general meeting of The Imperial Tea Company, Ltd., was held on April 18th in London to consider resolutions for the capitalisation of reserves.

Mr R. A. Simson, CBE, chairman, said: The object of today's meeting is to consider resolutions to provide for the capitalisation of reserves and the issue to ordinary stockholders of one new fully-paid ordinary share of £1 for each two £1 units of ordinary stock. We have recently received strong representations from a large body of preference stockholders that the proposals are inequitable having regard to their effect upon the position of the preference stockholders as a class.

As the Articles stand at present the preference stockholders are not entitled on a winding up to any preferential repayment of capital but are entitled to share in the surplus assets *pari passu* with the ordinary stockholders. As regards voting rights they have one vote per share and are entitled to vote at all meetings of the company. They are not entitled to participate in an issue of fully-paid shares resulting from a capitalisation of reserves. The effect of the present proposals would be to reduce their proportionate voting power and their share of the surplus assets on a winding up.

In the circumstances it has been represented to us that it would be more satisfactory from every point of view if the rights attached to the preference stock were revised to provide for a higher rate of interest and for a preferential right to the repayment on a winding up of £1 per £1 unit in lieu of the existing right to share *pari passu* with the ordinary stockholders in the surplus assets.

PROPOSED REVISION OF RIGHTS

The board, now being aware that a large body of preference stockholders would favour a revision of their rights on the lines I have indicated, has reviewed the position afresh. We have come to the conclusion that such an adjustment of the relative rights of the two classes of stockholders would be reasonable from the point of view of both classes and that the right course is to take early steps to invite stockholders to approve proposals for such an adjustment providing for, amongst other things, an increase in the rate of dividend payable on the preference stock from 5 per cent to 6 per cent and some limitation on the circumstances in which the preference stockholders would be entitled to vote.

I wish to make it clear that having regard to the representations which have been made the board feel that the capitalisation proposals should only be proceeded with today on the basis that members will as soon as practicable be invited to approve the adjustment of the respective rights of preference and ordinary stockholders I have outlined to you.

A detailed statement of the proposals will be circulated to members as soon as possible, together with notices convening separate class meetings of the preference and ordinary stockholders and an extraordinary general meeting of the company.

The resolutions capitalising £200,000 of the reserves and approving the distribution of one share for each two units of stock and the conversion of these shares into stock were duly passed.

GRESHAM LIFE ASSURANCE SOCIETY LIMITED

ANOTHER RECORD YEAR

HONOURABLE W. B. L. BARRINGTON'S REVIEW

The one hundred and sixth annual general meeting of the Gresham Life Assurance Society Limited was held on April 14th at 188 Fleet Street, London, E.C.

The Honourable W. B. L. Barrington, the chairman, who presided, said :

It is with deep regret that I refer to the death, on December 11, 1954, of Major General Sir John H. Davidson, KCMG, who had been a director since 1923, and was deputy chairman from 1938 to 1951, a position which he held with conspicuous ability and charm. All who knew him could not fail to appreciate his high character and outstanding personality. To succeed him the directors appointed Sir Ronald Matthews, DL, a director of the Legal and General, whose re-election is to be submitted to this meeting.

I should like to take this opportunity of extending our warm congratulations to Viscount Harcourt upon his appointment as Her Majesty's Economic Minister in Washington. This appointment means, of course, that Lord Harcourt's valuable services will not be available to the society for a time, but I am happy to say that he has acceded to the request of the directors to retain his position as deputy chairman of the society during the currency of this very important appointment.

I am pleased to report that our new business during 1954 again constituted a record for the society. The total sums assured under life and endowment policies of all types, after deducting amounts which we reassured with other companies, amounted to £12,502,000. This is an increase of £1,491,000, or 13½ per cent over last year's figure of £11,011,000, which, you may remember, was the previous highest total sum assured in the society's history.

Three-quarters of the increase in net sums assured last year was attributable to our home business, which increased by £1,120,000, or nearly 20 per cent, from £5,715,000 to £6,835,000.

Our overseas production increased by £370,000, from £5,297,000 to £5,667,000.

I should like particularly to congratulate our French branch on increasing its new business by over £600,000, almost 50 per cent of the 1953 figures. The production of new business in that branch received a considerable impetus from the celebrations of the centenary of our commencing operations in France. A small delegation, including Lord Harcourt, attended from London.

The value of life assurance to the community cannot be over-emphasised. Although the primary purpose of our policies is to protect dependants in the event of early death and to provide for retirement in old age, life assurance plays an additional and important role in the country's economy. Life assurance premiums are a form of saving and they find their way, via the assurance company, to the capital markets to assist in the re-equipment and expansion of industry upon which the well-being of the community ultimately depends. Our increasing new business is an indication that these features of life assurance are appreciated, and the society's branch managers and representatives in this country and abroad can justly feel proud that they are serving, in various ways, the community in which they live.

THE SOCIETY'S FUNDS

A further improvement occurred during the year in the quotations on the stock exchange of most sections of our investments, and I am glad to report that the usual valuation of the society's stock exchange and other investment assets revealed an increased margin of appreciation over book values as at December 31, 1954.

The average rate of interest earned during the year on the society's funds increased from £3 16s. 4d. per cent to £3 18s. 9d. per cent after deduction of income tax. This further increase, following on that of last year, is, needless to say, most welcome.

LAST YEAR OF QUINQUENNIUM

As 1955 is the last year of the current quinquennium, the customary valuation will be made by the society's actuary as at the end of the year. The results and the directors' recommendations will be made known at the next annual general meeting.

MANAGEMENT AND STAFF

In conclusion I should like once again to put on record our high appreciation of the services of the management and staff at head office and to express our thanks to them, as well as to our overseas managers and their assistants and staff. The work of all has been in every way admirable.

The report and accounts were unanimously adopted and, the other formal business having been transacted, the proceedings terminated with a vote of thanks to the chairman.

RAND MINES, LIMITED

(INCORPORATED IN THE UNION OF SOUTH AFRICA.)

SUMMARISED BALANCE SHEET, 31st DECEMBER, 1954

CAPITAL AND RESERVES		£	£
Share Capital—			
Authorised	2,200 000 Shares of 5s each	550,000	
Less held in Reserve :	49,005 Shares of 5s. each	12,251	
Issued :	2,150,995 Shares of 5s. each		537 749
Revenue Reserves—			
For Investments		6,331,475	
For Exploration		311,041	
For Retiring Gratuities		100,000	
Profit and Loss Account—Balance at 31st December, 1954		1,882,777	
			8,625,293
			£9,163,042

PROPERTY AND NET ASSETS		£	£
INVESTMENTS—			
Quoted Shares, Debentures, etc. at Cost or Stock Exchange valuation, whichever is the lower (Market Value—£11,225,401)		6,291,246	
Unquoted Shares and Debentures at Cost or Directors' valuation, whichever is the lower		281,738	
		6,572,984	
Government, Municipal and Public Utility Stocks and Debentures to secure Corner House Pension Fund Deposit	£1,022,023		
Less : Deposit by Trustees of Pension Fund	982,500	39,523	
			6,612,507
FIXED ASSETS—			
Trade Investments, at Cost			1,159
Freehold Properties, etc.			25,993
Furniture, Plant, Vehicles, etc.			37,269
SUBSIDIARY COMPANIES—			
Shareholdings, £71,527 ; Loans, £27,700			99,227
CURRENT ASSETS—			
Stores, £16,176 ; Debtors, Loans and Payments in Advance, £298,867 ; Dividends Receivable, £310,925 ; Cash Deposits, Fixed and on Call, £2,254,234 ; Cash at Bankers and in Hand, £39,202		2,919,404	
Deduct : LIABILITIES AND PROVISIONS Creditors, £115,788 ; Shareholders—Dividends £366,319 ; Subsidiary Companies—Current Accounts, £835 ; Provision for Claims in Respect of Forfeited Dividends, £49,575		532,517	
			2,386,887
			£9,163,042

EXTRACT FROM PROFIT AND LOSS ACCOUNT

	£	£		£	£
PROFIT BEFORE TAXATION		666,398	*Deduct* : Dividends—Nos. 102 and 103 each of 3s. per share	645,299	
Taxation		12,000	Amount placed to Exploration Reserve	11,041	
					656,340
PROFIT AFTER TAXATION		654,398			
BALANCE OF PROFIT AND LOSS ACCOUNT AT 31st December, 1953		1,884,719			
		2,539,117	BALANCE OF PROFIT AND LOSS ACCOUNT, at 31st December, 1954, transferred to Balance Sheet		£1,882,777

The full Report and Accounts may be obtained from the London Secretaries, A. Moir & Co., 4, London Wall Buildings, London, E.C.2.

THOMAS TILLING LIMITED

CONTINUED GROWTH OF THE GROUP

MR W. LIONEL FRASER'S REVIEW

The fifty-eighth annual general meeting of Thomas Tilling Limited will be held on May 18th at Crewe House, Curzon Street, London, W.1.

The following is an abridgment of the review by the chairman, Mr W. Lionel Fraser, CMG, in respect of the year ended December 31, 1954, circulated to stockholders with the 1954 report and accounts :

The results of the year 1954 reflect the continued growth of the group both amongst individual companies, and through the acquisition of new interests by the parent company.

The group profit before taxation is £1,636,901 (1953 £1,457,860) and after allowing for the interests of minority shareholders, the proportion of this profit attributable to Thomas Tilling Limited is £1,013,000 (1953 £911,000). After allowing for taxation, the profit attributable to Thomas Tilling Limited is £454,221 which is an increase of £74,181 over 1953.

The preference dividend for the year amounting to £9,075 has been paid and your board have pleasure in recommending the payment of a dividend on the ordinary stock of 10 per cent as compared with 7½ per cent for 1953

INTERIM DIVIDEND

For many years prior to 1948 your company had paid an annual dividend of 10 per cent, of which 5 per cent was paid as an interim and 5 per cent as a final, but following the sale of the company's road transport interests to the British Transport Commission in that year, the payment of interim dividends was discontinued. In view of the above proposal again to resume the payment of a dividend of 10 per cent per annum, your board now feel justified in reverting to the previous practice and it is accordingly their intention, provided no unforeseen circumstances arise, to declare an interim dividend of 5 per cent, next November, in respect of the current year's trading.

After referring to the two companies in which a majority interest has been purchased since the end of 1954, namely Mutual Finance Limited (hire purchase finance, brokerage and banking) and Walton Hosiery Company Limited (manufacturers of fully fashioned nylon stockings), also to Lime-Sand Mortar Limited (ready-mixed mortar and ready-mixed concrete manufacturers, sand and gravel producers), in which additional shares had recently been purchased increasing the company's holding to a majority interest, the chairman dealt with the activities of the other subsidiary companies :

Bagshawe and Company Limited (manufacturers of conveyors and elevators, mechanical chains and malleable iron castings).
Cornhill Insurance Company Limited.
Daimler Hire, Limited.
Mark Dawson and Son, Limited (worsted spinners).
Hobourn Aero Components, Limited (manufacturers of light engineering components, textile machinery, electrical convection heaters).
James A. Jobling and Company, Limited (manufacturers of "Pyrex" brand glassware).
Newey and Eyre, Limited (industrial electrical engineering suppliers).
Spray and Burgass, Limited (dyers and finishers).
Stratstone, Limited (distributors of Daimler and Lanchester cars).
F. Troy and Company, Limited (building and painting contractors).

and of the Associated Companies :

John H. Ashton, Limited (mahogany and hardwood merchants).

(*Continued on page* 342)

ANNUAL MEETING OF THE BANCO DI ROMA

The annual meeting of the shareholders of the Banco di Roma, held under the chairmanship of H.E. Prof. Costantino Bresciani-Turroni, on the 31st March, 1955, having heard the reports of the Board of Directors and of the Auditors, has approved the Balance sheet at the 31st December, 1954, the profit and loss account and the allocation of the profits of the year.

Here are some data from the report to the shareholders (the figures between parentheses are the ones of 1953).

The net profits of the year, after the convenient appropriations and sinkings, amount to Lit. 672,819,272.— (Lit. 475,429,808.—) and allow the distribution of 7% to the shareholders and the appropriation of Lit. 600,000,000.— to the Reserve which thus ascends to Lit. 2,000,000,000.—.

The report of the Board of Directors, after having briefly outlined the international political and economic situation, deals with the general one of Italy, emphasizing its main problems and describing the action of the Institution with regard to the national economy. Particularly salient are the sensible global development of the business of the Bank and the valuable results achieved in all the fields of activity.

The grand total of the items of the balance sheet, equal to about 923 billion lire, shows an increase of 123 billion, viz. of almost 15·5% in respect of the balance sheet 1953 (Lit. 800 billion approximately).

The means collected rise to 478·8 billion with an increase of 15·2% on the amount at the end of 1953 (415·6 billion).

The larger amount of funds available allowed the increment of investments which have thus attained Lit. 332·8 billion with an increase of 18·8% in respect of 1953 (280·1 billion).

Owing to the passing of the Director Comm. Giovanni Alfredo Pattison, the meeting has elected Prof. Avv. Carlo Venditti.

The Board of Directors, after the meeting, confirmed as Chairman: H.E. Prof. Costantino Bresciani-Turroni ; as Deputy Chairman : Baron Prof. Francesco Mario Oddasso ; and as Managing Director : Gr. Uff. Ugo Foscolo.

BALANCE SHEET AT DECEMBER 31, 1954

LIABILITIES			ASSETS		
Share Capital	L.	1,000,000,000	Cash and Funds with Central Bank and Treasury	L.	73,097,477,742
Reserve Fund	„	1,400,000,000	Funds with other Banks in Italy and abroad	„	48,528,776,146
Savings accounts	„	145,841,884,105	Ordinary Treasury Bills, Government, Government guaranteed and other Bonds	„	86,078,291,790
Current and sundry accounts	„	333,000,808,657	Industrial and other Securities	„	548,060,248
Circular cheques	„	16,644,439,721	Portfolio	„	130,640,327,223
Ordinary cheques	„	218,087,027	Contangoes	„	12,364,110,496
Bills for collection	„	29,982,994,857	Secured advances	„	27,854,762,973
Sundry Creditors	„	13,238,404,634	Loans, advances and other accounts	„	161,966,701,327
Commercial acceptances and openings of documentary credits	„	34,838,811,239	Sundry Debtors	„	1,651,615,408
Guarantees for third parties	„	22,297,701,193	Liabilities of customers for commercial acceptances and openings of documentary credits	„	34,838,811,239
Rebate on Portfolio and on Treasury Bills	„	2,458,115,398	Liabilities of customers for guarantees	„	22,297,701,193
Balance of profits brought forward	„	44,867,608	Banking participations	„	1,274,426,412
Net profits for current year	„	672,819,272	Bank Premises	„	497,871,513
	L.	601,638,933,711	Furniture and fittings	„	1
				L.	601,638,933,711
			Contra Accounts Securities :		
Contra Accounts			As collateral	L.	52,258,083,022
Depositors of securities for guarantees	L.	52,284,005,274	As guarantee	„	25,922,252
Sundry securities accounts	„	269,013,148,573	Sundry securities accounts	„	269,013,148,573
Total	L.	922,936,087,558	Total	L.	922,936,087,558

Chairman : Bresciani-Turroni. *Managing Director* : Foscolo. *Chief Accountant* : Nazareth.

Auditors : Matteucci (*Chief Auditors*), Bossi, Foschini, Mazzantini, Obber.

The dividend of L. 7.— per share will be payable, from the 4th April, 1955, at all the Branches of the Banco di Roma in Italy.

British Steam Specialities, Limited (manufacturers and distributors of valves, gauges, etc.).
Heinemann Holdings, Limited (book printers and publishers).
Timothy Hird and Sons, Limited (worsted combers and spinners).
E. R. Holloway, Limited (comb manufacturers, plastic goods, etc.).
Stevensons (Dyers), Limited (hosiery dyers and finishers).
Western Motor Holdings, Limited (motor-car distributors).

Having mentioned the company's interests in freehold and leasehold properties and a recent addition to its holding in The Brush Group, Limited, the chairman then continued :

The above story speaks for itself. We are progressing and gaining experience, and your board remain expectant and confident. The idea of Tillings as a Family of Firms is unfolding and, as I said last year, provided Great Britain continues to flourish and prosper, as more profoundly than ever I believe it will, this group of companies, with its widely diversified interests in British industry, should share in that prosperity. Our companies are managed by a fine body of men: the spirit which animates them is right, and that seems to me an essential prerequisite of enduring success in any company. This spirit will be priceless should care and anxiety beset us.

Once again our numbers have increased and I give a warm welcome to our new friends. Your board's policy stands unaltered, i.e. to develop and expand our existing interests, to broaden our participation in industries in which we are already represented, or in kindred industries, and to consider any new propositions which appear to hold attractive possibilities. We feel that in this way we can perform a useful and constructive purpose, upholding in new fields the great traditions of the name of Tilling, and aiming over the years to reward our stockholders in fuller measure.

INCREASE OF SHARE CAPITAL

Since the end of 1954 our available funds have been fully absorbed and we now have an overdraft with our bankers. We must therefore replenish our resources. It is accordingly proposed that the company should raise additional capital by the issue of preference shares. In order to implement this, you will be asked at an extraordinary general meeting to follow immediately after the annual general meeting to approve the creation of 2,700,000 new preference shares of £1 each Subject to the passing of the requisite resolutions, 2,200,000 of these new preference shares will be offered for subscription by members of the company. Permission to make this issue has been granted by the Capital Issues Committee.

NATIONAL FOUNDATION FOR EDUCATIONAL RESEARCH

RESEARCH OFFICER required in September, 1955, for work in SECONDARY SCHOOLS with special reference to TECHNICAL EDUCATION. Salary up to £1,100 per annum according to qualifications and experience. Teachers' superannuation scheme (or alternative scheme). Candidates should be Honours graduates and should have had adequate teaching experience. An academic qualification in psychology or education will be an advantage.

Application for the above post on the special forms provided and giving the names of three referees must be in the hands of the undersigned not later than Friday, May 6, 1955. Forms and further details on request.

BEN S. MORRIS, Director.

79 Wimpole Street, London, W.1.

A LONDON Advertising Agency has a vacancy in its Market Research Department for an experienced Executive who seeks increased scope, responsibility and salary. He (or she) must be capable of taking charge of consumer and retailer investigations from the planning stage to the finished report and will be encouraged to take an active part in the expansion of the department. Academic qualifications in statistics are desirable. Salary according to capabilities.

Apply, giving details of experience and qualifications, to Director of Research, Lambe & Robinson Ltd., Sceptre House, 169 Regent Street, W.1.

AN unusual position is open for a man under 40 years of age with the right experience and personality. The General Manager of a well-known printing factory in central England is due to retire in 1957. The position is one of responsibility and trust and offers fine scope and prospects. It is intended that his successor shall have ample time to study the job and acclimatise himself before taking over and that a Directorship would in time be considered. Thoroughly sound technical background essential with administrative ability and the qualities that make for leadership. Apply, with full details of career to-date, to Box 911.

GENERAL MANAGER required by a light engineering group of companies to operate an electrical instrument manufacturing business in Southern England which has a full order book, excellent equipment and very substantial development prospects. The successful applicant will be a man with a wide understanding of and technical imagination in the weak current field. He must be a factory trained man with knowledge of management practices and the problems of the precision light engineering industry, whilst these qualities must be combined with a flair for business. The post carries a generous salary commensurate with the experience and substance of the selected candidate, and is pensionable.—Applications will be treated in strict confidence and should be made with details of age, qualifications and career to date to Box E.T.283, c/o 191 Gresham House, E.C.2.

ORGANISATION DEPARTMENT of major motor manufacturing organisation has vacancy for honours graduate (preferably commerce). Should be interested in management and organisation problems and have flair for dealing with people. Previous industrial or other administrative experience advantageous. Age 21-30. Good starting salary. Generous pension scheme.—Reply to Box 917, quoting reference OTW/2.

GRADUATE in Economics "first" or good "second" degree required for research work in Department of Economics, International Wool Secretariat, starting salary £500-£600 according to qualifications, with superannuation benefits. Apply in writing, giving full details of qualifications and experience to the Secretary, International Wool Secretariat, Dorland House, 18/20 Regent Street, London, S.W.1 marking cover: "E.C. Confidential."

THE Granada Theatres Limited require Chartered or Incorporated Accountant as Chief Accountant of its Commercial Television Organisation. Exceptional opportunity for keen and resourceful man. Age 30 to 40. Salary £1,500 per annum upwards according to ability and experience. Write stating age, education, career to date with salaries earned, to Managing Director, 36 Golden Square, London, W.1.

MARKET ANALYST required for Export Division of Ford Motor Company Ltd., Dagenham. Degree in economics or commerce essential. Must have analytical mind, good knowledge of statistics and sales, long-term forecasting. Experience of foreign markets and/or motor industry an asset. Age 23-35.—Reply to Salaried Personnel Department, quoting reference FMA/PP.

CENTRAL OFFICE OF INFORMATION: Require SAMPLING OFFICER for Social Survey work. Should have mathematical or statistical qualifications of degree standard and be familiar with sampling theory and practice. Post graded Temporary Information Officer. Salary £860 to £1,030 (men); £757 to £890 (women). Write, giving date of birth, education, full details of qualifications and experience of posts held (including dates) to AC.525, Appointments Officer, Ministry of Labour and National Service, 1-6 Tavistock Square, W.C.1, by May 14, 1955. No original testimonials should be sent. Only candidates selected for interview will be advised.

DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH: SENIOR SCIENTIFIC OFFICER (SOCIAL PSYCHOLOGIST). The Civil Service Commissioners invite applications for a pensionable post at the User Requirements Division of the Building Research Station, London, W.1.

The officer appointed will undertake research into the relationship between the design of buildings of all types and the requirements of their occupants.

Age at least 32* on December 31, 1955. Candidates must have either a first or second class honours degree with Psychology (including social and industrial psychology) as a main subject, with experience of field experiments or surveys, or a degree in some branch of Science, and have had subsequent training and experience in psychology. Exceptionally a candidate without a degree qualification may be admitted if his other training is eminently suitable.

Inclusive annual remuneration for a 45½-hour week: (Men), £1,091-£1,279; (Women), £964-£1,162. Exceptionally a starting pay above the minimum may be granted according to qualifications and experience.

Further particulars and application forms from the Civil Service Commission, Scientific Branch, 30 Old Burlington Street, W.1, quoting No. S4450/55. Applications must be returned by May 31, 1955.

*Candidates under age 32 on December 31, 1955, may be considered but must apply through the open competition quoting No. S4450/53/55.

CHAPPIE LIMITED, manufacturers of pet foods, require an Office Organiser and Methods Specialist with responsibility for clerical methods used throughout the company. A man or woman between 28 and 35 years of age with graduate qualifications in Commerce, Economics or Statistics would be preferred—but above all, the appointed person must possess a capacity for clear thinking and for an analytical approach to office organisation and office jobs. Experience of the applicants in office organisation and methods is essential. The starting salary will not be less than £1,500 a year, and in addition the selected candidate will be a member of the company's comprehensive non-contributory social security plan which includes pension, life assurance and sickness benefit schemes.

Applications, giving full details of education and experience to date, should be sent to the Personnel Officer, Chappie Limited, Melton Mowbray, Leicestershire, who will supply further information.

APPLICATIONS are invited for a senior post in the Purchase Department of a large engineering company in the Midlands. The applicant should be between the ages of 28 and 40 years. Previous experience of buying is not necessarily required, but a sound engineering knowledge is essential. The salary is commensurate with the experience of the applicant, and there are opportunities for early promotion at least to the post of Deputy Purchase Manager. Apply, giving age, qualifications and experience, to Box 912.

BRITISH TITAN PRODUCTS COMPANY LIMITED, a rapidly expanding Heavy Chemical Industry, wishes to engage an ECONOMIST/STATISTICIAN for its office at York, to develop a market research section which would be concerned with the world-wide uses and marketing of Titanium Oxide pigments.

Applicants must have good academic qualifications in Economics, Mathematics or other appropriate main subject combined with Statistics.

Conditions of work and service are very attractive and there is a contributory superannuation scheme and a non-contributory life insurance scheme, in addition to which a staff bonus scheme is in operation.

Assistance in house purchase and removal expenses is available for the successful applicant.

Applications should be made to the Personnel Manager, British Titan Products Company Limited, Coppergate, York, quoting reference S.8.U.

QUALIFIED ENGINEER required as assistant to the Production Director of an expanding light Engineering Group in the motor components trade. The factory concerned is situated in the Thames Valley and at present employs 1,600.

This is a senior appointment with considerable future prospects; salary will be paid accordingly.

It will require a man of calibre with experience of modern management methods and a proved ability to lead a flexible production team. Broad production engineering experience essential, knowledge of presswork an advantage.

Please write, in confidence, giving full details of age, qualifications and experience, to Box 918, quoting PE.

SENIOR EXECUTIVE, go getter, 41, top level qualifications as General Manager in clothing or textile manufacturing seeks London appointment offering scope for initiative and development. Used to responsibility, contacts at board level, basic salary £2,000. Would consider re-establishing firm in difficulty.—Box 914.

NEW Luxury Hotel opening Whitsun. First-class cuisine. Every comfort. Californian swimming pool, cinema. Dominating views of sea yachting harbour, Sandbanks. Readers of "The Economist" welcomed.—Greystoke Hotel, Canford Cliffs 77256, Bournemouth.

THE CUNARD STEAM-SHIP COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS for ORDINARY STOCK and PREFERENCE STOCKS will be closed from May 4th until May 17, 1955, both dates inclusive.

By Order of the Board,
J. C. TOMLINSON,
Secretary.

Offices: Cunard Building, Liverpool.
April 21, 1955.

THE AUSTRALIAN NATIONAL UNIVERSITY

CANBERRA

RESEARCH SCHOLARSHIPS

Applications are invited from postgraduate students with research experience for Scholarships in Anthropology and Sociology, Demography, Economics including Economic History and Economic Statistics, Geography, Australian History, Far Eastern History (China and Japan)*, Pacific History, International Relations, Law, Political Science including Public Administration, Philosophy including Social and Political Philosophy and Statistics including Mathematical Statistics. The Scholarship tenure is for a period of two to three years.

The present value of a Scholarship is £A705 p.a. Married scholars with dependent children may be granted additional allowances, and the University will make a contribution not exceeding £stg.115 towards a scholar's fares to and from Canberra.

Application forms and further information may be obtained from The Secretary, The Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1. Applications should be lodged with the undersigned by May 31, 1955.

Applications will again be invited in September, 1955.

*A substantial knowledge of the relevant language is a prerequisite.

D. K. R. HODGKIN, Acting Registrar.

MATHEMATICIAN

MATHEMATICIAN with Honours degree and several years' applied engineering experience is urgently required for our rapidly expanding Scientific Instrument division. Excellent prospects and substantial salary to a really first-class man. Apply, Personnel Officer, Louis Newmark, Ltd., Prefect Works, Purley Way, Croydon.

LAW GRADUATES

Applications are invited to fill an appointment in the Secretary's Department of large manufacturing company, the principal duties of which will be to assist in the general legal work of the department, with particular responsibility for advising on the applicability of current Acts, Statutory Instruments, local By-laws, etc., to the company's operations. This is not a post which requires qualifications as a Solicitor or Barrister, but will probably be filled by a man in the age range 26-33 who can offer a good University Law degree followed by commercial or industrial experience analogous to the duties outlined above.—Box 909.

EDUCATION OFFICER WANTED for branch factory in Liverpool area of large, light engineering group, with full range of educational provisions. The appointment offers an unusual opportunity for a keen man, able to initiate and develop training schemes at all levels. Qualifications include university degree or equivalent experience in education and in industry (preferably engineering), with knowledge of modern management development techniques.—Applications, giving all relevant particulars, including present salary, will be treated in strictest confidence, and should be forwarded to Personnel Officer, Lockheed Hydraulic Brake Company, Limited, Tachbrook Road, Leamington Spa.

MANAGEMENT ACCOUNTING and Industrial Administration. Qualified Accountant wanted quickly to operate and help instal Management Control and modern administrative systems in rapidly expanding manufacturing group in the Home Counties. Good practical experience of standard costing, budgetary control, machine accounting and of up-to-date administrative methods desirable though not essential; training in these subjects would be given. Strong interest in these subjects essential together with drive and administrative ability. Fine opportunity for the right man. State age, qualifications and full particulars of education, Service career, professional, industrial and administrative experience, to Box 899.

CHARTERED ACCOUNTANT wanted by rapidly expanding manufacturing group in the Home Counties, to be Chief Financial Accountant of the parent company. Good professional, industrial and administrative background important, and experience of controlling staff. Practical experience of punched-card and machine accounting desirable. State age, qualifications and full particulars of education, Service career, professional, industrial and administrative experience to Box 900.

AN EXCLUSIVE TERRITORY, comprising part of Greater London and neighbouring counties, is available for the appointment of a Sales Representative of proved ability to sell. This qualification is essential since the territory is important and the post offers an opportunity for the successful candidate to build up a valuable clientele. Some engineering experience an advantage but training will be given. The product provides a service to manufacturers which in recent years has become established as an effective means of reducing production costs. It is already used by leading manufacturers. In order to attract the right calibre of man, we are offering a good basic salary and commission, with expenses and a car. Applications indicating briefly a background of successful selling, will be treated as strictly confidential and should be sent to Box 910.

THE Granada Theatres Ltd. require experienced administrator as Office Manager and Personal Assistant to Senior executives. Qualified Accountant preferred but not essential. Progressive position calling for first rate organiser. Salary £1,200 per annum upwards according to ability and experience. Write, stating age, education, career to date with salaries earned, to Managing Director, 36 Golden Square, London, W.1.

AM I THE RIGHT MATERIAL FOR YOU ? Honours in economics and law, very successful record at high level in public service and in publishing, including sales, experience of accountancy and finance and with an international manufacturing company, 29, earning £1,200 annually but seeking permanent, progressive opening.—Box 916.

THE ROYAL BANK OF CANADA

DIVIDEND NO. 271

NOTICE IS HEREBY GIVEN that a DIVIDEND of 37½ cents per share upon the paid-up capital stock of this Bank has been declared for the current quarter and will be PAYABLE at the Bank and its branches on and after June 1, 1955, to shareholders of record at the close of business on April 30, 1955.

By Order of the Board,
T. H. ATKINSON,
General Manager.

April 14, 1955.

UNIVERSITY COLLEGE OF NORTH STAFFORDSHIRE

Applications are invited from candidates with qualifications in mathematical economics for a Lectureship or Assistant Lectureship in Economics. Salary scale, £650 x £50—£1,350 (Lecturer), or £600 x £25—£650 (Assistant Lecturer). FSSU and children's allowances.—Applications should reach the Registrar, The College, Keele, Staffs, from whom forms and further particulars can be obtained, not later than May 15, 1955.

STAFFORDSHIRE COUNTY COUNCIL

COUNTY PLANNING AND DEVELOPMENT DEPARTMENT

Applications are invited for the appointment of a Planning Assistant (Research) on APT Grade III (£600-£725 per annum).

Applicants should have an Honours Degree in Geography or Economics and should preferably have had research experience in the public service, with a Research Institution or in Industry.

Applicants should give details of age, education and training, qualifications, present and previous appointments and experience, and the names of two persons to whom reference can be made. Applications, in which relationship to any member or senior officer of the County Council must be disclosed, should be sent to D. W. Riley, County Planning and Development Officer, 41a Eastgate Street, Stafford, not later than May 18, 1955.

T. H. EVANS,
Clerk of the County Council.

LONDON COUNTY COUNCIL invites applications from women with suitable experience for appointment as Deputy Warden (resident) of Gisburne House Approved School, Watford. The school is being re-organised to provide for 40 girls of good intelligence, age 15-17 on admission a full programme of physical and mental activities, including home-making. The Children's Committee are seeking to appoint a woman capable of directing the home side of the school (a domestic management qualification would be an advantage, but it is not essential) who will join with the warden in creating a sympathetic approach to the problems of adolescent girls and who understands the advantage of a psychiatric approach to juvenile delinquency. Salary scale: £691 to £866 less a charge at the rate of £108 a year for emoluments. Six weeks' annual leave. Only single accommodation is available. Further details and application form (s.a.e.) from the Children's Officer (CH/A2/408), L.C.C., County Hall, S.E.1.

THE ASSOCIATION OF INCORPORATED STATISTICIANS LIMITED (BY GUARANTEE), 55 Park Lane, London, W.1. Examinations for Registered Statistical Assistant, Intermediate and Final Associateship will be held in London and certain other centres on July 6th, 7th and 8th.

Entry forms should reach the Assistant Secretary by May 6th for home and May 13th for overseas candidates.

AUTOHALL SELF DRIVE CARS offer their new fleet of over 200 1955 cars to promote your business. Competitive rates, special contract and long term offers and discounts. Re-purchase scheme and self-drive package tours. All arrangements made for continental touring. Write for full particulars and colour brochures, Autohall, Dept. 2, 302/6 King Street, Hammersmith, W.6. Riverside 2881. Cables: Autohall, London.

CHARTERED ACCOUNTANTS in Northern Rhodesia have vacancies for young qualified accountants. Three year tours with cumulative leave. Passages paid out and home. Excellent prospects in growing practice, good starting salaries. Apply in own handwriting to Box S 482, c/o Streets, 110 Old Broad Street, E.C.2.

APPLICATIONS are invited for the position of General Manager to the Independent Television News Company.

Applicants should have experience in television, films, electronics or newspaper publishing and have the capacity to exercise budgetary control.

Write, giving full particulars as to age, present salary and qualifications, to Box 922.

AN interesting post is offered to a graduate with an honours degree in psychology together with experience in the field of industry or commerce. It is envisaged that the post will involve:

1. Applying psychological techniques to research which will throw light on people's attitudes and behaviour with respect to their buying and using of everyday consumer goods.
2. Acting in a consultative capacity in the application of the findings to commercial problems.

Applicants should be between the ages of 28 and 40. The salary envisaged is in the region of £1,000 per annum, but could, of course, vary, according to the qualifications and experience of the applicant. —Apply Box 913.

MAN in early 40s, graduate in economics, training and experience in secretarial work and personnel administration, seeks better prospects and/or salary. Acceptable, reliable worker.—Box 915.

EXPERT POSTAL TUITION

For Examinations—B.Sc.Econ., LL.B., and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education, etc. Also many non-examination courses in business subjects. —Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

The Economist : Annual Air Subscription Rates

Anglo-Egyptian Sudan : £5.10s.
Australia : £8.5s. (sterling)
Canada : $21.50 or £7.14s.
East Africa : £5.5s.
Egypt : £5.5s.
Europe (except Poland) : £4.15s.
Gibraltar, Malta : £3.15s.
Hongkong : £7
India & Ceylon : £6
Iran : £6
Iraq : £6
Israel : £6
Japan : £9
Malaya : £6.15s.
New Zealand : £9 (sterling)
Nigeria, Gold Coast : £5.5s.
Pakistan : £6
Rhodesia (N. & S.) : £5.10s.
S. America and W. Indies : £7.15s.
Union of S. Africa : £5.10s.
U.S.A. : $21.50 or £7.14s.

Printed in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2. Published weekly by THE ECONOMIST NEWSPAPER, LTD., at 22, Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2d.; Overseas 2½d.—Saturday, April 23, 1955.

So many of Britain's Steelworks* rely on Mitchell for Mechanical Handling...

. . **AND WITH GOOD REASON.** Under inevitably hard working conditions, the efficiency of Mitchell mechanical handling equipment—transporters, conveyors, tipplers, crushing and screening plant and the like—is such that it is first choice in this field. The many years of design and installation experience behind them become doubly important when every job requires individual planning. Mitchell's other activities include all kinds of civil engineering work, cooling towers, boiler plant, wagon marshalling plant, and coal preparation plant.

Ask **MITCHELL** *about it*

* *Such as:*
Steel Company of Wales Ltd.
Dorman Long & Co. Ltd.
John Lysaght's, Bristol Works Ltd.
Lancashire Steel Corporation Ltd.
Colvilles Ltd.

WRITE TO MITCHELL ENGINEERING LIMITED • 1 BEDFORD SQUARE, LONDON, W.C.1

SECRETARIAT LIBRARY 12 JUL 1955 MADRAS

SPRING BOOKS

The Economist

FOUNDED 1843

APRIL 30, 1955 ONE SHILLING

The Economic Issues

Asian Afterglow

The Bear at Finland's Door

Oil from African Coal

More Power to the Pedal

THE ELECTION OF 1955: Of Swings, Seats and Candidates
AMERICAN SURVEY: The Future of Foreign Aid
THE WORLD OVERSEAS: India Tackles Social Equality

Annual Postal Subscriptions: by ordinary mail £3; by air see page 435
THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1
VOLUME CLXXV · NUMBER 5827

WALLSPAN

can give you more floor space all round!

Wallspan Outer Walls can add 100 sq. feet to every floor of an office block like this



1 Conventional Wall Construction is 11 inches thick.

2 Wallspan members are only 5 inches thick*. So they give you an extra 6 inches of space the length of the wall. In a building 100 feet long—with elevations similar to the one illustrated—Wallspan walls will give you 100 square feet extra rentable space on each floor.

*Wallspan members are made in various thicknesses for different ceiling heights. The 5-inch one is usual for offices and other buildings needing only normal headroom.

Wallspan is the most remarkable building development of modern times. It offers substantial gains in construction time, insulation and design—*and gives appreciably more floor space.*

How Wallspan gives more space. In today's buildings, the steel-and-concrete framework carries the weight. The outer walls simply keep out the weather and keep in the warmth. And, of course, provide the setting for windows and doors.

Wallspan is a grid of aluminium alloy, light in weight, slim in section, which is bolted to the structural frame. Into it are fixed windows, doors and panelling. In suitable installations the vertical and horizontal grid members can be as little as five inches thick, with solid panelling two inches thick — compared with the eleven inches of a conventional wall.

The drawings, above, show how much *extra* rentable floor space this means on every floor of your building.

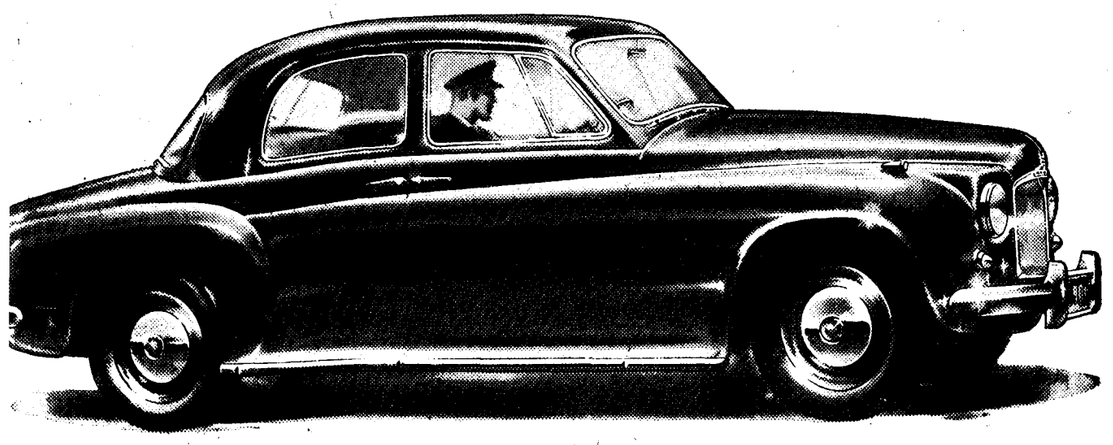
Wallspan keeps more warmth inside. The 2-inch-thick panels of a Wallspan wall can easily be constructed to give 50 per cent better heat-retention than cavity brick. It goes without saying that Wallspan walls are weatherproof and durable!

Wallspan goes up in DAYS. Wallspan construction is extremely quick. The grid is easily bolted on. Into it go sheets of glass or window frames to give you light and air. It is then completed with your own choice of panelling from a range of materials that offer new beauty of appearance and design!

WALLSPAN CURTAIN WALLING WILLIAMS & WILLIAMS *RELIANCE WORKS · CHESTER*

You'll be using your building sooner—much sooner—if it has Wallspan walls

By Appointment to the late King George VI
Manufacturers of Land-Rovers
The Rover Co. Ltd.



It's revealing to drive a ROVER . . .

You'll be astonished at the way the car takes rough surfaces smoothly in its stride. Ruts and potholes seem almost non-existent as the car glides over them.

The Rover co-ordinated suspension system allows plenty of vertical road wheel movement, while spring tensions and shock absorber settings ensure a smooth ride. The central bearing to the propeller shaft checks 'whip' and vibration.

You'll enjoy having both pace *and quiet* at your command. Even at high speeds, engine and transmission noise has been reduced almost to vanishing point.

The special cylinder head design of Rover engines sets the Rover pace, whilst the extensive use of rubber pads and mountings, spraying with sound-absorbing material and heavy carpeting make the naturally quiet engine almost inaudible.

You'll appreciate the infinite care and thought that have been paid to the comfort of driver and passengers.

All passengers sit well within the wheelbase, with front seat adjustable for height and rake and wide centre arm rests front and rear. Heating, demisting, ventilating and draught-proofing are exceptionally efficient.

You'll feel confident even in the thickest and trickiest traffic, because a Rover is such a well-bred, obedient car to handle.

Direct central gear change with synchromesh on 2nd, 3rd and top, controlled free wheel for clutchless changes and well-planned dashboard layout make clumsy handling of a Rover practically impossible.

ROVER

Sixty · Seventy-Five · Ninety

Body and chassis are identical throughout the Rover range. However, three different engine sizes give motorists a made-to-measure service in which design and workmanship are uniformly high. New features common to all 1955 models include re-shaped luggage boot, larger rear window and flashing type direction indicators.

THE ROVER COMPANY LIMITED · SOLIHULL · BIRMINGHAM also DEVONSHIRE HOUSE · LONDON

CVS-279B

This is it!



Cheap independent inclusive air holidays to Scandinavia

MAKE it Scandinavia this year—ideal weather, ideal food, hospitable people. Independent inclusive holidays to Scandinavia are CHEAPER than ever this year. Return air travel, hotel accommodation and meals—a really first-class holiday—at little more than the normal return air fare.
Ask your Travel Agent for full colour folder or contact nearest SAS office

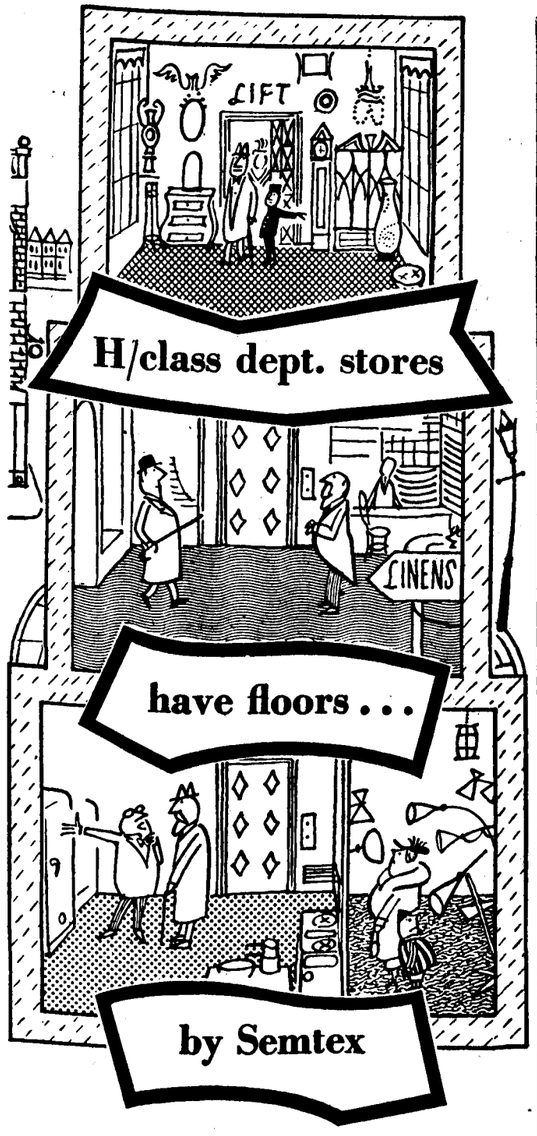
FLY SAS

SAS

first over the Pole

SCANDINAVIAN AIRLINES SYSTEM

5, CONDUIT STREET, LONDON, W.1. (HYDE PARK 6777)
(AND AT MANCHESTER, BIRMINGHAM, GLASGOW)



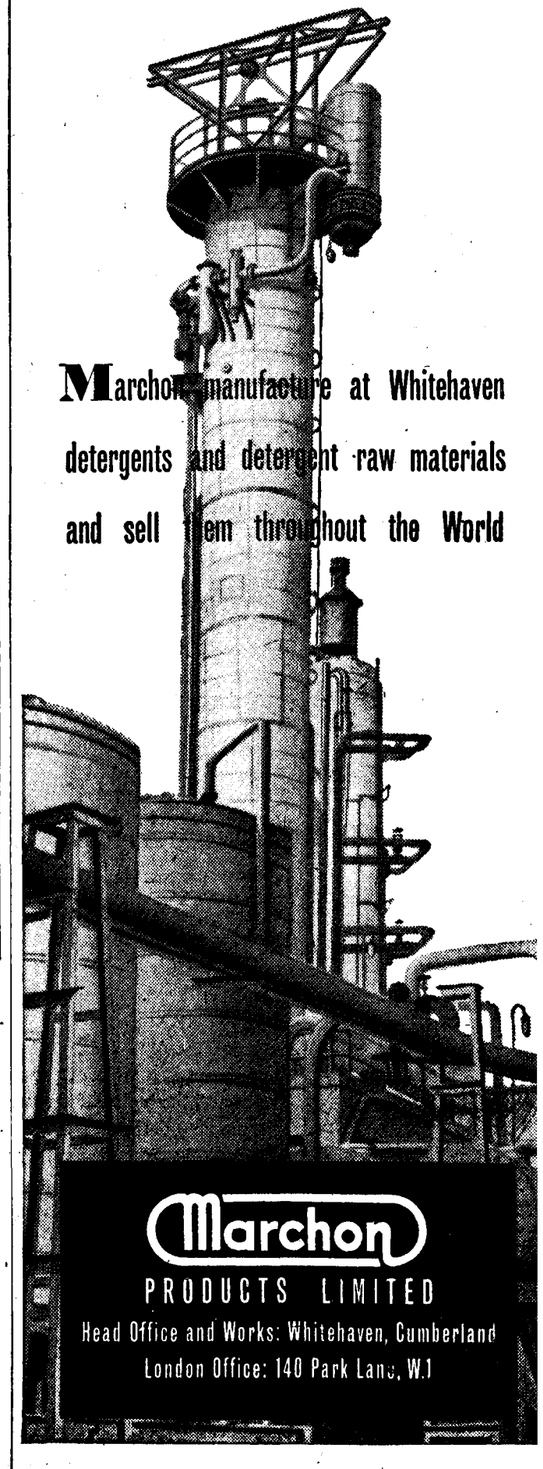
When you have an attractive building people tend to come into it. The more people, the greater the wear on floors. The flooring experts, however, know how to balance come-hither beauty with immense durability. These wise men are stationed throughout the country in twenty Semtex branch offices. They represent, authoritatively, an organisation which manufactures, designs, lays and maintains floors of contemporary functional efficiency. Materials used include Semastic Decorative, Vinylex and Vinyl Asbestos Tiles, Dunlop Rubber Flooring, high grade linoleum and specialist industrial floorings.

SEMTEX
A DUNLOP COMPANY

Write to one of the addresses below for further information
Semtex Ltd., Semtex House, London, N.W.9. *Tel:* Hendon 6543
West End Sales Office: 193 Pall Mall, London, S.W.1. *Tel:* Whitehall 5955

S.16. CP

Marchon manufacture at Whitehaven detergents and detergent raw materials and sell them throughout the World



Marchon
PRODUCTS LIMITED
Head Office and Works: Whitehaven, Cumberland
London Office: 140 Park Lane, W.1



across the world

Wilmot Breeden door locks and handles are giving constant, enduring service. The particular lock and handle forming the theme of this design were developed together to give such service, but with new standards of strength, elegance and quietness of action.

The strength of the push-button handle lies in its being *fixed* — and at both ends. But this demanded a new kind of lock, one which could be tripped by the thumb's limited movement and pressure. To achieve this two simple mechanical principles were used, the ratchet and the rack and pinion; these give easy release, a quiet action and complete door security.

WILMOT BREEDEN LTD

BIRMINGHAM LONDON MANCHESTER GLASGOW

STOP MONEY *going up the chimney*



"*Badly designed flues are as good as choked with charred pound notes,*" says Private Btu (the British Thermal Unit). "*It's worth looking into.*"

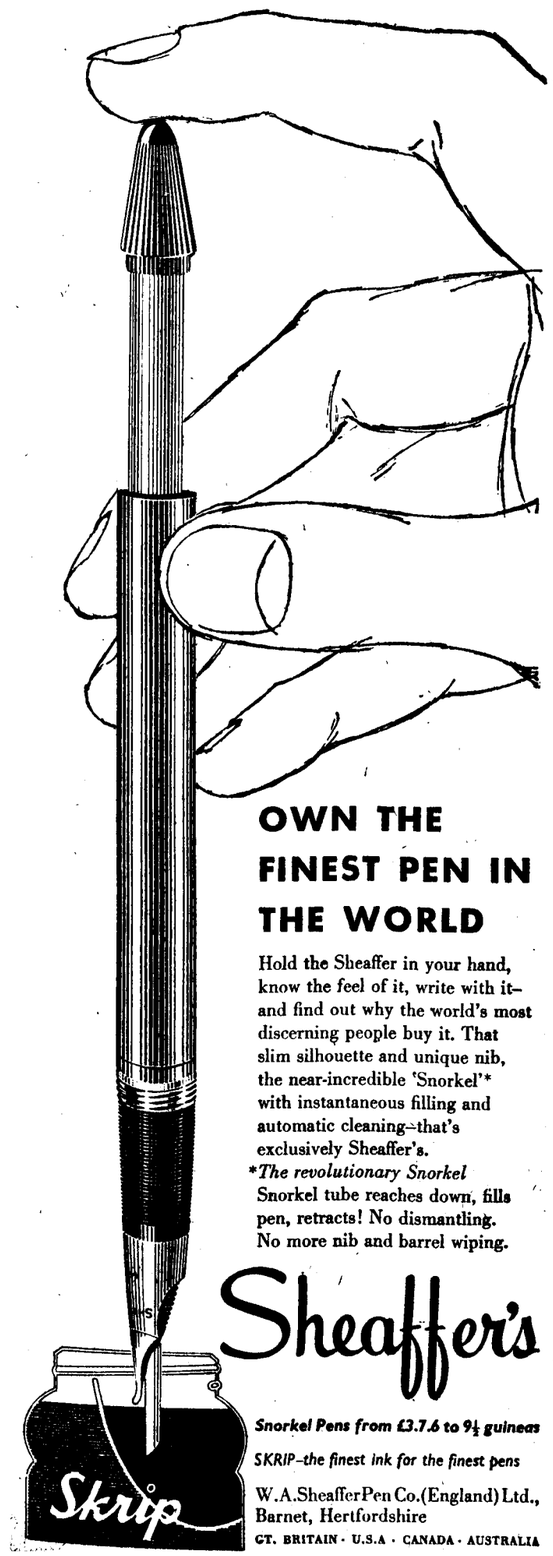
FUEL EFFICIENCY PAYS

For example . . . At a factory in Greater London, due to an increased steam demand, two Lancashire boilers were added to the original one with inefficient independent flue systems. The overall thermal efficiency was then found to be 58%. The existing flues were replaced by a properly designed main flue connected directly to the chimney shaft at a cost of £620. As a result the thermal efficiency was increased to 67% saving £1,600 per annum in fuel costs.

The Association of Boiler Setters, Chimney and Furnace Constructors 21 Devonshire Street London W1 have other examples of how, by correct installation of boilers, etc., increased fuel efficiency can be achieved and money saved. They will be pleased to put you in touch with members of the Association who will call on you and discuss your problems fully without any obligation on your part.

Issued by **N·I·F·E·S** *National Industrial Fuel Efficiency Service*

71 Grosvenor Street London W1 *Telephone:* Hyde Park 9706.



OWN THE FINEST PEN IN THE WORLD

Hold the Sheaffer in your hand, know the feel of it, write with it—and find out why the world's most discerning people buy it. That slim silhouette and unique nib, the near-incredible 'Snorkel'* with instantaneous filling and automatic cleaning—that's exclusively Sheaffer's.

**The revolutionary Snorkel*

Snorkel tube reaches down, fills pen, retracts! No dismantling. No more nib and barrel wiping.

Sheaffer's

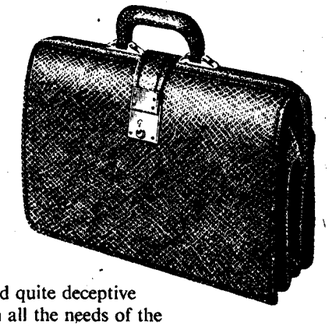
Snorkel Pens from £3.7.6 to 9¼ guineas

SKRIP—the finest ink for the finest pens

W.A.Sheaffer Pen Co.(England) Ltd., Barnet, Hertfordshire

GT. BRITAIN · U.S.A · CANADA · AUSTRALIA

A classic in Coach Hide



The unhurried community of craftsmen at Bury continues in its fine tradition; producing, as here, a noble briefcase in coach hide, superbly slender and quite deceptive in its ability to cope with all the needs of the modern man of affairs.

This classic measures 17*in. x* 14*in.* (2½*in. deeper than the standard size) and has all the established "Unicorn" features—two interior compartments, plus zipped "personal" section for overnight gear, etc.; exterior zip pocket for newspapers and books, etc. In natural coach hide at* 10 *guineas. This new size is also available in golden tan or Autumn tan pigskin at* 13 *guineas, and golden tan, brown or black polished cowhide at* 10 *guineas. Matching zip folio cases,* 16*in. x* 10½*in. are available separately at* £3, £4.10.0 *and* £2.15.0 *respectively. Post free and tax free in U.K.*

(*U.S.A. orders and enquiries: Sterling International, 225 Kearny Street, San Francisco, Cal.*)


Zip Folio Case

Complete satisfaction guaranteed or purchase price refunded immediately. Obtainable at the Unicorn Showroom, 39, Burlington Arcade, London, W.1. Telephone Hyde Park 8939, or by post from our works:

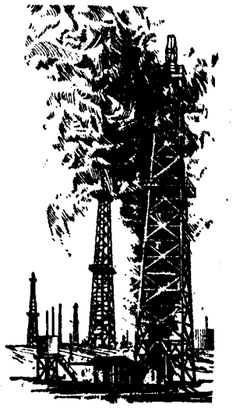
Unicorn Leather Co. Ltd.

(Dept. E.T.7), Woodhill Works, Bury, Lancs

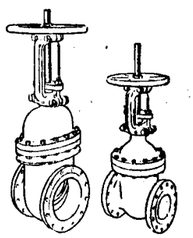
Glenfield Control

IN THE

OIL INDUSTRY



Oil valves, which control in all stages of its preparation and distribution a product that has become indispensable to man, are designed to meet conditions which are probably the most severe of any industry and accordingly a very high standard is set.



Innumerable "Glenfield" Sluice Valves for oil are controlling the flow of oil in pipe-lines, in boosting pumping stations, in refineries and to storage tanks.

A.S.A. Class 150. A.S.A. Class 300
T.O.R.S.S. 14141/1949

Glenfield

GLENFIELD & KENNEDY LIMITED KILMARNOCK

HEAD OFFICE & WORKS:

KILMARNOCK . SCOTLAND

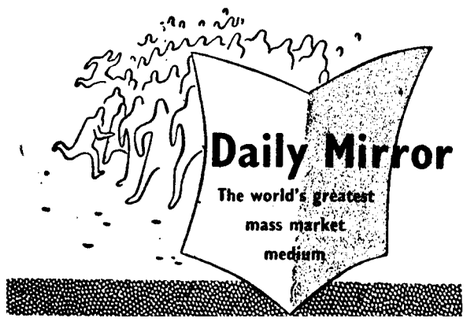


This year . . . next year they'll want your product

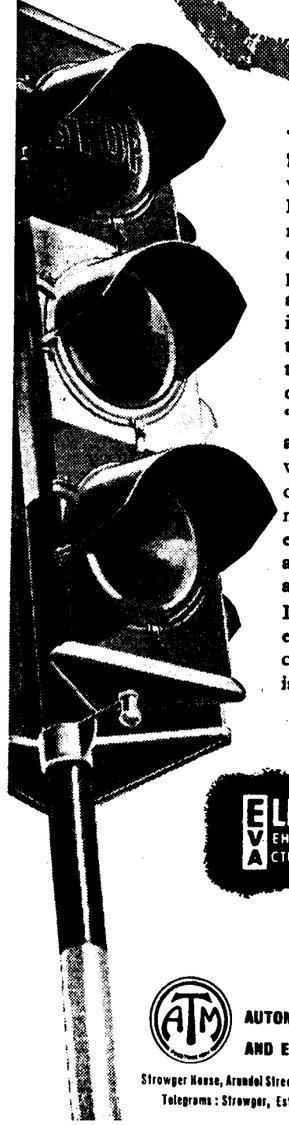
Any moment now he's going to ask her to marry him and their plans for the future will start. Will they have a flat or will they buy a house? What sort of furniture will they choose—contemporary or traditional? They'll have a vacuum cleaner, of course, and they'll want T.V. They'd like a refrigerator, too, and maybe after a year or two they'll be able to run to a small car.

Can you give them the ambition to buy your product, too?

With its lively presentation of the news . . . . its realistic approach to the problems of our time, the Daily Mirror appeals particularly to young readers like them. In fact, the majority of the 4¾ million people who buy it every day belong to their generation. With the biggest daily net sale on earth, the Daily Mirror offers you the most powerful mass market coverage in the history of daily newspapers at the lowest square inch per thousand rate of all national dailies. And, Daily Mirror readers are young readers. This year . . . . next year they'll want your product.



ALL WORK and no pay!



This sturdy robot works 24 hours a day . . . draws no wages . . . never takes a holiday. Consider, for a moment, its advantages in cost alone as compared with police control. Effective all-day traffic control at a busy intersection requires the full time services of at least two police officers; total cost, £1374 every year. An "Electro-matic" installation, at an initial cost of £1750 with £175 per year covering depreciation, running and maintenance, will in two years effect an economy of £300 and incidentally provide a 24 hour service.

It is obvious that the only economic form of traffic control at busy intersections is with

EVA ELECTRO-MATIC VEHICLE ACTUATED SIGNALS

AUTOMATIC TELEPHONE AND ELECTRIC CO. LTD.

Strowger House, Arundel Street, London, W.C.2. Telephone: TEMple BAR 4500.
Telegrams: Strowger, Estrand, London, Strowger Works, Liverpool 7.

Sleeperette-service to the U.S.A.— exclusive on "THE PRESIDENT" SUPER STRATOCRUISERS



★ You sleep in comfort — no extra fare!
★ More space per passenger than any other first-class service — no extra fare!
★ Daily one-stop service to the U.S.A. and NON-STOP return — no extra fare!

On any "*President*" flight you choose, you'll enjoy the stretch-out luxury of Sleeperette*-service . . . Maxim's Cuisine . . . and superb hospitality.

You *know* you're flying the finest way to the U.S.A. on "The President" Clippers.*



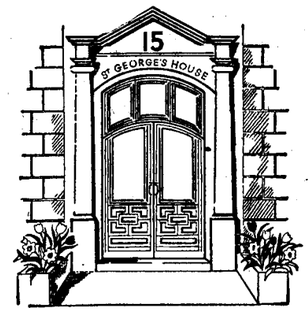
Sleeperette-service — *At no extra charge, you can relax in a bed-length easy chair with double the leg-room of standard airliner seats! Sit or recline at any angle from upright to horizontal! It's a lounge chair by day . . . a bed by night. Plenty of hip- and shoulder-room. Pillows and blankets of course.*

CALL YOUR TRAVEL AGENT, OR PAN AMERICAN:

LONDON . . . . . 193/4 Piccadilly, W.1 (REGent 7292)
BIRMINGHAM . . . Lombard House, Gt. Charles Street (CENtral 1126)
GLASGOW . . . . 15 North Drive, St. Enoch Square, C.1 (City 5744)

PAA
WORLD'S MOST EXPERIENCED AIRLINE
PAN AMERICAN

*Trade Mark, Pan American World Airways, Inc.



Hanover Square

has quite a number of back rooms, with quite a number of 'back room boys', who are singularly able at those necessary atomic calculations that will send your sales up.

TOWNEND-SMITH & HARDY
LIMITED
Incorporated Practitioners in Advertising
MAYFAIR 4847-9

"The Plan is not nearly as drastic as initial reaction suggests. Lack of such a scheme might well be more drastic."

This typical comment from an article on the Railway Modernization Plan by a leading American expert appears in the April number of the

British Transport Review

NOW ON SALE

Other articles in this 132-page number include an essay on the future of first-class rail travel; a study of urban passenger transport in the United States and the competition of the private car; and a further contribution to the important series on the scope for 'fuller employment' of railway equipment.

The REVIEW may be obtained from the address below, price 1s. for single copies, 3s. for an annual subscription, or 10s. for four years (all post free).

Publicity Officer,
British Transport Commission, Room 360
222 Marylebone Road, London N.W.1

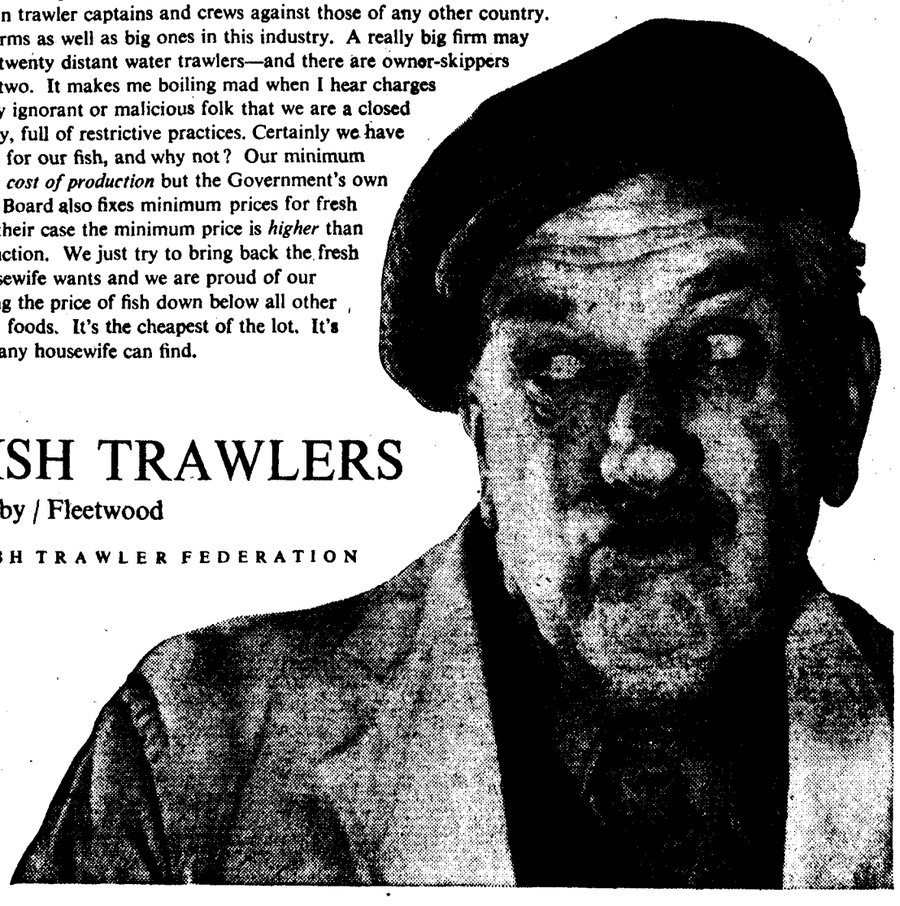
Restrictive Practices in Fish...*Nonsense!*



Anyone who tells you that Britain's Distant Water trawling industry is a monopoly is talking through his hat. Pure, undiluted bunk! Anyone can buy a trawler and go fishing—if he's got the cash (but remember, it's a dangerous and risky business). YOU, anyone, can buy fish from any ship at the dockside tomorrow. You'll have to get up early though, because the public auction starts around 7.30 in the morning.

Restrictions or bans on foreign landings are nonsense, too. Did you know that any foreign trawler, except an Icelander, can and does land her catch in any British fishing port? But it's virtually impossible to land our fish at foreign ports. Believe me, plenty of foreigners are landing fish in England now—Danish, Faroese, Dutch, Belgian, German and Norwegian. Last year foreigners landed 1¼ million cwts. of fish at our three big ports for £5,880,835—nearly one third of the value of the total landed by our own Distant Water Fleet. Why no Icelanders? Well, that's another story as the mermaid said to the sailor. We are not frightened of competition. High quality foreign fish sold at competitive prices keeps us on our toes. We are ready to back the skill and daring of our own trawler captains and crews against those of any other country.

You find small firms as well as big ones in this industry. A really big firm may own as many as twenty distant water trawlers—and there are owner-skippers with just one or two. It makes me boiling mad when I hear charges bandied about by ignorant or malicious folk that we are a closed shop, a monopoly, full of restrictive practices. Certainly we have a minimum price for our fish, and why not? Our minimum price is *below the cost of production* but the Government's own Herring Industry Board also fixes minimum prices for fresh Herrings and in their case the minimum price is *higher* than the cost of production. We just try to bring back the fresh fish that the housewife wants and we are proud of our record for keeping the price of fish down below all other first-class protein foods. It's the cheapest of the lot. It's the best bargain any housewife can find.



BRITISH TRAWLERS

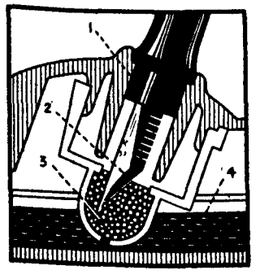
Hull / Grimsby / Fleetwood

THE BRITISH TRAWLER FEDERATION

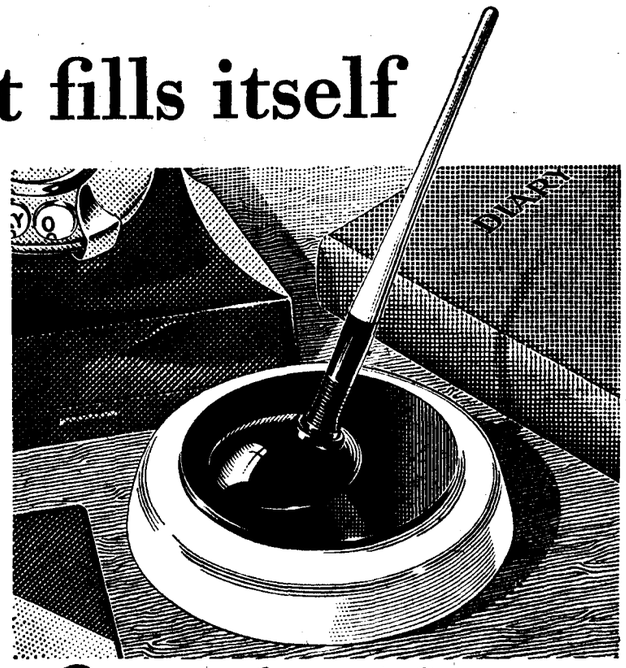
The pen that fills itself

Esterbrook **447** Writing Set

This is the graceful pen you see on the desks of so many busy people. It is, in effect, a fountain pen—with the ink in the base instead of in the barrel. The pen refills itself immediately it is returned to the socket and is always ready to write a full page without redipping. There are no less than 28 personal writing points to choose from so that you can be sure of a pen that is exactly suited to your handwriting. The writing set is available in Black, Grey or Ivory, 33/3d. and 36/9d.



1 Pen closes spill-proof base, prevents evaporation.
2 Combined ink-feed and writing point (28 to choose from).
3 Exclusive filling device also cushions point against damage.
4 Reservoir holds 40 times more ink than a fountain pen.



Esterbrook R.D. **447**

Chosen by the Council of Industrial Design for the Design Centre

The Wine of the Year

1949 LIEBFRAUMILCH

BLACKFRIARS

LABEL

Not too sweet, not too dry.

The finest wine in its class. Excellent with any main course—fish, poultry, white meat or red meat

At your Wine Merchant's



S. F. & O. HALLGARTEN LONDON E.C.3

BY APPOINTMENT
MERCERS OF WOOLLEN CLOTH TO THE LATE KING GEORGE VI

JOHN G HARDY LTD.

The Big Six

The well-dressed man spends time as well as money on his clothes. For him, time spent in looking through the six John G. Hardy speciality cloths is a pleasure—as well as a sartorial duty. He wants to compare the rugged pure wool tweed of **'Harditharn'** and **'Hardilaine'** with the silky luxury of **'Sheltie'**. He wants also to feel for himself the resilient strength and toughness of the famous **'Alsport'**. Perhaps he'll decide finally on the popular new **'Hardiwear'** worsted, but almost certainly he'll have a second look at the **Irish Homespuns**.

Ask to see these fine cloths (they're known as the John G. Hardy 'Big Six') at our showrooms or on extra-large bunches at your own tailors.

JOHN G. HARDY LTD., 4 NEW BURLINGTON ST., LONDON, W.1.
TELEPHONE: REGENT 1313.



For EDUCATION ASSURANCE

You'll be on good terms with

THE

NORTHERN

ASSURANCE

COMPANY LIMITED

LONDON 1 Moorgate — ABERDEEN 1 Union Terrace

Founded 1836. Group Assets over £58,000,000

FIRE · LIFE · MARINE · ACCIDENT · MOTOR · HOUSEHOLD · PENSIONS · ENGINEERING · TRADE RISKS

The Economist

FOUNDED 1843

APRIL 30, 1955

ONE SHILLING

The Economic Issues 357
Asian Afterglow 361
The Bear at Finland's Door . . . 363

THE ELECTION OF 1955

Of Swings, Seats and Candidates . . 365

NOTES OF THE WEEK

Strike in the Balance ; Diplomacy on the Escalator ; Stirrings Among the Six ; Sir Anthony in the Saddle ; Finance Bill in a Hurry ; Germans Vote for Stability ; "Third Force" Talk in Bonn ; Looking Ahead in Tunisia ; A Trump from Sir David ; General Templer's Task ; Poland's Long Memory ; The Italian Presidency ; A Fillip to Town Development ; Families in Difficulties ; In Lenin's Shade ; Retreat from Singapore ; Low Incomes and Contributions ; Farm Rents at Whose Expense ? 369

LETTERS TO THE EDITOR . . . 380

AMERICAN SURVEY

The Future of Foreign Aid 383

A President's Sixth Sense ; Less Margin for Error ; Round One to the Railways ; Immigration Politics ; Automation in the Office ; Purse Strings and Hustings.

THE WORLD OVERSEAS

India Tackles Social Equality . . . 390

Boom for Soviet Spivs ; Rift in Eastern Nigeria ; Australian Labour Party Split ; Economic Clash in Vietnam.

THE BUSINESS WORLD

Oil from African Coal 397
More Power to the Pedal 399

BUSINESS NOTES

Sellers in the Ascendant ; Demand for Sterling ; Finance Bill Fustian ; A Plum from Chemicals ; 4 per cent from Treasury Bills ; Output and Expectation ; Hire Purchase and Furniture ; Financial Comfort ? ; Troubles in Mincing Lane ; Cunard and the Shareholder ; Chance for Malayan Rubber ; The Pinch in Lombard Street ; Fixed Prices for British Ships ; Imports in the First Quarter ; The Pru's £1 million a Week ; Nato Chooses Fiat ; Oil for the Boom ; Shorter Notes. 401

COMPANY NOTES AND SECURITY PRICES 414
STATISTICS 419

Spring Books

FOLLOWING PAGE 390

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

The Economic Issues

ON the tenth anniversary of Victory-in-Europe Day Britain is entering its fourth postwar election campaign. In the three previous elections it was legitimate to doubt whether, with the sole exception of nationalisation, there was very much to choose between the economic policies offered by the two major parties. And the exception of nationalisation, though it was the banner under which many famous battles (or at least shouting matches) were fought, was never an issue that had nearly as much substance as symbolism in it. The only general conclusion that could be drawn from the campaigns themselves was that, on each occasion, the attacking party (Labour in 1945, the Conservatives in 1950 and 1951) showed a little more awareness of the economic problems before Britain than did the entrenched, but gave no convincing explanation of what it intended to do about them. It was therefore possible to suppose that the essential machinery of economic government would be about equally safe or unsafe in the hands of either party.

Is it possible to adopt the same comfortably neutral attitude before the election of 1955 ? Or can one say, this time, that the victory of one or other party is likely to make a real difference to the wealth and welfare of the British people as a whole ? In facing the economic issues of this campaign a journal which is jealous of its independence meets a frank difficulty from the outset. For even if it should be right to be neutral about the prospects for the immediate future, it cannot be right to be neutral about the record of the immediate past. In economic affairs the Conservatives have clearly done much better as a Government, and Labour has done very much worse as an Opposition, than most people in 1951 had reason to expect.

There is, indeed, only one honest answer that Labour can make to the record of the last three and a half years—namely, that it has been one of those rare periods of British history when it has been easier to govern than to oppose. The Tories have had a great deal of good luck in 1951-55 and Labour had a great deal of bad luck in 1945-51. This is the beginning and the centre-piece of Labour's justification, but it cannot be the end of the elector's dilemma. For the important consideration, from the elector's point of view, must be the effect that this varying luck in the immediate past is likely to have on the attitude with which Labour and the Tories would face the task of forming Her Majesty's Government in the immediate future.

The problem can most conveniently be examined under two heads. The first question mark hangs over Labour's attitude towards the things that have gone right in the last three and a half years. The rise in living standards under the Tory Government has been partly due to the obvious and paramount good fortune of more favourable terms of trade. But it has also been partly due to the surprising success (as surprising to the Government as to anyone else) of the economic experiments—not all of them distinctively Tory experiments—that have been tried since 1951. Would Labour now flout these lessons

merely because history has given them a temporarily Tory stamp. The second question mark hangs over Labour's attitude to the problems that have not yet been settled. In most elections an Opposition should be in a better position than a retiring Government to offer solutions to the problems which that Government has failed to put to rights. Is this true of the election of 1955? These are the questions that should be weighed in the electors' minds on May 26th; the best service that *The Economist* can undertake is to set down its own ruminations about them in summary form.

What Went Right

There are four principal lessons of good cheer that should have been learned since 1951.

(1) The experience of the past three and a half years has shown that it is possible for Britain to increase its **industrial production** at a rapid rate under conditions of full employment, even when industry is having to produce only the things that people want (as distinct from the years of immediate postwar inflation when people would buy anything it turned out), and even when the labour force is not being increased by a large reflux of demobilised soldiers into civilian employment (as occurred in the early years of Labour rule). Almost certainly it is the sustained high level of new investment in industry that has done the trick. And the fruits of investment seem to be larger, and to ripen faster, when its distribution is determined by the market than when it is "planned" by the varying political and institutional pressures of Whitehall.

A high level of industrial investment is not, of course, a Conservative specialty. The Labour party sincerely professes the same object. One might even, with some charity, go further and believe that Labour would not seriously hamper private capital investment so long as things went well. What Labour's policy towards industrial investment would be in a crisis is anybody's guess—save that private industry would clearly not be given priority over either consumption or "social capital." The question whether a Labour victory would slow down the rate of economic progress therefore turns on whether Labour could avoid the biennial crises from which it suffered last time. And that depends on whether it has taken the other three principal economic lessons of 1951-55 to heart.

★

(2) The second of these lessons is that the **removal of controls** has been of much less harm to the poorer consumer and to the balance of payments, and of much greater benefit to production and to general living standards, than could have been foreseen in 1945-51. In particular, there can now be no doubt that controls over raw materials under Labour rule led to a maldistribution rather than to a proper rationing of stocks; similarly, controls over prices and imports often merely created an artificial scarcity of supply in relation to demand, a series of silly little dams behind which economic pressures piled up in strange distortion and disarray. It is now quite clear that this muddle contributed substantially to the economic crises of 1945-51.

There is no logical reason why a Labour Government should re-impose controls while things are going well; it is worth remembering that it was a Labour Minister who invented the phrase "a bonfire of controls" and who first set one alight. And if things started to go badly again, there is reason to fear that even a Tory Government might return to specific restraints; Mr Butler's measures against hire purchase last February were a warning and a mistake. It would therefore be a misrepresentation to describe the Conservatives simply as the party of economic freedom and Labour as the party of restriction and control. The difference is not between black and white but between shades of grey. Nevertheless it is a real difference. In the event of trouble, Labour would revert to controls with much more alacrity and much less reluctance than the Conservatives—and thereby run a much greater risk of turning a temporary difficulty into a permanent reversion to the siege economy.

★

(3) **Bank rate** and a more active monetary policy have been extraordinarily effective allies in Britain's climb back to solvency during the last three-and-a-half years. There is no doubt that without them the Chancellor's progressive relaxations of controls and his three bouts of tax relief would have been impossible; it is because Mr Butler has restrained some people from borrowing money that he has been able to allow others to keep back and spend more of their own.

There is no inherent reason why a high Bank rate should be regarded as a Conservative weapon; the sort of spending that it chiefly cuts down is marginal business expenditure and personal consumption by the rich. Moreover since it is a flexible instrument, which can be varied on any Thursday of the year, it is less likely than is a stern budget accidentally to carry disinflation too far. Indeed, the use of Bank rate for purposes of general economic control used to be regarded as an essentially left-wing notion. But in the last ten years the Labour party has not only allowed the Tories to run off with this piece of its clothes, it has adopted a silly attitude of glorying in its nakedness of responsibility, from which it will have difficulty in recanting. So long as this is true, the Socialists will be definitely less able to control the fluctuations of the economy, either up or down, than the Conservatives.

★

(4) One of the most obvious reasons for the Conservative Government's success in the last few years has been that business men and foreign dealers in the currency have expected that it is going to be successful; there has therefore been no precautionary piling up of expensive stocks, and little flight from sterling, at any moment when the economic barometer has seemed unsteady. The importance of **confidence** should come as no surprise to political economists, whether or not they think that this confidence in Mr Butler has been misplaced. It is an ancient Keynesian adage that if business men thought that the arrival of swallows in the early summer was good for business, then the arrival of those swallows in the early summer would be good for business; the trouble now is that many business men, at home and abroad, think that the arrival of a Labour Government in the early summer would be bad for business instead.

This will be one of Mr Gaitskell's gravest immediate problems if he finds himself in control of the Treasury at the end of May; it could easily spark off another September crisis to celebrate Labour's return to power. The proper way to meet it would be to try to reassure the business community that it has no needless irresponsibilities to fear if there is a change of government; unfortunately there are some Labour members who believe that the proper way to capitalise upon it is to sharpen their spears, and explain to the capitalists exactly what they will do to them if they get on the other side of the cage. In particular, Labour should realise by now that its threat of compulsory dividend limitation in its last summer of office was one of the causes of, not one of the correctives to, the crisis of 1951. But there is no reason to suppose that this lesson has been learned even by Mr Gaitskell himself, still less by those upon whose votes he would have to depend.

★

The fairest conclusion under all these four heads seems to be that a Labour Government need not by definition get in the way of rising living standards; but that the present Labour party seems to be obstinately wedded to a number of conceptions and prejudices that might well be very harmful. It may be, of course, that the Socialists do not mean what they say. But that would be an odd reason for voting for them.

So far, however, the debate has been conducted on the Tories' home ground, in the ambit of the things that have gone right in the last three-and-a-half years. Can the conclusion be significantly changed by examination of Labour's proposed cures for the things that it says have gone wrong?

What Went Wrong

The three principal economic charges that Labour intends to lay against the Government in this election are that it has failed to stop the rise in the cost of living; that it has not allowed a sufficient share of the increase in national wealth to accrue to those who most urgently need it; and that it has adopted the wrong policy towards agriculture, cotton textiles and other British industries that are feeling the pinch of competition from abroad. These are genuinely felt grievances. How far is it possible to make sense of the ways in which Labour and the Tories say that they could be put right?

(1) The only way in which sense can be made of the **cost of living** issue is to propose a new policy for the Ministry of Labour. Between 1951 and 1954 Britain's total output of goods and services rose by a little over £1,000 million in terms of constant prices; its wage and salary bill rose by over £1,600 million. The rise in wages and salaries in the last few years has not been the justification for the rise in prices; it has been its principal cause.

The only way in which the rise in the cost of living could be stopped would be if the rise in pay packets was confined within the limits set by the rise in production. As many rises in production are reflected in higher piece work or overtime earnings, this would mean holding down the annual rise in basic wage rates to some 2 or 3 per cent—say about 3 or 4 shillings a week. There is much that can be said against such a policy. For one thing, a higher wage economy is often a more dynamic economy, and it may be worth tolerating a slow rise in prices in order to enjoy a faster rise in production; for another, nobody knows how a policy of government-controlled wage restraint could be made to work.

If the country really wants an attempt at such a policy of restraint, there is something to be said for the view that Labour might have slightly more chance of success than the Tories; if the Tories' advantage of inspiring businessmen's confidence is counted as an asset to them, then it is only fair that Labour's possible advantage in inspiring co-operation from the trade unions should be entered in the lists on their side. But so far Labour has not committed itself to any such policy. In these circumstances, its claim that it could check the rise in the general cost of living—including its hints about subsidies (which would have to be paid for by higher taxes on other things) and about price controls (which would merely divert demand and cause price increases elsewhere)—must be written off as a cruel hoax.

★

(2) The only way in which sense can be made of the issue of **"fairer shares"** is after defining carefully which of two things that slogan is supposed to mean. One thing it may mean is that the ordinary workers of this country ought to enjoy a higher standard of living. It should be obvious that there can be no significant contribution to this aim by further levelling down. The only way progress can be made is by levelling up, by pushing British workers' living standards up nearer to those of American workers—which can only be done by pushing their producing standards up, too. Neither of the parties is very clear about how this is to be done; but at least the Conservatives have made moves in the right direction in the last three years.

The second thing that the slogan "fairer shares" can

mean is that more should be done to make real poverty impossible. The common factor between the people who are really badly off in these mid-1950s is not that they are all horny-handed sons of toil. The common factor between them is much more complex: it is that they nearly all suffer from being lumped together with less harshly treated cases in the same class. For example, there are a number of old-age pensioners who will still be very hard hit indeed even after the recent increases ; the real obstacle to amelioration of their lot is the tradition that better-off pensioners would have to share any money given to them, which would make increases so expensive that employed workers would jib at paying the higher contributions required. Again, there are many people—especially young married couples—who are still atrociously housed, and who have not received their fair share of the benefits of the postwar state ; the real reason for their plight is that the severe under-pricing of housing—artificially induced by rent restriction on old houses and subsidies on new—is keeping the demand for houses permanently above the supply. If the housing subsidies were confined to those families that really could not afford to pay an economic rent, the housing problem would be solved at once. It is greatly to the Conservatives' discredit that they have not done more to tackle these specific problems ; but it is equally to Labour's discredit that it is clearly unwilling to propose the necessary—and unpopular—steps to relieve real need. On this issue of fair shares there is little to choose between the parties ; if anything, there is a slight balance on the Conservatives' side.

*

(3) There is a great deal that can be said against the Conservatives' **agricultural policy**. Much of the £250 million a year of taxpayers' money that is currently given away to farmers goes to men with a very comfortable standard of life, and with a very poor production record in relation to the output that their land could achieve. But Labour's policy for agriculture is not that these subsidies should be re-directed ; it is that they should be disguised. It proposes to appoint commissions which would buy both home-produced and imported foodstuffs, and which would "average out" (which, after a time-lag of subsidy payments, must mean to put up) prices to the housewife. This is a policy for transferring the burden of supporting a wrong pattern of agriculture from the taxpayer to the consumer, and it ill accords with Labour's professions about keeping down the cost of living. Labour's policy for **cotton** textiles is rather similar, except that here the appointed commission would buy as few cheap imported textiles as possible ; this would eventually lead to retaliatory import restrictions abroad, harm Lancashire's export trade, and make the last state of the industry as well as of the consumer much worse than the first. This facet of Labour's policy is a resurrection of old-fashioned Tory protectionism, which sometimes makes the Tories themselves almost look like free traders.

Which is Left?

There can be no doubt that the old Radical tradition of this country is still very much alive. Whatever they may be in their economic habits, in politics the British people are still instinctively inclined to the Left. This is a feeling that has helped Labour in election after election ; there have been millions of voters who would scorn to be on anything but the "progressive" side.

It will be interesting to see how much of this emotion survives in the election of 1955—the result will largely turn upon it. For it should be clear that it is now no more than an emotion. Which is the left wing party now ? Is it the party that allows its every utterance to be crabbed by asides in favour of egalitarian stagnation, or the party that claims to follow a policy of expansion for all ? It is a strange election in which the nominally progressive party is calling for a defensive, feeble and featherbedded economy ; while the nominally conservative party is being allowed to monopolise the battle cry that a great prize awaits the bold. Indeed, one can almost construct a paradox by saying that the parts of Tory policy in the past three and a half years that have been most right have been those that have been most Left ; while the parts of the current Labour programme that are most wrong are those that echo the protection-mindedness which in the past has been the hall-mark of the Right.

*

On the face of the issues, as thus presented, there is no doubt about which way radicals should vote. If they believe that Labour would do what it is saying it would do, if they believe that the present Government would continue even in rainy weather with the policies that it has pursued in the sunshine, then they should all vote Tory. But this is the judgment of things as they appear on the surface. How would the reality turn out, perhaps in circumstances quite different from today's ?

This is the radicals' remaining dilemma. The question is not merely which party would be most likely to run away from the things it now professes if conditions turned less sweet than in 1951-55, but in which direction each would be likely to run. And this question may be even more crucial in foreign than in domestic policy. Certainly every elector should look further than the Conservatives' imposing array of economic slogans in high summer before deciding that theirs is the side to support. It is with these other issues that subsequent articles in *The Economist* will be concerned in the course of this campaign. All that can be said is that, on these economic issues alone, the Tories—although not achieving a knock-out, nor even winning every round—pile up a large lead on points.

Asian Afterglow

HOW much did the Bandoeng conference contribute towards the loosening of the international logjam over Formosa ? There can be no final answer yet. Mr Dulles, on Tuesday, expressed the belief that confrontation with free Asians who strongly opposed any violent breach of the peace had had a restraining effect on the Chinese. It seems equally clear that both Chou En-lai's restraint at Bandoeng, and the comparisons drawn by delegates there between Chinese suavity and the State Department's too brusque statement last Saturday, influenced Mr Dulles's decision to offer bilateral discussions to Peking. On both counts the sponsors of the conference are entitled to claim some credit for a hopeful development in the troubled Far East.

Bandoeng was evidently not the only new factor in the situation. The evolution of American domestic politics has made it easier—although not easy—for the Secretary of State to take a further, perhaps an irretraceable, step away from the rigid posture of the Eisenhower Administration's early days. The crassness of the Nationalists, epitomised by their foreign minister, Mr Yeh, when he rebuffed the State Department on Sunday, saying that he would never sit down at the same table as the Communists, has lost them further ground. And the fact that the attack on the offshore islands predicted for mid-April failed to materialise meant that doors remained open which any such act by the Communists would have slammed tight. The approach of the Bandoeng conference may have decided Peking against an attack—and it is likewise most improbable that the Chinese will now launch one while their words of peace are still echoing in Asia's ears—but other considerations, some of them purely technical, may equally well have held back the assault.

On the other side of the ledger, it is obvious that no final solution to the Formosa problem is yet in sight. The logjam has stirred, but the river is far from clear. Chou En-lai took pains, at Bandoeng, to reassert China's "sovereign right to liberate Formosa." He and other Peking spokesmen continue to protest their peaceful intentions, as they have done in the past ; but they have made it clear that in saying that Formosa can be "liberated" peacefully, they are not thinking of plebiscites, provisional autonomy, or neutralisation, but of the way in which Peking itself was "liberated" during the civil war—that is, surrendered by its commanders when their military position became hopeless. Thus, although Americans and Chinese may now be able to sit down at the same table, they do not intend to discuss the same subject. In the absence of the Nationalists, which is insisted on by both Chou and Chiang, the Americans can discuss nothing that implies betrayal of their allies ; the Chinese propose to talk only about withdrawal of United States protection from Formosa, which they can then digest in their own good time. There is no common ground here, and unless some can be found—as it may yet be—a bilateral meeting could only register deadlock.

Yet willingness to appear willing is in itself something when a long conflict has led to a stiffening of all parties' attitudes ; and Bandoeng undoubtedly fostered this willingness. History may record the Asian-African conference as a turning point in the long postwar struggle in the Far East. But history will also record the notable fact that neither Formosa nor Communist China's other claims figured on the Bandoeng agenda, or in the conference's long final communiqué, which, indeed, was somewhat overshadowed by Mr Chou's last remarks. Particularly in western countries, there are signs that this week's developments in Sino-American relations have diverted attention from the Bandoeng proceedings themselves. It will be unfortunate if the results of a conference concerned with a field so much wider than the Formosa Straits go unremarked ; for it may be that the less spectacular of the events at Bandoeng will prove the more important in the long run.

*

What, then, really happened at Bandoeng ? Exultation about the success of the conference is not universal among the 29 Asian and African nations that took part, but it is surprisingly widespread. Delhi dwells on Mr Nehru's achievements, Peking on Mr Chou's, and the countries that stood up to Communist China boldly at the conference are also awarding themselves laurels. Can such contradictory claims all be considered justified ? At first glance it seems that the Chinese are claiming to have led the Indians and others up the garden path, that the Indians feel they have tied the Chinese down, and that the Turks, Iraqis, Pakistanis, Ceylonese, Siamese and Filipinos are confident that they succeeded in puncturing Peking's propaganda balloons. After any international conference, however, it is as natural for the participating governments to claim victory as it is for political parties to forecast it before an election. Discounting this tendency, what does one find ? Not all of the harvest is yet gathered in ; but it can already be seen that almost all the participants got something of what they wanted—and that none attained all his aims.

The whole Asian-African world has had the immense satisfaction of seeing its first great council held in an atmosphere of dignity and sanity. In this respect Bandoeng challenged comparison with any gathering yet held on a world scale, and bettered many such.

Compromise was the order of the day. This in itself suggested a growth of political maturity among those of the participants whose habit in the past has been to see life in crude blacks and whites. Moreover, compromise at Bandoeng did not mean universal lip-service to meaningless platitudes. Punches were not all pulled in the debates ; and the unanimity required for the final communiqué was painfully reached after many lively tussles.

Quoting liberally from the United Nations Charter and repeatedly insisting on Uno's authority, the communiqué set out ten principles of good neighbourliness which, in realism and practicability, improve on the virtuous but woolly five-point slogan previously in vogue in Asia. The ten Bandoeng principles begin with respect for basic human rights and end with respect for international obligations. In between there is no reference to the misty concept of peaceful co-existence, but a set of terser warnings against aggression, threats of force and racial discrimination ; insistence on the rights of small nations and on peaceful settlement of disputes ; and specific recognition of every country's right to join in arrangements for collective self-defence, provided that these are not made to serve the private interest of any great power.

*

Colonial issues found the Asians and Africans torn between a natural tendency to rake up all the wrongs of the past, and a streak of realism which led to the Gold Coast being represented on an equal footing with other participants while the Mongolian People's Republic, that allegedly sovereign but almost invisible entity, was not even invited to Bandoeng. Colonial rule was, of course, condemned in the communiqué ; so was "the subjection of peoples to alien subjugation, domination and exploitation." One cannot tell what Chou En-lai was thinking of when he agreed to this separate category, but several Asian and Arab delegates showed that they had in mind, *inter alia*, the Moslems of Soviet Asia and the peoples of Eastern Europe. Under other headings, the conference declared its support for Indonesia's claim to West New Guinea, Yemen's " position in the case of Aden," Tunisian and Moroccan demands for independence, and " the rights of the Arab people of Palestine " ; but in each case it was content to urge fresh negotiations and peaceful settlements.

In calling for new efforts to achieve world disarmament—with repeated emphasis on effective controls—the conference adopted Mr Nehru's suggestion of a suspension of tests of nuclear weapons, despite the Soviet prime minister's rejection of this idea in February. It upheld the UN Declaration on Human Rights in the face of Chinese objections. It called for the admission to Uno of nine nations among which North Vietnam was the only Communist one, and said nothing about the Chinese seat, or indeed about any of China's demands. To judge by the formal record, then, Chou En-lai made little headway at Bandoeng. But the formal record is not everything at any conference, and it certainly was not in this case.

It is evident that the Communist delegates came to Bandoeng with little hope that they could force through the kind of resolutions they had secured at their earlier gathering of fellow-travellers in Delhi. The Chinese came to show how mild and accommodating they were, and to let the free Asians do all the arguing between themselves. And in this they very largely succeeded. Mr Nehru was unfortunately provoked into moments of unworthy childishness by those of his fellow delegates from free Asian countries who spoke their minds openly about Communist tyranny. He was also led to declare himself neither Communist nor anti-Communist—a slogan, uttered in anger, which it would be unfair to interpret as a denial of faith in democratic ways, for in Asian mouths such words twist themselves, and it is western dominance, not liberty, that is really—if unnecessarily—being spurned. Nevertheless, Mr Chou had the satisfaction of sitting back quietly while Mr Nehru took on the outspoken critics of Communism, and then of giving private audience to Mr Mohammed Ali. Equally well deployed were the invitations to a frontier inspection tour which the Chinese issued to their nervous small neighbours, and the announcement during the conference that they had agreed with Indonesia on the status of the host country's Chinese population.

*

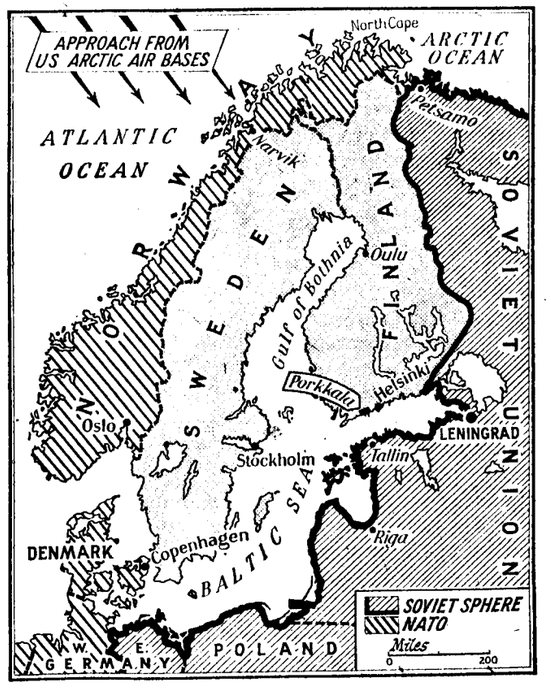
Yet to say that is not to suggest that Bandoeng was the walkover for the Chinese which had been predicted. The free Asians argued among themselves, but they did not fall apart ; the ideals that are common to most of them but anathema to the Communists emerged. Self-appointed interpreters are fond of depicting Asians as so absorbed in their struggle against want that they are willing to forget all about the other three freedoms. Bandoeng demonstrated the falsity of this picture. Even the emotional pull of pan-Asian solidarity did not silence the pleas for liberty and the assaults on totalitarianism that came from " uncommitted " nations as well as from members of Seato and Nato.

At Bandoeng, new forces took the centre of the world's stage for a moment. Nothing new was created ; but the emancipation of the greater part of southern Asia was solemnly placed on record, and the lines along which this vast area of the world hopes to advance were made a little clearer. The more exaggerated claims made by some of the participants on their return home can be discounted. But judged soberly, whether by Asian eyes or by those in other parts of the free world who wish Asia well, the conference was an encouraging spectacle—and those who earlier entertained the darkest doubts must now applaud the sane and healthy symptoms that were displayed at Bandoeng.

The Bear at Finland's Door

WHERE other small countries have wolves at the door, the animal that troubles the Finns is the bear. Apart from Turkey, Finland is the only democracy in the world that shares a major land frontier with Russia, whose hulking presence lies along 800 miles of its eastern frontier. The perennial preoccupation of Finnish statesmen is to win Russia's toleration for their freedom and independence, and to avoid its regular attempts to enfold them in a furry embrace. Of late this has required considerable skill and agility, for the Russians have been applying themselves to the business with unusual subtlety.

Finland's importance to Russia is twofold—strategic and political. Russia's second largest city, Leningrad, lies uncomfortably close to the frontier, exposed on the north-west to possible air attack from the American bases in the Arctic. The Leningrad defences would be given some welcome padding if the Russians had the use of radar posts and fighter stations along Finland's north-western coast, as well as the base at Porkkala, uncomfortably close to Helsinki, which they have been occupying since 1944. But the Finns stand guard stubbornly over their sovereignty, and the Arctic bases are at best a long-term objective for the Russians.



At present they are more interested in a political objective, the exploitation of the Finns as a stepping-stone towards the new Soviet order for all Europe. Mr Molotov has long sought to make Finland the first non-Communist country to attach itself to his " European security " plan, *pour encourager les autres*. It is worth noting that there is a contradiction between this pressure on Finland and the present Soviet sponsorship of neutrality " on the Swiss model " as a goal for Austria and Germany. Mr Molotov is assuring the Austrians and Germans that they can attain pure non-involvement of the Swiss type ; yet Finland, which clings to non-involvement, has been repeatedly urged by the Russians to come out of its corner. There is food for thought here among all who assume that the " Swiss position " which Moscow now urges upon Germany and Austria can be a permanent one. Finnish experience suggests that it would be only a phase, succeeded by Soviet pressure for a descent from the fence.

Last November Finland turned down Mr Molotov's invitation to his " all-European " conference on security when the other democracies declined to attend. But in the past nine months the Russians have tried on three occasions to persuade the Finns to sign a declaration approving the Molotov plan and promising to co-operate with it. The first occasion was the visit to Moscow last July of the present prime minister, Dr Kekkonen, to sign the new five-year trade agreement between the two countries. The second was Mr Mikoyan's visit to Helsinki in November, which was ostensibly for trade and goodwill purposes only ; the third was the Finnish independence day celebrations at their Embassy in Moscow last December 6th. In each case the Russians more or less presented the Finns with a dotted line and a ready-filled fountain pen ; in each case, however, the Finns argued, qualified, referred to Helsinki and in the end got away with mild and innocuous statements saying that it was " imperative to combine the efforts of all countries " for peace. Mr Mikoyan's suggestion of a military liaison group was politely ignored.

But the Russians remain eager for a propaganda victory which they can exploit elsewhere in Europe, and they have some formidable cards to play. It was not by accident that Helsinki was chosen as the site for next month's Peace Assembly, with all its opportunities for displaying the blessings of " co-existence." Finland is militarily feeble ; its armed forces, limited by the peace treaty of 1947, total only about 30,000 men. Economically the Finns are dependent on Russia's good will, for their engineering and shipbuilding industries were artificially expanded after the war to satisfy Russia's demands for reparations, and their costs are too high for them to sell to the West. If the Russians chose now to close their markets, they could, for a time, cause serious unemployment.

Moreover, the Russians are busily making friends at the moment with Finland's largest political party, the Social Democrats, who are one of the two partners in Dr Kekkonen's coalition. The party secretary, Mr Leskinen, was entertained in Moscow last year by Mr Molotov; before he went he was a staunch opponent of Russian policy, but since he returned his speeches have been markedly more friendly. Now a further invitation to Moscow has been extended to the head of the party, Mr Emil Skog, who is also minister of defence. It seems that the Russians have despaired of obtaining results from the Finnish Communist party, although it holds nearly a quarter of the seats in parliament. But given Social Democratic good will they might well get the Finns to sign the required declaration of support and co-operation, and they might even persuade them to implement the clause in the mutual aid treaty of 1948 which speaks of consultation if Russia is "threatened" over Finnish territory.

It is one of the ironies of Finland's position that, with so many diplomatic worries, it is economically as viable as any Scandinavian country, and at present healthier than Norway or Denmark. After the post-Korean slump the prices of timber and paper industry products, which make up three-quarters of Finland's exports, have recovered well, and Finland has benefited from the recent building boom in Europe. The result is that, despite a relaxation of import controls last year, it managed to keep a small but comfortable export surplus. The national income increased by six per cent in 1954, an unprecedented rise for Finland, and industrial production continues to mount—by as much as 42 per cent since 1948. Unemployment is only half what it was at this time last year, and the exporting industries have the prospect of firm markets for the rest of 1955.

Among the roses there is one prominent thorn, the continuing inflationary pressure on prices and wages. Finland shares the problem with all the other Scandinavian countries, but in its case it has been enough to threaten the life of the government. In Dr Kekkonen's present administration his Agrarians and the Social Democrats together hold 107 seats in the 200-seat Diet, but they represent widely dissimilar interests. Last autumn the government decided to lower the cost-of-living index by increasing subsidies and cutting the purchase tax on various goods. This has brought the cost of living down to below its 1951 base-level, but it added a heavy burden to the budget and severely displeased many Agrarians.

Nor did it bring an end to wage claims. Several trade unions have since won rises for their members, and last month's strike by 24,000 civil servants, which virtually halted the country's economy for twelve days, ended in capitulation by the government. It was followed a few days later by an agreement to pay the farmers the higher prices they were demanding for their produce—another concession which in turn angered the Social Democrats. The coalition stays in office only for want of a workable alternative. An alliance between the Agrarians and the three small middle-class parties would be even more fragile than the present one; and the Communists ruined their chances of being invited to join a left-wing coalition by their behaviour in office before 1948, when they tried to seize control of the police and other departments by the familiar tactics of infiltration.

Finland's place in the world forces on it a Janus role, facing both ways. Under the shadow of the Iron Curtain it remains a vigorous democracy where speech is as free as anywhere in the western world, and criticism of Russia can be voiced without fear—although both press and politicians are sensibly restrained in this respect. Despite the recent expansion in its economic relations with Russia, Britain was still its chief trading partner in 1954. Most of Mr Molotov's advances in recent years have been delicately but decisively rejected by the Finns, and the free world should give them credit for a courageous performance. But it may not be easy for a small country so placed to hold out indefinitely if the Russians maintain and perhaps intensify their pressure. Finland has clearly been assigned a special place in Russia's present plans for Europe, and its continued struggle for independence will therefore be watched by the West, not only with sympathy, but also with a quickened interest.

Newspaper Copyright

Upwards of four years have elapsed since there was a considerable discussion on the right of property in inventions. . . . Again, this question of a right of property in the visible exhibitions or expressions of thought has come before the public under a new phasis, and now it more immediately affects our class. It is proposed to confer on newspapers a copyright to last 24 hours in all the original articles published in them. To our class this is deeply interesting—to us, personally, it is unimportant. . . . They who have written year after year about Free Trade cannot now have to learn that the gain of another is not necessarily their loss, and may be their advantage. They may believe, therefore, that the purpose for which they obtain the news is fully answered when they can publish it before their contemporaries; and that preventing others from appropriating it, though an injury to those others, would not ensure the sale of a single additional copy of their own journal. It is a fact that the journal from which most articles of intelligence are copied, which is most quoted, thrives the most; and the journals have therefore more to hope than to fear from appropriations. The public are not now satisfied with seeing mere quotations: they are never sure that something is not omitted; and will, in the long run, be attracted by quotations, where access is possible, to the original journal. . . . Every day booksellers inform the public that they publish the "author's edition" of a work, because they know that the public like authenticity, and like a guarantee for completeness and excellence as well as cheapness. The public will act on this principle in regard to journals as well as books. Papers that merely appropriate without acknowledgment will soon be found out and discarded. . . . The journals which are most diligent, most careful, and the best informed, now get the largest circulation; and no copyright will ever give success to their less diligent and less well-informed competitors.

The Economist

April 28, 1855

The Election of 1955

For the next few weeks comment upon the course of the election campaign, based partly upon despatches from correspondents in the constituencies, will be presented in this special section of *The Economist*.

Of Swings, Seats and Candidates

INTO the glorious uncertainty of election campaigns there has emerged in recent years—as a sort of programme seller rather than as a prophet—the figure of the electoral statistician. He carries with him, as a main tool of his trade, the kind of table that is set down at the bottom of the next page. It analyses the results in the general election of 1951; and, although the general election of 1955 will be fought out within a slightly different pattern of both constituency boundaries and candidates, this table serves as the best available sketch map of the battleground for May 26th. It is a sketch map that will be the more eagerly studied as a result of the latest *News Chronicle* Gallup poll. For this poll, which suggested a three or four point lead for the Conservatives, just before the election date was announced, now suggests that the lead has been whittled away. It may be that the large swing it reports in the past week is due to a sampling error in either the previous poll or the latest one. But the safest assumption for anybody to make about the election is that it is going to be an affair of desperately level pegging. The battle will depend on the outcome in the marginal seats.

★

The first piece of information to be drawn from the table is that each of the main parties at present holds an approximately equal number of marginal seats. The table shows that 146 of the 321 seats won by the Conservatives in 1951, and 141 of the 295 seats won by Labour, were rock-solidly safe; they could change hands only if more than 10 per cent of the electorate changed allegiance from one main party to the other. In addition, there were 99 other Conservative seats, and 79 other Labour seats, that could be regarded as reasonably safe; they would change hands only if more than 4 per cent of the electorate changed its allegiance. A swing of this size would be quite small by the standards of prewar elections, but it would be about 1 per cent bigger than that which occurred in the fairly controversial years between 1945 and 1950; rightly or wrongly, not many people expect it to be exceeded between 1951 and 1955.

It is around the remaining 76 Conservative seats and 75 Labour seats (as modified slightly by boundary changes) that the main battle on May 26th is likely to rage. If the Conservatives had won all of these seats in 1951, they would have had a majority over Labour of 176 in the House of Commons; if Labour had won all of them they would have had a majority over the Conservatives of 126. These may be regarded as the rough upper limits to majorities in the new House, unless there is an unexpected landslide either way. But there are quite comfortable majorities to be won from much smaller changes of allegiance. For example, a 2 per cent swing to the Conservatives in 1951 would have given them a majority of 94, and a 2 per cent swing to Labour would have given it a majority of 40.

A second lesson from the table is that the present electoral system, or rather the present geographical distribution of population in relation to that system, carries a fairly substantial bias against Labour. The reason for this is that about one third of the really safe

Labour seats that would have been lost in 1951 by a swing of 2 per cent or less to the Conservatives are: Ealing North, Hornchurch, Watford, Faversham, Rochester and Chatham, Rugby, Southampton (Test), Nottingham Central, Nottingham East, Nottingham South, Lowestoft, Malden, Norfolk North, Stalybridge and Hyde, Liverpool (Kirkdale), Chorley, Preston South, Halifax, Sunderland South, Edinburgh (Leith), Walthamstow East, Wandsworth Central, Wandsworth (Clapham), Willesden East, Uxbridge, Reading South, Falmouth and Camborne, Plymouth (Devonport), Leek, Droylsden, Huyton, Rossendale, Sowerby, Glasgow (Camlachie).

Conservative seats that would have been lost in 1951 by a swing of 2 per cent or less to Labour are: Battersea South, Camberwell (Dulwich), Bedfordshire, Buckingham, Spelthorne, Chislehurst, Plymouth (Sutton), Burton, Norfolk South-West, Peterborough, Doncaster, Bolton East, Rochdale, York, Darlington, Conway, Rutherglen, Glasgow (Govan), Glasgow (Scotstoun), Bexley, Brentford and Chiswick, Woolwich West, Wycombe, Portsmouth West, Stroud and Hornbury, Kings Lynn, Yarmouth, Liverpool (West Derby), Bury and Radcliffe, Preston North, Shipley, Barry, Romford.

Labour seats are too safe to be profitable; there are nearly fifty Labour strongholds—especially in the mining areas—where Labour votes are regularly "wasted" in piling up huge majorities of over 20,000, while there are only ten or eleven Conservative strongholds with majorities of this size. This waste of Labour votes explains why, as the table shows, Labour won 26 fewer seats than the Conservatives in the general election of 1951 although it actually had a lead of 0.8 percentage points in total votes cast. An even more intriguing lesson of the table is that Labour would have needed a lead of more than 2 percentage points in the total poll before it would have been able to form a government in 1951.

It is against this part of the table that the results of this week's *News Chronicle* Gallup poll may be read off by those who either hope or fear that they can have faith in them. The poll suggested a ½ per cent lead for the Conservatives if the tentative preferences of the "Don't knows" are excluded from the reckoning; a 1 per cent lead for Labour if those preferences are included; and a 1½ per cent lead for Labour if one relies on the question (which proved a remarkably accurate indicator in 1951) "Which party do you consider is best for people like yourself?" It will be seen from the table that if the actual vote in 1951 had fallen within these ranges—of a ½ per cent lead to the Conservatives and a 1½ per cent to Labour—then the Tories would still have been the majority party in the House (with a majority over Labour of anything between just over 50 and and just over 10). The Tories can also draw comfort from the fact that between 5 and 7½ per cent of the people who answered the pollsters' questions this week said that they would prefer to vote Liberal; between half and three quarters of these are unlikely to get a chance to do so, and some of them may come over to the Tories' side. But it is the reported movement of opinion, rather than the present state of it, which is likely to worry the Conservatives most. In the previous poll, published a week ago, the *News Chronicle* had shown a 3 or 4 per cent lead for the Conservatives, according to which treatment of the preferences of the "Don't knows" one prefers to use.

★

The discussion so far has been carried on in the assumption that the lines of battle in 1951 are a fair guide to the struggle of 1955. How far are the prospects altered by the changes in candidates and constituencies in between? The answer is that these changes will probably have surprisingly little effect on the election's result. Some more news about candidates has become available this week. The Liberals have published a first list of over 80 seats for which they have candidates already in the field. They hope to add some forty or fifty other names to it between now and nomination day. The main interest in their list had centred on the fact that seventeen of the twenty-one seats that the Conservatives had gained from Labour in 1951 had been seats where Liberals had withdrawn from candidature between 1950 and 1951, and there was eager speculation about in how many of these they would reappear.

The answer is that, so far and from this first list, they have reappeared in only one; it is the London borough of Battersea South, which the Tories may now have considerable difficulty in holding. Of the other Liberal candidates now announced just under fifty are in seats that Liberals contested last time; these candidates, of course, make no difference to the figures in the table. More than thirty are in seats that the Liberals last contested in 1950 but that did not change hands as between the major parties in 1951. Since not many people expect the Liberals to pick up more votes than in 1950, it might normally be concluded that these reappearances should not affect the results. Unfortunately for the Conservatives, however, some six or seven of these reappearances are in seats which the Tories held by only a narrow majority in 1950, and which Labour could now win by a fairly small swing to the left; while four or five are in seats that Labour held by only a narrow majority in 1951, so that it will now be more difficult for the Tories to capture them if there is a small swing to the right. Moreover, two of the Liberal reappearances in marginal Conservative seats strike an area where boundaries have been revised since 1950 in Labour's favour; even without a swing to the left it is possible that this will mean a Tory loss in Stroud and the unseating of Miss Hornsby-Smith in Chislehurst.

On the other hand the Liberal list has one more cheering feature for the Tories. There were fourteen Labour seats that were won on a split vote in 1951; in eight of these there is so far no Liberal candidate, while in one other (Merioneth) no Tory has yet appeared. The Liberals may, of course, appear in some of these seats, and in other inconvenient places for the Tories, later. But, taking the announced rough with the still changeable smooth, the Conservative Central Office has no reason to feel desperately disturbed with this first indication of Liberal intentions. It has other things to feel disturbed about just now.

★

What, now, of the changes in constituency boundaries? At one time it was believed that these changes would be of substantial benefit to the Conservatives, and this should still be true as regards the entirely new seats and the entirely abolished ones. Of the eleven entirely new constituencies, the Conservatives should gain seven (Chigwell, South-East Essex, Rye, East Herts, Surbiton, Eastleigh and Nantwich), Labour should gain three, and the eleventh seems to be very marginal. Of the six abolished seats Labour will lose an MP in Leeds, Sheffield, Fulham and Droylsden; while the Conservatives will probably lose a seat in both Blackburn and Reading. This possible tally of seven Conservative gains against two Conservative losses, and three Labour gains against four Labour losses, with one seat very doubtful, suggests a net Conservative gain of between five and seven in the House from new or abolished seats alone.

In addition, however, there will be major boundary changes in 177 existing constituencies and minor changes in 43. There will be some swopping of seats between the parties as a result of these. Contrary to earlier impressions (which suggested some net Conservative gains in these existing constituencies), the present indications are that the swopping may just about cancel out. Indeed, it is possible that the net effect will be to whittle away some of the small advantage that the Tories should secure from the creation of the new seats.

All in all, however, these changes in candidates and constituencies should leave the general terrain—although not all the individual features—of the battle ground in much the same shape as 1951. The broad picture drawn by the table on page 366 should still hold good. Interest in the next four weeks should be particularly concentrated on the 75 or so seats that each party could lose as a result of a 4 per cent swing, and perhaps especially in the 30 to 35 that each could lose as a result of a 2 per cent swing. The names of these "2 per cent marginal" seats are set down in the box on page 365. They provide a fair guide to the areas where the noise of battle is likely to be most fierce.

EFFECTS OF A SWING

	Swing from 1951 %	Proportions of Poll %			Con. Gain in Seats	Composition of New Parliament		
		Con.	Labour	Con. Lead % over Labour		Con. Seats	Lab. Seats	Con. Majority over Labour
Swing from Labour to Conservative	10	58·0	38·8	19·2	158	475	141	334
	5	53·0	43·8	9·2	87	408	208	200
	4	52·0	44·8	7·2	75	396	220	176
	3	51·0	45·8	5·2	59	380	236	144
	2	50·0	46·8	3·2	34	355	261	94
	1½	49·5	47·3	2·2	27	348	268	80
	1	49·0	47·8	1·2	20	341	275	66
	½	48·5	48·3	0·2	10	331	285	46
Actual Result		48·0	48·8	— 0·8	Nil	321	295	26
Swing from Conservative to Labour	½	47·5	49·3	— 1·8	— 8	313	303	10
	1	47·0	49·8	— 2·8	— 20	301	315	— 14
	1½	46·5	50·3	— 3·8	— 28	293	323	— 30
	2	46·0	50·8	— 4·8	— 33	288	328	— 40
	3	45·0	51·8	— 6·8	— 58	263	353	— 90
	4	44·0	52·8	— 8·8	— 76	245	371	—126
	5	43·0	53·8	—10·8	— 91	230	386	—156
	10	38·0	58·8	—20·8	—175	146	470	—324

Pink Hopes and Red Letters

THE swing of the *News Chronicle* Gallup poll in their favour has made Labour suddenly but unmistakably cock-a-hoop. For the first time for many months a majority of Labour MPs honestly believe that they are going to win this election. They may be reading too much into the poll, but the turn of the tide in their morale has come at an important psychological moment; for if they have been gaining support they have done so during a week when the headlines had suggested that they were losing possible and promising issues. To set against the careful stage-management of Lady Megan Lloyd George's accession to Labour, the Tories have gained a much more surprising collection of allies; in the last week Mr Chou En-lai, Marshal Bulganin, Mr Dulles and Mr Albert Hallworth of the engine drivers' union have been doing all the things that the Tory Central Office wanted them to do.

Of these factors, Mr Chou En-lai's peace talk at Bandoeng has been by far the most important. The Tories had lived under constant fear that the Chinese might invade Quemoy or Matsu while the election was in full swing; if there was an invasion, the issue of a hydrogen bomb war would dominate behaviour at the polls, and almost certainly sway it in Labour's favour. It now looks as if it is going to be much more difficult for any Labour speakers to make this campaign an irresponsible campaign against Mr Dulles; the news from Bandoeng, Moscow and Washington have all combined to suggest to the electorate that Sir Anthony Eden's foreign policy is paying off. The long-expected red letter has arrived, and Tory candidates are saying that it is a letter in support of their side.

The electoral effect of the threat of a railway strike is much more dubious. But for some reason the Conservatives are blithely confident, and Labour is obviously fearful, that a strike would cause a definite swing to the right. The theory is that the public is utterly weary of strike threats in general, and of railway strike threats in particular; and that if dislocation, and possibly some unemployment, spread from the engine-drivers' "selfishness" there would be a reaction in favour of a stronger hand on the tiller. The politicians believe that the public thinks that in the next few years the right hand would be slightly stronger than the left. They may be right in this assumption. But the suggestion of the latest Gallup Poll is surely that the main impulse which moves the public may be a quite illogical habit of blaming all ills on the government of the day; it is a moot point whether this impulse would turn round in its tracks if mainly-imagined ills were to be changed into temporarily very real ones. The only sensible attitude to strike about the state of public opinion this week-end is one of complete perplexity.

"Forward with Labour"

By a last-minute leap-frogging operation Labour released its election manifesto for publication on Friday morning; it will be discussed more fully in *The Economist* next week, when it can be compared with the Conservative manifesto, which was due to be published on Friday afternoon. At first reading, however, "Forward with Labour" contains several expensive additions to the programme adumbrated in "Challenge to Britain"—and some quite meaningless ones. Among the latter, the announcement that "Britain should propose the immediate cessation of H-bomb tests" holds pride of place; proposal and other people's disposal are two worlds apart.

In economic affairs, there are now flat statements that Labour will "bring sections of the chemical and machine tools industries into public ownership," and that local authorities will be asked "to submit schemes for gradually taking over and modernising rent-controlled private property, subject to fair compensation"; the nationalisation of water, together with the renationalisation of steel and road transport, is thrown in to fill this mixed bag. Among the specific bribes proffered Mr Gaitskell is now pledged to repeal Mr Gaitskell's charges on teeth, spectacles and prescriptions; Labour will "abolish the tax on sport and the living theatre"; and the repayment of postwar credits will be speeded up.

The section on the cost of living contains the promise to reimpose price controls on essential goods where necessary" which the party's economists must have striven so desperately to avoid. It plays into the hands of those who have said that if the price system is not to be allowed to work, then rationing will have to be re-imposed; but the manifesto tries to bluster its way out of this trap of its own devising by saying that the rationing scare is "a deliberate Tory lie." At the end the manifesto wisely scents one of the main fears that its inconsistencies may arouse. "The powers we ask for will be used in the interests of the whole nation and they will respect the rights of human personality. For our aim is to make men more truly free."

The Press Lines Up

As soon as it reappeared, the national press began groping for election issues. The first story grew from Mr Maudling's remark in the budget debate that import controls, the only alternative to the Government's monetary policy to deal with the balance of payments, would necessitate consumer rationing. The Conservative popular press quickly sought to saddle the Labour party with rationing as part of its policy, at least by implication: "Points. Ration books. Utility goods. Queues. Under the counter. Heaven preserve us from a return to these bad, drab ideas," said the *Daily Mail*. The *Daily Sketch* put the threat of the ration book into pictures, in clear imitation of the *Daily Mirror's* fatal play with Mr Churchill's revolver in 1951. The *Daily Express* asked who was most likely to avoid rationing—Butler or Gaitskell.

The *Daily Herald* inevitably stigmatised all this as the first big Tory lie. So did the *Daily Mirror*, which, however, has not yet fully committed itself to either side. Its circulation is needed by Labour to equalise the otherwise great preponderance of the Tory press. Presumably it will ultimately range itself with Labour; it certainly has some compulsion to range itself against the *Daily Sketch*. It gave prominence to Mr Gaitskell's attack on the "rich man's budget" and Vicky, its cartoonist, celebrated the demise of "Mr Butskell." But editorially the *Mirror* has so far only taken the line that it will impartially expose the lies of both sides. Perhaps as an earnest of its independence—or of its fears—it took Mr Bevan to task for his "farmyard insults" to the other side (or to the marginal voter); similarly the *Daily Express* showed anxiety over Mr Butler's treatment of Lancashire and urged him to think again—irrespective, apparently, of the fact that the textile trade between Britain and India is Empire trade.

So far comment has centred on the budget, which the *Daily Telegraph* called the first plank of the election. The cost of living issue is already finding prominence on the left. The *Daily Express's* brainchild in the last election, "Mr Rising Price," seems unlikely to sprawl across its pages this time, even though he could be overshadowed by "Mr Rising Earnings." Nor are there any invigorating slogans yet. "Peace and pantry," from the *Daily Express*, smells of the lamp. The *Daily Mail* tried out Mr Eden's phrase "the Opportunity State," but that smells of undue loyalty.

The Air is Neutral

The BBC has made known its strict adherence to protocol for the three weeks of the campaign; it is making provision for party political broadcasts to puncture the neutrality of the air in accordance with precedent. The Conservative and Labour parties are to have four radio and three television broadcasts each, the Liberals one period on the air and one on the screen. If any other party could put up 50 candidates it would also get one—which has produced the usual frustrated complaint from the Communists.

Meanwhile, programmes like "Any Questions?" will disappear from the air; the funny men will be doubtless solemnly warned to keep off the one subject on which the public might well enjoy some light relief; and lest it should be accused of taking any risks with unscripted programmes, arrangements to broadcast an Oxford Union debate "that the methods of science are destructive of the myths of religion" have been cancelled. As making points out of order is a pastime in the House of Commons itself, the occasion might have proved too great a temptation; and in any case the possibility of a Left *versus* Right line-up on such a motion are all too obvious. As usual, the purity of intention behind the BBC's rules must be applauded with politeness rather than enthusiasm; these slightly ludicrous pre-election arrangements are inevitable so long as the monopoly in broadcasting remains.

Notes of the Week

Strike in the Balance

The public has become used to the threat of railway strikes—and to last-minute compromises that avert them—that there was, therefore, a general tendency on Thursday to assume that there must still be an even chance that the engine drivers' stoppage at midnight on Sunday will not really come off. At the time of writing, however, all parties are standing pat. The Minister of Labour says he cannot intervene or call a court of inquiry; he evidently has scruples about knocking the industry's arbitration machinery for six a second time. But he has twice called the two sides together at the Ministry, and one meeting was in progress as *The Economist* went to press. The Transport Commission takes its stand on the latest decision of the Tribunal—whose awards it always accepts even when, as in November, it finds them embarrassing. The Associated Society of Locomotive Engineers and Firemen is still demanding the differentials produced by the November award. The best hope of compromise seems to lie in the possibility that the union might call off the strike on the understanding that there should be immediate talks about differentials; the Trades Union Congress, which believes that a strike would be as bad for Labour's election prospects as it would be for the country as a whole, is strongly urging it to take this course.

If the worst happens, the Transport Commission hopes to be able to keep essential services going, with priority for milk, perishable foods and some coal. About a quarter of the locomotive men belong to the NUR, whose executive does not support the strike. But whether in practice many of them will be prepared to man trains normally worked by ASLEF men, unperturbed by the strikers' calls of "blackleg," seems doubtful. Industry's coal stocks are said to be sufficient to last three weeks. The most serious problem will be the distribution of finished output; the coal mines themselves can only stock about one week's supply at pithead, and many of them would have to close down after that. A prolonged strike would therefore inevitably put a large number of people out of work; as a rough rule of thumb, the best forecast is that one week of strike would cause serious inconvenience, a second week serious dislocation, and a third week widespread tragedy.

Diplomacy on the Escalator

Conferences and meetings of foreign ministers are now pressing so close upon each other's heels in Europe that some of the participants have the nervous feeling of a man whose clothes have got caught in a fast-moving machine. That seems an unnecessarily alarming image. But in the past week diplomacy has certainly found itself on an escalator which is not merely moving remorselessly onwards, but accelerating. To the western talks which began on Wednesday, the Franco-German talks this weekend, the depositing of ratifications of the Paris agreements next Thursday, the subsequent meeting of Mr Macmillan, Mr Dulles and M. Pinay, and the Atlantic Council session on May 9th, there must also be added the imminent negotiations for an Austrian settlement. The speed-up has been dramatic. Some things that only a few days ago looked like obstructing the onward rush seem to have been whisked away by invisible scene-shifters. M. Pinay is now confident that the outstanding Saar issues will not stand in the way of next week's proceedings; the Russians, having made their propaganda point, now accept the commonsense of the western view that an Austrian text must be prepared by ambassadors before foreign ministers are called together to sign it. The conjunction of the Austrian developments, the approach of the Nato meeting, and the final approval of the Paris agreements have crowded the headlines together, and a whole new phase of diplomacy has begun before the loose ends of the old one could be tidied up.

It is not surprising that excitement is in the air. But in Britain, at least, there is clearly a tendency to over-excitement, which can be traced without difficulty to electoral origins. At the beginning of this week a mere nod from Marshal Bulganin revived febrile speculation about "talks at the highest level." It is one thing to press forward with plans for the exploration of every specific possibility that a new international situation may now open up; it is quite another to encourage a public belief that a confrontation with the Russians could result in an instant and universal relaxation. As long as the great international problems remain—and among them the problems of disarmament and of German reunion in freedom, which will certainly not be solved overnight—any such encouragement of delusions must be treated as grossly irresponsible.

Stirrings Among the Six

M. Monnet is still in Luxemburg, despite his well publicised decision to retire as president of the High Authority of the coal-steel community when his term of office expired in February, in order to have a freer hand to work for European union. The French suggestion, made while M. Mendès-France was still prime minister, that M. Monnet be succeeded by M. Ramadier was greeted with considerable coolness by "good Europeans." With the fall of the Mendès-France government the appointment of a

successor became one piece of unfinished business which M. Faure has been in no hurry to settle, and the "Europeans" have been making good use of the breathing space, with the result that M. Monnet's determination on an early departure seems by no means as unshakable as it once was. And the last few days have shown that the foreign ministers of the Six do not wish to answer the interrelated questions of who is to head the High Authority and where "little Europe" is to go next until the Nato and WEU meetings have been held and Germany has taken its place in the western alliance.

Meanwhile, the initiative appears to have passed to the Benelux countries. Last Saturday, M. Spaak and M. Beyen called for a meeting of the six foreign ministers at the end of May, not only to decide whether M. Monnet is to be succeeded by himself, or another, but also to consider a programme for further European integration. Specific proposals have not yet been made public, but the Dutch are known to believe that something like the "Beyen plan," proposed in 1952, which calls for a full customs union, is ultimately necessary, and to be sceptical about further experiments in the sector-by-sector approach.

The experience of the coal-steel community supports the Dutch doubts about the sector approach. The anomalies of dealing with coal and steel as though no national boundaries existed while all other economic sectors remain oriented to national ends have daily become clearer. A sensible policy for modernising the community's coal mines cannot be evolved independently of the plans being made for other sources of power. Ruhr coal competes with oil as directly as with coal from Lorraine. Why, it is asked, should one set of rules apply to those who sell coal and another to their principal competitors? Thus the very reasons that have led many to conclude that the establishment of separate authorities for additional economic sectors is both the hard way, and an economically unsound way, of achieving "integration," will be used by the Dutch, and by some others, to argue for an extension of the powers of the coal-steel community into related fields such as other sources of energy and transport.

Sir Anthony in the Saddle

SIR ANTHONY EDEN'S election last week as leader of the Tory party completed the transfer of power from Sir Winston Churchill, although the reshaping of the party hierarchy will not be completed until after the election. Lord Woolton is then expected to leave the Central Office, thereby allowing Sir Anthony to appoint a younger man to the party chairmanship. At the same time, if the Tories are returned to power, Mr Butler will presumably become Deputy Prime Minister *de jure* as well as *de facto*.

As usual, the election of the new Tory leader was a pure formality; no other candidates were in the field, and the occasion was devoted to graceful speeches of farewell to Sir Winston and greeting to his successor. But the powers that it placed in Sir Anthony's hands are far more than formal. He can now remain Tory leader for as long as he likes; he will not have to seek re-election. He alone is technically responsible for formulating party policy, and he alone appoints all the senior officials of the Central Office, the party's civil service. As Mr Robert Mackenzie wrote in his recent book about the parties, "If one takes the Conservative leader's position and powers at their face value, he appears to have greater authority over his followers and to be less subject to their restraint and control than the leader of any other political organisation calling itself democratic."

One of the main Tory criticisms of Sir Winston Churchill was that he did take the leader's powers at their face value. It is much too early to pronounce on Sir Anthony either as Prime Minister or as party leader, but so far as rank-and-file Tory MPs are concerned, he has not yet put a foot wrong. He has made the right new appointments, he has got the business of the Commons moving smoothly, he has personally been in regular and interested attendance on the front bench, he has made encouraging and helpful speeches at party gatherings and sent useful messages to the appropriate party organs. These can all be dismissed as mere matters of detail, the trimmings of the job, and certainly the serious policy tests are still to come. But it was Sir Winston's very spasmodic attention to just such details that led to most of the domestic embarrassments which afflicted his government. What is more, Sir Anthony also seems to be paying attention to the wider problem of keeping the Government in closer touch, not only with its own followers, but with the public at large.

Finance Bill in a Hurry

THE proceedings on the Finance Bill have proved as brief as the Bill itself. On Tuesday the committee stage was completed in one sitting of four and a half hours, compared with the usual struggle through anything up to ten days, with three or four all-night sittings thrown in. The reason for truncating debate was ostensibly the shortage of time; but presumably Mr Butler also had in mind the considerations that guided Sir Winston Churchill when he was Chancellor just before the summer election of 1929, when the same proceedure was used. Explaining why the vital clause for the general amendment of taxation law would be omitted from the Finance Bill, Sir Winston said, "It will, therefore, not be open to honourable members to move a long series of new clauses setting forth electioneering lures and wiles until after the election has taken place. It will not be possible, for instance, to bring forward new clauses of a vote-catching character for greatly improving the universe and then forcing the supporters of any responsible government to vote against them."

How wise was the similar precaution this year became apparent from the beginning of the Budget debates. With the election date already announced, every speech was made from an invisible husting—with some of the normally moderate Labour members, led by Mr Gaitskell himself, most eager to throw moderation to the winds. Under such circumstances the drastic shortening of debate was a merciful shortening of what was already becoming a tedious repetition of electioneering arguments. Labour rang every change possible on the theme of a "rich man's Budget," and the Tories produced every available statistic to show



Your

Life Assurance

is in tried

and trusted hands

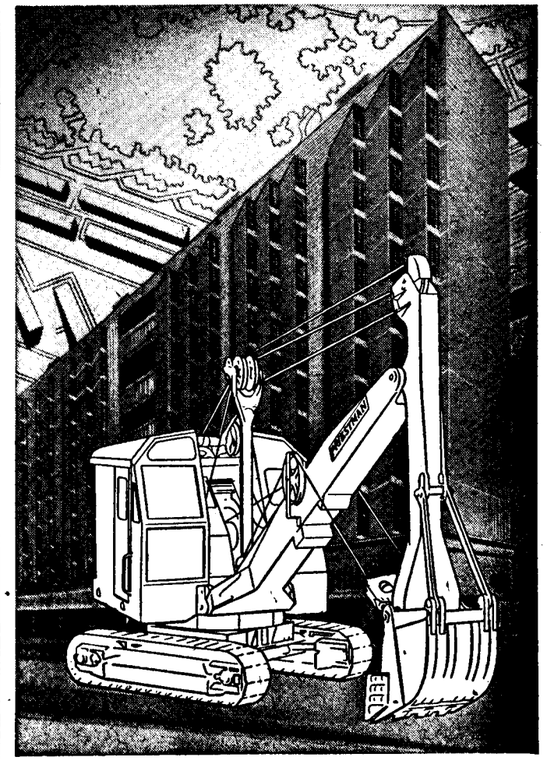
—keep it so

IT'S A GOOD JOB FOR YOU

LIFE ASSURANCE

IS RUN THE WAY IT IS

ISSUED BY THE LIFE OFFICES' ASSOCIATION, LONDON



The POWER behind PROGRESS

It is significant that every civilisation which has so far existed has progressed in relation to its power to reshape the earth to its special requirements. This is the part that Priestmans play, for wherever there is earth to be moved or bulk materials to be handled, there Priestmans excel.

Building dams, making roads, clearing jungle, dredging rivers;—in every part of the world, Priestman equipment plays its part by bringing greater speed and efficiency to the digging which must precede all building.

PRIESTMAN

Manufacturers of earth-moving equipment for seventy-five years.

PRIESTMAN BROTHERS LIMITED, HOLDERNESS ENGINEERING WORKS, HULL



Blindfolded?

In the particular silence that descends when the bar has emptied a quiet voice edged with just a touch of envy said: *"Yours seems to be the name they keep on asking for. Is it true that they can tell you blindfolded?"*

And the White Horse bottle with judicious modesty replied: *"I think that it is extremely possible. Blending, age, reputation, perhaps. But I'm talking far too much."*

The afternoon's sunlit silence remained unbroken until the colonel came in with his lady and said: "Two large White Horse please."

WHITE HORSE
Scotch Whisky

MAXIMUM PRICES:— Bottles 35/-, ½-Bottles 18/3, ¼-Bottles 9/6, Miniature Bottles 3/8, as fixed by the Scotch Whisky Association.

how widespread will be the benefits of Mr Butler's tax cuts. The only amendments Labour was able to move in committee were none the less designed to spread the benefits even wider. Their main proposals were to restore to £100 the band of taxable income charged at the lowest reduced rate ; and to cut all the reduced rates by the full 6d. being taken off the standard rate. On neither point was discussion heated, but the amendments enabled Labour to elaborate its argument that Mr Butler was being mean to the smaller taxpayers. This, of course, was the sole intention behind them.

Germans Vote for Stability

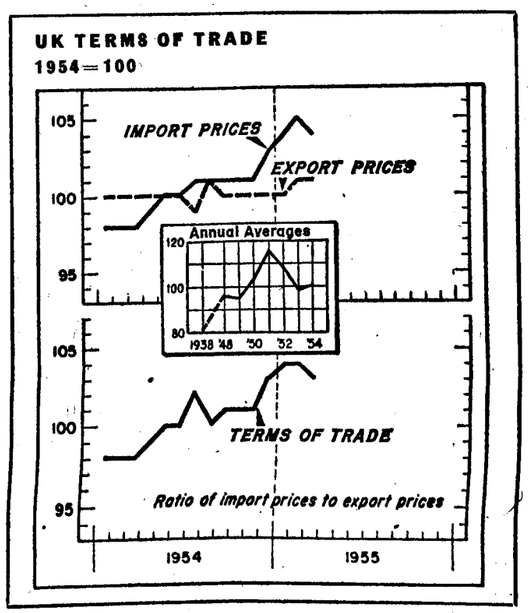
THE *Land* elections in Lower Saxony seem to present a contradiction. If the Germans are as opposed to Dr Adenauer's western policy as evidence suggests, why do they not vote against his party when they have the chance ? The results in Lower Saxony last Sunday showed no landslide away from the Christian Democrats (CDU). That is the outstanding deduction that can be made from the voting, which is otherwise hard to interpret owing to changes that have been made since the last *Land* election. If the results are compared with the Federal elections of 1953, which marked the peak of Dr Adenauer's popularity, they show that the Social-Democratic Party (SPD) increased its percentage of the votes from 30.1 to 35.2 per cent, while the CDU fell from 35.2 to 26.6 per cent. But against the *Land* elections of 1951, the picture is not so discouraging for Dr Adenauer. The Socialists had 33.7 per cent of the votes in that contest, while the CDU, then allied to the right-wing *Deutsche Partei* (DP), had only 23.8 per cent, or less than Dr Adenauer's party alone gained in last Sunday's elections, and much less than the 39 per cent which the CDU and the DP polled on separate lists. The result of the change since 1951 is that the Socialists, although still the largest party, cannot form a government as hitherto with the Refugee Party (BHE).

It is not possible to say exactly how much more popular Dr Adenauer's party is than it was in 1951, or how much less than in 1953, because several small parties have been eliminated in the meantime. It is thought that the right-wing anti-Socialists shifted their support to the *Deutsche Partei* rather than to the CDU, because Dr Adenauer's party has too strong a Catholic bias for the liking of Lower Saxon Protestants or former Nazis. The Refugee Party (BHE) lost support for two reasons. Large numbers of refugees have been moved from Lower Saxony, and the rest are increasingly losing their identity as a special body. Moreover, the party is now seriously split on the issue of Germany's western alliance.

Elections do not fully reflect the feeling against the Paris treaties because Germans have split mentalities on the subject of reunion. They want stability in their lives and fear that any alteration, either in the government or by reunification, would upset their hard-earned march to prosperity and security. Germans do not vote against a long-established government for the sake of a change. On the contrary, they might again desert parliamentary democracy altogether if party strife became too sharp. Success succeeds in Germany even more than elsewhere, and Dr Adenauer's victory in the *Bundestag* ratification debate rallied some waverers back to his side. But another part of most Germans' minds makes them demand reunification above all. Whatever they think privately and however they vote, they publicly proclaim their patriotic wish for an end to partition, and the more they suspect the western powers are preventing it the more assertive the demand becomes. When they go to the polls, however, the urge for a quiet life becomes the strongest factor—hence the support which the present coalition is still given at the ballot box.

"Third Force" Talk in Bonn

A LANDMARK in the political campaign against the Nato alliance was passed in Bonn this week, when the Social Democrat leader, Herr Wehner, announced a programme which is, on the face of it, very close indeed to Mr Molotov's. Herr Wehner is his party's "foreign minister" and head of the *Bundestag* committee on all-German affairs. His proposal, which the Socialists want to lay before the preparatory conference of the western governments in London, takes the following shape. European security and German reunification must be treated as one matter in negotiations with the Russians ; discussions must deal with free, internationally supervised, elections as well as with the military status of reunited Germany. This presupposes that the West and East as well as the Federal Republic should agree on the principles of an all-European security agreement in the framework of the United Nations. The negotiations should not be made more difficult by trying to achieve reunification and a peace treaty at one shot. Herr Wehner believes that this proposal would be approved by the Russians and would lead to general disarmament. Foreign troops would, he



thinks, have to stay in Germany until the peace treaty, and Germany would have an army of its own, but the strength of all five forces would be limited.

According to the *Frankfurter Rundschau*, the Free Democratic Party is also conferring on a solution which would lead to a European security grouping outside the Atlantic alliance, which might include Communist states. And Dr von Merkatz, leader of the parliamentary *Deutsche Partei* (another member of Dr Adenauer's coalition), has now joined the ranks of advocates of a " third force " which would include East European states and would lie somewhere between America and the Soviet Union. It appears, therefore, that when Dr Adenauer last week declared firmly that any solution must be based on the alliance with America, he may have been speaking for most of his party, but no longer for its coalition partners.

Looking Ahead in Tunisia

At last the remaining points of discord between France and Tunisia have been tackled in a spirit of compromise, and statesmanship has averted last week's danger —that seven months of work would collapse on the issue of how many Frenchmen were to sit on a handful of municipal councils. Both prime ministers, M. Faure and M. Ben Ammar, deserve credit for the perseverance that carried matters home. But the agreement that their delegations reached is only a semi-final, not a final round. In France, M. Faure has still to put it to parliament ; in Tunisia, M. Ben Ammar has to rally the many shades of opinion within the Néo-Destour party. After Ramadan, the month of fasting which has just begun, the negotiators have to meet again to sign texts in final form. After that, both have to show that they can execute in spirit what they have signed in letter. The way ahead has been opened, but is not yet clear of obstacles.

The obstacles in Tunisia look less formidable than those in France. The task of smoothing differences in outlook between Tunisian factions has been greatly facilitated by a final gesture of statesmanship on the part of M. Faure. He saw fit, in the last sticky stages of the negotiations, to consult and gain the support of the father of the Néo-Destour, M. Habib Bourguiba, who is still for most Tunisians *le suprême combattant*, and whom long years of exile have not deprived of great influence within the territory. It is at the French end that the immediate snags look menacing. When parliament threw out M. Mendès-France, it did so on the North African issue, and though some deputies were palpably rejecting the man and not the policy, many were against both. Last week, an intransigent delegation of Frenchmen from Tunis was imploring M. Faure not to give way, and its supporters are working furiously to rally a parliamentary majority to their view. Should they succeed, France's whole position in its North African dependencies will become tenable only by force, as opposed to consent.

Were this to happen, France's partners within Nato need to think what would be their attitude. What would they feel about an ally forever unable to do its bit in Europe because it had one hand tied down in Africa ? Maybe the British cannot preach while they have the Cyprus problem on their hands, but, as their ambassador said in Algiers last week, they think the policy of agreement with the Tunisians and Moroccans " in keeping with the spirit of the times " ; the Americans would certainly not relish retaining their Moroccan bases on terms so out of keeping with their conception of democracy.

A Trump from Sir David

The Opposition was rash to choose education as the subject of the supply debate on Tuesday. This issue was certainly a Tory liability a year ago, but a combination of greater ministerial bonhomie and less financial stringency has turned it into a Government selling point. It might have been foreseen that Sir David Eccles would use the chance to play the good fairy again, for there were two or three questions on which an announcement was due.

This time Sir David's gift was a promise of bigger state grants to university students and to teachers in training. The grants for undergraduate board and lodging are to be increased by 10 per cent next autumn ; and the value of any prizes won by state scholars, up to the value of £100, will not be deducted from the grant paid. Of great importance to professional people and others is the assurance that the means test for state scholarships, which has borne so hardly on them, is to be relaxed. Sir David did not give details, but the parental income ceiling, above which no grant other than the honorarium of £30 a year is paid, is to be raised above the present figure (which is £2,200 without allowances). The allowances, or " disregards " as they are called, for other children being educated are also to be increased. The Minister will ask local authorities to bring their awards into line with state scholarships, and hopes in the process to eliminate the local variations in grant which at present cause unfairness as between one area and another. He also wants to see uniformity in grants to teachers in training, and has accepted the recommendation of a working party that these should all be brought up to the level of the highest—which would mean doubling the average grant now paid. Nothing is settled, however, about maintenance allowances for children who stay at school beyond the age of fifteen. So much generosity would presumably have been too much for the Treasury.

There was enough generosity, anyway, to leave poor polemics for the Opposition, especially as its policy of comprehensive schools has proved something of a boomerang. Labour members now hasten to deny that they would destroy the grammar schools, and their election manifesto merely says discreetly that they would " encourage " comprehensive schooling. They also, however, say that " local authorities will be asked to submit schemes for abolishing the [eleven-plus] examination." It would be nice to know what sort of schemes they have in mind.

General Templer's Task

The appointment of General Sir Gerald Templer as Chief of the Imperial General Staff comes at a time when the army is debating the changes of organisation and structure which are demanded by the development of nuclear tactical weapons. These changes were foreshadowed in the Defence White Paper last February, but of course in general terms ; the exact details of a division equipped both to defend itself against atomic attack and to follow up an atomic attack on an enemy are far from settled. It is easy to talk of power to disperse and concentrate quickly—a very different matter to create formations capable of doing these things and of delivering an effective attack. It is not likely that the problem will be finally solved by the time General Templer takes up his appointment in November. But there can be little doubt that he will bring to it an acute and original intellect as well as immense drive and singleness of purpose. In another respect his recent appointments fit him to solve problems of military organisation that have no precedent. Besides being trained for nuclear warfare, the army still has its duties in colonial campaigns and limited wars ; in Malaya General Templer had every opportunity to see what is required in formation and equipment, and therefore how such a requirement can be fitted into tactical training.

Whether the problem is the regimental or divisional structure, the equipment to be provided, the use of aircraft for mobility or transport, or the allocation of available strength to the three or four major theatres of operations, the task of the CIGS is an anxious one. Though the adjective " Imperial " in his title is only of historical interest, yet his vision must be world-wide. Through annual conferences he is in touch with the Commonwealth Commanders-in-Chief ; he must closely work with Nato ; and he speaks for the army at the weekly or bi-weekly meetings of the Chiefs of Staff. His purposefulness and grasp of detail together have an immense effect on the morale of his service. This latter aspect of his function is likely to carry particular weight with General Templer, whose deep concern to raise the standards of training and leadership of officers is well known.

Poland's Long Memory

The tenth anniversary of the Polish-Soviet alliance has been celebrated with a tremendous orgy of mutual back-slapping and eulogistic oratory. The honours were evenly divided between the two capitals. The Polish premier, Mr Cyrankiewicz, led the Polish delegation at the anniversary celebrations in Moscow. His colleague, Mr Bierut, the chief party boss in Poland, stayed behind in Warsaw to welcome his Russian opposite number, Mr Khrushchev, and Marshal Koniev. Both Mr Cyrankiewicz and Mr Khrushchev probably provided a clue to the scale of these celebrations when they spoke of the need for Poland, Russia and all other " peace-loving countries " to safeguard themselves against the provocative plans of the warmongers and to unite their armed forces under a joint command. Mr Khrushchev said that to do otherwise would mean " displaying impermissible carelessness." For months past the Russians have indeed been parading their intention of tightening and dressing-up the military links that already exist between themselves and their East European satellites when the Paris agreements come into force. But their decision to bring an East German army into close military co-operation with Polish and Czech forces will undoubtedly be a bitter pill for both of these. That is perhaps why the occasion of the Polish-Soviet celebrations has been used to butter up the Poles as much as possible.

Time and familiarity have evidently not yet reconciled the Poles to having their armed forces virtually under Soviet command. Otherwise it is hard to understand why Marshal Rokossovsky, the Polish defence minister and commander in chief, should this week have chosen to discuss with a French correspondent the disastrous Warsaw rising in 1944. Marshal Rokossovsky, who at that time was the Soviet officer in charge of the Russian forces outside Warsaw, was at pains to explain his failure to aid the insurgent Poles, and claimed that he had warned them that the rising would be premature—a claim which General Bor-Komorowski has promptly denied. If these bitter memories had been dormant, Marshal Rokossovsky would hardly have revived them ; nor would he be likely to make excuses and explanations now, if he did not wish to lighten the weight of Polish resentment against the conduct of the Red Army ten years ago.

The Italian Presidency

As *The Economist* goes to press, the two houses of the Italian parliament, plus ten regional delegates, are meeting in joint session to elect a successor to President Einaudi, whose seven-year term of office expires on May 11th. During the past few weeks the debates and manœuvres among Italian politicians and parties over a suitable candidate have thrown up a variety of names, but no firm favourite ; each party has been chary of nailing its colours to any particular mast. The Italian Republic has been exceptionally fortunate in its first elected President, and there is, unfortunately, a grave dearth of elder statesmen, able to stand above party and untainted by fascism, who could adequately fill his place. Both his great age—he is 81—and a natural reluctance to institute a second-term precedent for the presidency, tell against President Einaudi's re-election ; but if he feels willing and able, he might yet find himself his own successor.

Whoever is elected to the presidency, it is to be hoped that it will be someone who will not add to the present instability of Italian politics, even if he can do little to improve their stability—in other words, someone whom the greatest number of parties, and especially of the centre coalition parties, will not quarrel about. Apart from Signor Einaudi, the man most likely to fill this bill seems to be Signor Merzagora, the president of the Senate, who was returned to parliament on the Christian Democrat list although he is in fact an Independent. Signor Scelba, the Prime Minister, appeared to pave the way for such a candidate early this week, when he appealed to his own party not to put forward a Christian Democrat candidate ; he also, perhaps, wanted to exclude one of the leading candidates, Signor Gronchi, the president of the Chamber, who is a left-wing Christian Democrat favouring close links with the Nenni Socialists.

The Prime Minister will no doubt hand in his resignation

to the new President, even though he is not constitutionally bound to do so. But although his four-party coalition has been coming apart at the seams for months, and his own Christian Democrat party is deeply divided, Signor Scelba will probably be asked to carry on ; neither political arithmetic nor party allegiances seem to favour much change in the present complexion of the Italian government.

A Fillip to Town Development

THE Minister of Housing, Mr Sandys, announced this week that he is taking two steps to assist dispersal from congested cities. In future smaller towns that can take the surplus population of some big city will get a 50 per cent grant from the Government towards the cost of water and sewerage ; this will be in place of the much smaller and variable grants now in force. The big city will be expected to help with the cost of housing for ten years, after which the Exchequer will, if necessary, step into the breach. Secondly, the Minister is urging that an effective green belt should be created around other big cities besides London.

These measures point in the right direction and will put new life into a number of wilting schemes prepared under the Town Development Act. But they plainly will not work unless the Government, and the Board of Trade in particular, does more to steer employment away from the big cities and into the expanding towns. A green belt is a dubious asset if it forces a choice between more overcrowding in the city itself and longer journeys to work from beyond the green belt. Mr Sandys should start by getting his colleagues to locate some of their more routine office work away from the big cities.

Families in Difficulties

THE widespread feeling that there are too many separate organisations concerned with the welfare of children, especially with those who are neglected or ill-treated, was voiced this week by Sir Basil Henriques, a London juvenile court magistrate. In an address to the Royal Society of Arts, he said that "the weakest part of child welfare work in England is its preventive side—the side which is by far the most important," a weakness which he attributed mainly to lack of co-ordination between the manifold statutory and voluntary organisations. As a result, there is a failure to focus attention on the family as a group, in spite of the fact that it is usually useless to help or treat a child in isolation from his family. Furthermore, if action is needed the present cumbrous and confused arrangements only too often result in a passing of the buck between agencies, none of whom is able or willing to take responsibility for swift and decisive action at an early stage.

With the magistrate's detailed suggestions for administrative improvements locally there will be considerable agreement. He proposed the establishment of a neighbourhood Child Welfare Office, under the direction of the Children's Officer, which would house in one central building all the agencies dealing with the family, whether statutory or voluntary. To this office would come all those who were concerned in any way with the problems of children. From this office would work a team of highly trained family case workers, one of whose functions would be to act as a liaison between home and school, a need which Sir Basil feels is now very inadequately met.

There will be much less agreement with his suggestions for departmental changes at the centre. With a view to eliminating the present overlapping of the four Government Departments now concerned with various aspects of child welfare, he proposed that a Ministry of Juvenile Welfare should be set up, for whom a new minister of Cabinet rank should be responsible. Admittedly the New South Wales experiment in such a unified service has been successful, but it is doubtful whether such a solution would work in this country. At least, however, Sir Basil's address has underlined the grave drawbacks of the present system and the need for a committee of inquiry into the whole relation of the social services to the family.

In Lenin's Shade

LAST week the celebration of Lenin's birthday was given pride of place in Russia. Though the actual date was April 22nd, the Soviet press had already been filled for weeks with eulogies and reminiscences. Last year's modest celebrations of the 75th anniversary of Stalin's birth paled by comparison. In Stalin's lifetime the cult of Lenin was merely fostered as part of the ritual for the Georgian demigod ; now it seems to be encouraged for entirely opposite reasons. Extracts and recollections are no longer carefully chosen so as to show Stalin always at Lenin's side. On the contrary, in those quoted recently almost no mention is made of Stalin. Indeed, one has the impression that, while the iconoclasts have no easy task after years of Stalinist idolatry, the Leninist revival is being used as a transition, a road of escape from the Byzantine cult of Stalin.

The occasion is also being used for practical political ends. Lenin's words are chosen so as to make the dead leader give a posthumous blessing to Malenkov's deposition and the reversal of economic policy. At the commemorative meeting held in Moscow, Mr Shepilov, the editor of *Pravda*, quite justifiably insisted on Lenin's consistent emphasis on heavy industry. But, pushing opportunism ridiculously far, he went on to cite a letter in which Lenin had mentioned the virtues of maize. Maize cultivation is Mr Khrushchev's latest panacea for Russia's agricultural woes.

The echoes of the speeches celebrating Lenin have now become mingled with slogans issued in advance for May Day. These, too, have their practical aspects, and a special place has been found for Mr Khrushchev's maize. As a sign of the times a slogan is also included bearing greetings to the previously neglected Austrian people. On the whole, however, the pattern and content of the May Day formulæ

AIR TROOPING

THE PATTERN OF DEFENCE now being shaped by the western powers has as one of its essential elements the speedy movement of troops by air to trouble spots and strategic outposts. For Great Britain, in particular, the need to move reinforcements quickly—perhaps a battalion at a time—to such widely scattered places as Malta, Gibraltar, Bermuda, the Caribbean, West Africa, Cyprus, Aden, Singapore, Hong Kong and elsewhere has made the use of aircraft obligatory. Air trooping has been steadily increasing the part it plays in such movement and is the method now used for nearly 50 per cent of the total Army trooping to and from theatres other than Germany.

The speed of the trooping aircraft, as against travel by sea, is self-evident. Sea transport moreover has the disadvantage that in carrying a much larger number of men per unit it is keeping them inactive in the "pipeline" for a comparatively long period. In effect this delay means that an increased number of men must be kept ready under arms; whereas by air, troops need not be out of action in transit for more than about twenty-four hours. By the proper use of the air, therefore, fewer men are needed to guard the widely dispersed outpost defences of the democracies. The manpower saving on the Far East route alone is estimated by the War Office to be one-seventh, so that out of every 10,000 moved in a year, there are 1,400 or 1,500 more men effective in the field.

Another feature of air trooping which has directly influenced the three Service Departments in their decision to expand its volume, is the net saving of air travel over most sea routes. From the United Kingdom to Egypt, for instance, in 1952/3 the average fare per head by sea was officially stated to have been £30, compared with £22 using charter aircraft. This is considerably less than even tourist fares on the scheduled airlines, since on troop charter work every available seat can be filled.

In 1950, the Government decided that the British independent operators should provide the bulk of the extra capacity needed to develop the air trooping scheme. In this way, a measure of stability would be given to these operators enabling them to invest in modern equipment and so provide an important strategic reserve of aircraft to supplement Transport Command when required.

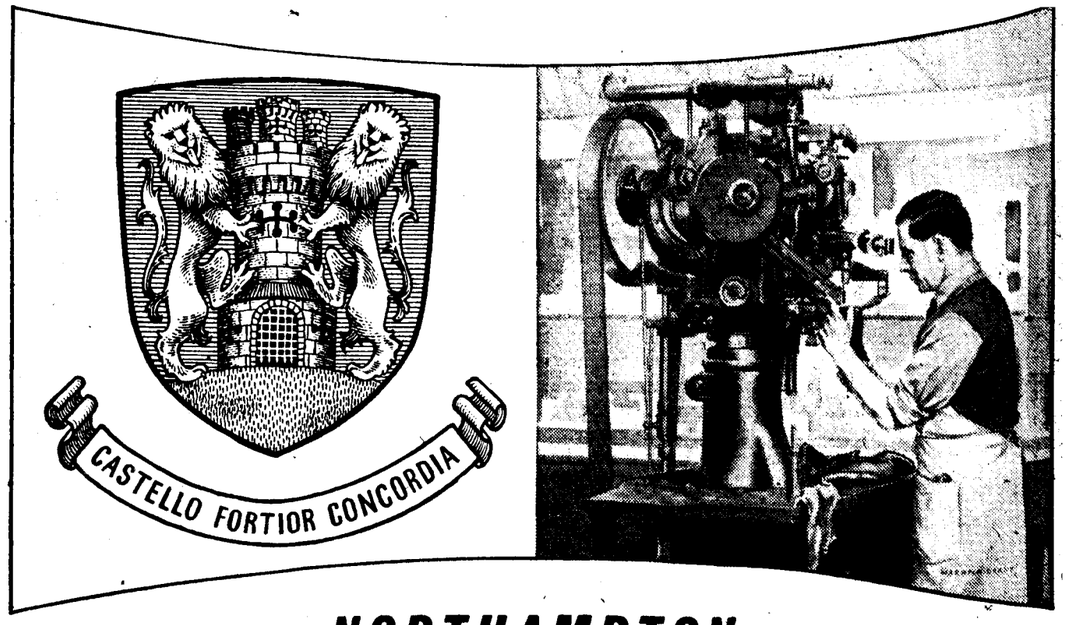
The aircraft at present operated are mainly suited to the medium haul routes such as those to the Mediterranean, and there has been a shortage of large, long-distance airliners. The three Bristol Britannias recently ordered by the Government for trooping operations will be capable of doing the work of six of the smaller capacity machines now used.

The maintenance of British Commonwealth and Colonial communications has always taken into account the possibility of the hostile seizure of large areas normally open to air passage, and the denial of intermediate landing facilities calls for aircraft able to fly large loads rapidly and non-stop over long distances. This is the special characteristic of the Bristol Britannia. For example, in its Long Range version it would be able to fly from England to Singapore with one stop at Aden. Its trooping capacity on a shorter route is indicated by the fact that thirty 100-seat Britannias would be capable between them of moving 20,000 troops of Britain's future Home Strategic reserve to, say, the Middle East in a week.

THE BRISTOL AEROPLANE COMPANY LIMITED

364P

The World is their Market



NORTHAMPTON

Although there has been a great deal of development recently in Northampton in the engineering and electronic fields, the city's main industry is still shoes — shoes of the finest English leathers, styled and made with superb English craftsmanship.

Wherever shoes are worn at all, Northampton shoes are worn with comfort and with pride. But in the city of Northampton they know that shoes themselves — even the finest shoes in the world — cannot fill order books.

It's the same in any business. *Making* products for the world is only half the job. You've got to show them, sell them — and *sell them hard* — wherever a market for them exists. Many manufacturers are doing this very successfully through TIME, The Weekly Newsmagazine.

REACHING THE WORLD'S BEST CUSTOMERS

TIME'S net paid audited circulation exceeds two-and-a-quarter million copies. More than 93% of the readers of TIME hold influential positions in business, government and the professions. They look upon TIME not only as the best means of keeping abreast of international news, but as an introduction to the world's foremost companies and products.

There are five separate editions of TIME* with the same editorial content. One circulates only in the United States. The other four — the International Editions — are published simultaneously in English and read by important people in over 100 countries outside the U.S.A. You can buy advertising space in just the editions you want, covering the world markets which interest you most.

TIME

Advertising in TIME sells around the world!

TIME

THE WEEKLY NEWSMAGAZINE

* TIME **Atlantic**
TIME **Pacific**
TIME **Latin American**
TIME **Canadian**
TIME **U.S.**

TIME & LIFE BUILDING, NEW BOND STREET, LONDON, W1 · *Telephone:* GROSVENOR 4080

are roughly the same as last year. But Marshal Zhukov's order of the day before the usual military parade in Red Square may well provide more information about the Soviet military counter to West German rearmament, which as yet remains portentous but imprecise.

Retreat from Singapore

THE attempt to found a Chinese university in Singapore has already run into serious trouble. This university, called the Nanyang, was privately endowed by a group of wealthy Malayan Chinese in response to the demand of a section of their community for teaching in Chinese and emphasis on Chinese culture—ends not served by the University of Singapore, whose teaching language is English. The first Chancellor of the university was the well-known writer Lin Yu-tang, who has been living recently in America ; from this country Dr S. J. Hsiung, who before the war achieved a remarkable success on the London stage with "Lady Precious Stream," went out to become Dean of Arts. The British authorities, however, regarded the venture with disfavour as tending to accentuate Chinese separateness and obstruct the birth of a single Malayan nation ; the Malays were likewise hostile. The attitude of the Communists was more complex. Such an institution, if brought under their control, could be a valuable means of influence over the Overseas Chinese ; but if it remained independent, it would be a serious challenge to the monopoly of intellectual life which the Communists have established in China itself and are seeking to extend to Chinese abroad.

It was to be anticipated, therefore, that the Communists of Malaya would use every means to capture or wreck the Nanyang university, and this is what appears to have happened. After a few months of bitter experience Lin Yu-tang has resigned and left Singapore, saying that Communist pressure on the sponsors of the university made it impossible for him to carry on. There are indeed poor prospects in Malaya for such an institution as Nanyang was intended to be. The Chinese community seems likely to become more and more deeply corroded by Communist pressures as British authority in Malaya is relaxed. The inevitable impression is that the British are on their way out, but nobody knows who will get the power they abandon ; meanwhile, it is prudent for ordinary people to reinsure with the Communists.

Low Incomes and Contributions

THE National Insurance Act of 1946 allows people with small incomes to be exempt from liability to pay contributions as self-employed or non-employed persons, though there is nothing to prevent them from voluntarily doing so and thereby earning a right to an old-age pension. At present, the income limit for exemption is £104 a year, and about 200,000 persons (three-quarters of them women) have claimed exemption rights. The national insurance advisory committee has now recommended (Cmd. 9432) that the rise in the cost of living and the rise in the amount of contribution justify the raising of the exemption limit to £156.

An employed person with low wages is treated differently. At present, if he does not earn more than 30s. a week, he pays a reduced rate of contribution and his employer a correspondingly higher rate, so that the total contribution paid in respect of him is the same as for all employed persons. The advisory committee now recommends that the weekly limit of earnings should be raised to 60s. It does not, however, go into the question of resident employment, which means—very largely—the problem of "living-in" domestic helps. Before adopting the recommendation, the Minister of National Insurance ought to consider whether an employer who provides board and lodging and pays £3 a week should have his share of the contribution raised from just under half to nearly 70 per cent of the total.

Farm Rents at Whose Expense?

THE Country Landowners' Association has seen the light —the green light for higher farm rents. At its recent course on estate management, Colonel R. B. Verdin roundly told the squirearchy that they should cease to regard landownership as a hobby, in which pressure on the tenant ranks as bad form ; they should treat it as a business requiring rents that are adequate for the maintenance and replacement of fixed equipment. Their change of attitude will need to be drastic if they are to live up to this prescription. Rents and interest today take a mere 7¼ per cent of total farm expenses compared with 17¼ per cent in the "depressed" and less mechanised conditions of 1938 ; indeed it is a fair computation that the cost of new equipment alone—leaving aside the generally greater value of the land itself—calls for rents of at least three times the present level.

Unfortunately, there are two barriers in the way of an economic solution to this problem. The first is that those landlords who do try to raise rents, and who go to arbitration, suffer, according to Colonel Verdin, from obsolete techniques of valuation. The appearance of the farm, its fertility and amenities are weighed up, field by field, by traditional rote, but the rent is not related to the cost or upkeep of the field equipment—although the Agriculture Act requires the owner to provide proper equipment and, strangely enough, purports to guarantee him an adequate return upon his investment.

The second obstacle is that Colonel Verdin, speaking for the squirearchy, blithely assumes that the cost of higher rents would be passed on to the taxpayer. To bring rents back even to their prewar equivalents would add perhaps £70 million to farm expenses. But rent is not just another expense ; it is, or should be, both the product and the yardstick of farming profitability. Rents should be increased because most farmers can afford to pay them, and badly need the repairs and improvements which cannot otherwise materialise. The economic object of higher rents would be to provide a necessary stick for certain farmers beside all those carrots ; it would not be to provide another rod for the taxpayer's back.

Letters to the Editor

Revolt in Ashanti

SIR—For some time now I have not taken your articles on Nigeria very seriously because you have left me under the impression that you are not well-informed, since you appear to rely on hearsay evidence.

I have in mind articles which appeared in *The Economist* in the last three years, concerning the activities of the National Council of Nigeria and the Cameroons. They were written mainly from prejudiced sources by those who are out of focus with the National Council of Nigeria and the Cameroons.

In your article of February 19th, I do not agree with the view that, if tribal separatism triumphs in the Gold Coast, then it will be widely taken by critics of British colonial policy as a sign that Africans south of the Sahara are not yet ready for full responsibility to run their own affairs. The most important reason for my stand is the fact that the idea of federation is usually based on separatism of some sort. It may be tribal, racial, cultural, linguistic, etc. If you bear in mind the factors which led to the establishment of the Swiss Confederation and the continued co-existence of German, French, Italian and Romansch-speaking Swiss nationals, under one federal authority, you will appreciate my point.

There is a federal system of government in Canada, in spite of the fact that English and French-speaking Canadians do not always agree. Linguistic and cultural differences did not prevent the creation of a Canadian federation, which has been a success. The fact that there are twenty-five multi-lingual Cantons in the Swiss Confederation and twelve Provinces in the Canadian federation cannot be used as an argument to deny Swiss and Canadians the right to run their own affairs.

Without necessarily supporting either the Ashanti National Liberation Movement or the Convention People's Party, I am of the opinion that, if the Gold Coast ultimately becomes a federation of four regions, there is nothing politically wrong in that. With an area of 91,843 square miles and a population of 4,200,000, that country compares favourably with Switzerland, which has an area of 15,950 square miles with a population of 4,780,000.

Thus, it is fallacious for any person to reason that a separatist tendency which may lead to a federal system of government in Africa is necessarily an evidence of political incapacity, when it affects Africans, and not the case, when it affects non-Africans. Any person who thinks that, because the idea of federalism is gaining ground in tropical Africa therefore, it is a sign that Africans are not yet ready to run their own affairs, is neither objective nor scientific in his approach to such a political problem. I submit that, other things being equal, the tendency towards separatism is natural and not necessarily a disqualification for self-government.—Yours faithfully,

NNAMDI AZIKIWE
Premier of the Eastern Region
Enugu, Nigeria

Modified Raptures

SIR—An aspect of the Budget which has not been sufficiently stressed is that the changes in income tax fall into two separate and independent parts. On the one hand, we have the increases in the single, married and children's allowances, costing the Exchequer some £40 million. Everybody paying income tax gains, they exempt some 2½ million people and clearly no one will quarrel with them.

On the other hand, however, and as an entirely separate issue in no way related to the increases in the allowances, we have the changes in the rates, costing some £100 million. These are completely regressive, and the vast majority of those who will still pay tax would have been better off if there had been no changes in the rates. Mr Butler has achieved the astonishing result of distributing £100 million in such a way that all bachelors earning between £275 and £1,000 a year, all married men with no children earning between £400 and £1,100, all married men with one child earning between £600 and £1,200 and all married men with two children earning between £700 and £1,400 would have been slightly better off had the £100 million never been distributed at all!

Apart from the blatant injustice of such a procedure, the incentive argument is torpedoed. Over the above range of incomes rather more tax will have to be paid on overtime than if the rates had remained unchanged.—Yours faithfully,

SPENCER SOPER
(Labour Candidate for Epsom)

*

SIR—The edition of April 11th of the US magazine *Newsweek* contained a table, compiled by the US Internal Revenue Services, showing the rates of income tax paid in the USA by earners of incomes between $7,000 and $100,000 (£2,500 and about £35,000).

US incomes of £2,500 to £3,500 pay only 10-11 per cent of gross income in tax. Even the highest income group of about £35,000 does not pay more than 38.7 per cent.

It has always been a sort of consolation to the income tax payer in this country to believe that income tax rates in the USA are by and large the same as here. Yet the truth is, that in Britain middle-class incomes pay four times the American rate and lower ones six or eight times as much, while for the highest income groups the difference is astronomical.—Yours faithfully,

London, W.1 FREDERICK JELLINEK

[It should, however, be noted that, in most states, state income tax is payable as well as federal income tax.—EDITOR.]

No Newspapers for Lent

SIR—May it not be that the loss of respect which your correspondents feel has been suffered by the national press is due to the fact that these great organisations appear to have made no effort to fulfil the first duty of a journalist, which is to get the paper out, and if a full edition is impossible, then at least something. The NPA seem to have accepted the view that what Hitler's bombers failed to do could be achieved by a handful of strikers. Did all the editors get together to protest against this feeble attitude? If not, why not?—Yours faithfully,

London, S.W.1 STEPHEN KING-HALL

Progress at Lake Copais

SIR—An article was published in your issue of November 29, 1952, about the future of the Copais Plain, after the delivery of the entire project to the Greek State. Rather pessimistic predictions were expressed in this article, to which the Ministry of Agriculture avoided making a reply pending the results of last year's full cultivation period. I am now pleased to be able to inform you that the project did not deteriorate after the English company withdrew, but on the contrary has exhibited notable progress.

Wheat cultivation, carried out entirely by the Greek Copais Organisation on behalf of tenants, who have not been established because of lack of time, has produced 2,300 Kgs per hectare against 2,070 Kgs in 1951, 2,060 Kgs in 1952 and 2,240 Kgs in 1953, the last year of operations under the English company. It should be noted, however, that 1953 was an exceptionally favourable year throughout Greece for the production of wheat. Cotton cultivation was also carried out on behalf of the tenants. Selected local seed was planted on an area of 7,400 hectares and yields of over 1,500 Kgs per hectare were obtained. This production greatly exceeds the maximum average yield secured by the English company, which never exceeded 1,150 Kgs per hectare.

Moreover, during the past production year the total area under cultivation was increased by 1,500 hectares and the Greek Copais Organisation has been able to carry out a complete programme of agricultural research as well as to develop irrigation and drainage works and rural roads.—Yours faithfully,

Athens P. X. LEVANDIS,
Minister of Agriculture



A gracious welcome to your guests

20/- bottle · 10/6 half-bottle
Also Magnums 40/-

New York Agents: EXCELSIOR WINE & SPIRITS, 150 BROADWAY

OURS ALONE ?
YES, FACE IT:
FOR 5 MINUTES !

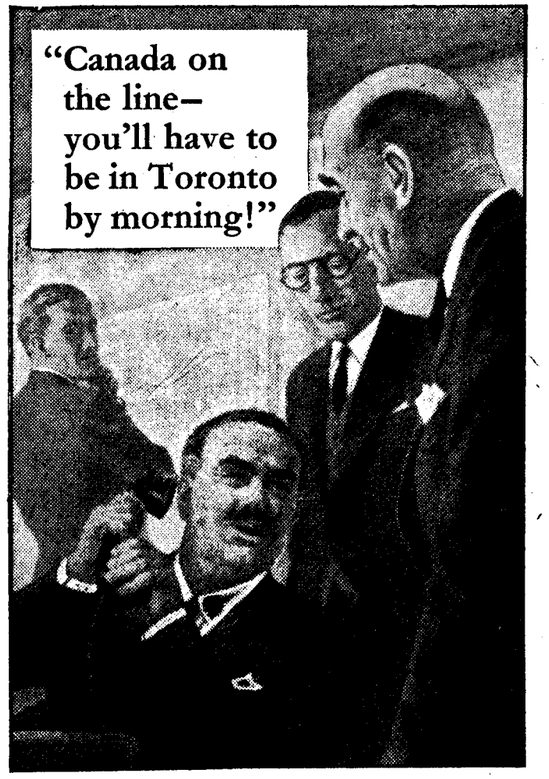
We must fight the Fire Fiend ALONE before the Fire Brigade gets here. Please send details of NU-SWIFT rapid and reliable Fire Extinguishers—BEFORE IT IS TOO LATE !

Name.....

Address.....

Post NOW to Nu-Swift Ltd. 25 Piccadilly W.1.

In Every Ship of the Royal Navy



"O.K! That means TCA. By *Super* Constellation I can fly right through."



ONLY TCA offers you

★ SUPER Constellations—the newest, largest and *most luxurious* aircraft on the Atlantic crossing.

★ *the most frequent service* from London and Glasgow overnight to Montreal and Toronto. Eight flights weekly from London (four flights from Glasgow) commencing May 1st.

★ *direct* service to Toronto.

★ the *fastest* First and Tourist Class service between Britain, Europe and Canada.

★ *same-day TCA connections* to take you across Canada and to major U.S. cities.

TCA Viscount Services within Canada

TCA are now operating the famous Viscount turbo-prop aircraft on certain inter-city routes, and to important U.S. cities as well.

FIRST CLASS

Fully reclining Siesta seats, superb cuisine, fine wines, attentive staff.

RETURN FARES

London to Montreal £248.3.0
London to Toronto £264.5.0

* * *

TOURIST

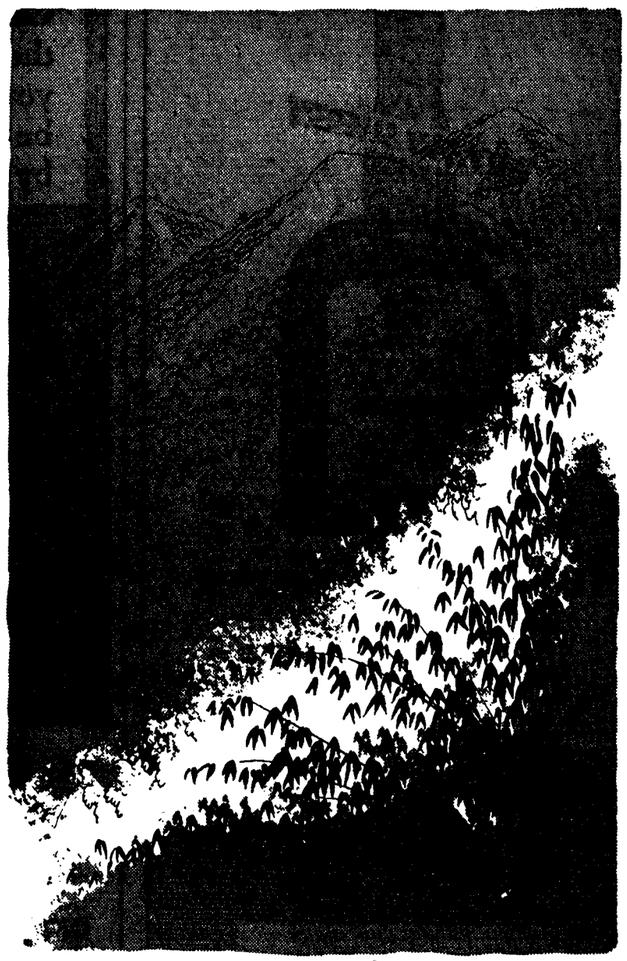
Spacious cabins, specially designed seats, complimentary meals and splendid comfort.

RETURN FARES

London to Montreal £183. 5.0
London to Toronto £196.16.0

BEST TO CANADA TCA *Ask your Travel Agent*

TRANS-CANADA AIR LINES
ONE OF THE WORLD'S GREAT AIR LINES
Serving Europe, Canada, U.S.A., Bermuda, Nassau, the Caribbean and Mexico



NO MOUNTAINS TOO HIGH.....

WHEREVER THE DRILL GOES.....
..... SCHLUMBERGER GOES!

American Survey

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

The Future of Foreign Aid

Washington, D.C.

IN his latest proposals for continuing foreign aid and for administering it differently, by a semi-autonomous unit in the State Department instead of by the independent Foreign Operations Administration, President Eisenhower is attempting to build another permanent new feature into American overseas policy. There is a parallel in this with what he is trying to do for foreign trade by liberalising legislation and by bringing the United States into a new Organisation for Trade Co-operation. In each instance the assent of Congress is required, and in each instance Congress is evidently reluctant.

The lifting of the foreign trade issue out of partisan politics to a more secure position as an accepted and established national policy requires, first of all, a reformation of historical Republican attitudes and only secondarily the curbing of a new and surprising Democratic aberration toward protectionism. The President can make his change in the organisation of foreign aid by executive decision, but it means nothing without money from Congress. In his attempt to make aid to other countries for economic and military purposes into a permanent commitment, the President must expect to encounter strong opposition in both parties. The opponents will include respected and influential Democratic conservatives who can usually be counted on his side; furthermore, they will be inspired by that special vigour which comes when purse-strings are being protected. The two tests are of first importance in the President's effort to exorcise the dead influence of old guard Republicanism from national policy.

★

The latest request for about $3.5 billion of new money to be authorised for future spending on mutual security undertakings frankly lays first emphasis on Asia; this in itself raises some Democratic hackles. The superficial figures can also be construed as stressing military assistance at the expense of economic development, a distribution of effort which again runs contrary to Democratic avowals. Both these characteristics look like bids for the support of the Republican right, where the militant Asia-firsters are principally found. As the details of the programme are unfolded before Congress in the near future, however, the superficial judgments may have to be revised.

The total amount asked for the 1956 fiscal year, beginning next July, is just about the same as was requested for the current year, and four-fifths of a billion more than Congress ultimately granted. The sum recommended for purely military items is actually far below last year's request for that purpose and even lower than Congress provided; the new figure, about $1.7 billion, compares with $2.5 billion asked last year and just under $2 billion voted. The defence support item has indeed been just about doubled, to nearly $1 billion, but the arithmetic cannot be interpreted as meaning a doubling of intent. The reasons for the change lie in the mysteries of government book-keeping and the intricacies of allocating spending power between the military departments and the economic aid agency. For example, the Department of Defence last year picked up the bill for direct forces support in Korea, an item including such things as petrol, medicines and rations, which soldiers use but do not shoot; this year that obligation is covered in the mutual security budget.

There is other evidence, still largely in the background, that Mars is not the sole beneficiary of the new programme. The amount requested for technical assistance—the old Point Four programme for undeveloped areas—has been increased, as has the amount covering such special needs as resettling escapees and refugees, contributions to specialised agencies of the United Nations, and aid for West Berlin. An entirely new item of $200 million is proposed, to be called the President's Fund for Asian Economic Development, and another innovation is a contingency fund of $100 million usable anywhere in the world.

Considering how well the emphasis appears to be divided between the plodding and obscure purposes of economic advancement and the exciting and spectacular purposes of military reinforcement, it is worth noting that actual spending under the new programme during the coming fiscal year, much of it from past authorisations, is also expected to be up. Again, although country-by-country and even regional figures are being reserved for disclosure first to Congress, it is estimated that perhaps two-thirds of the new programme is intended for Asia.

Senator George, who has received so many plaudits from the Administration recently for leading the Democrats to support its foreign policy, seems disinclined even to get started on the new foreign aid measure in the Foreign Relations Committee, which he heads. In both branches of Congress it is predicted that the Senate will make deep cuts. There are objections to beginning any new large programme for Asia, and voices are heard recommending elimination of all economic aid except a reasonable amount of Point Four. It is very plain that the announcement of

a British tax cut is going to work against the President's proposals in Congress.

The plan as the President has submitted it represents an adjustment between what once seemed two fiercely incompatible points of view in the government, the large visions of Mr Harold Stassen, who has been administering the programme, and the budget-balancing preoccupations of Mr George Humphrey, the Secretary of the Treasury. Mr Stassen would argue that the total request for funds comes very close to what he wanted. There are elements of economic philosophy in the new programme, however, which indicate that Mr Humphrey really had things more his way. Among them are a sturdy faith in the self-reliance of poor and backward nations in Asia and an admitted emphasis on loans rather than grants. According to the President:

> The major responsibility must necessarily lie with the countries themselves. At best, foreign capital as well as foreign aid can only launch or stimulate the process of creating dynamic economies.

The idea that it is the primary responsibility of recipients to help themselves is carried over from Europe without, however, considering how well it may work in Asia ; yet the vast efforts at capital formation which characterised the early Marshall Plan in Europe do not seem to enter into the Asian scheme. Mr Humphrey obviously has made his point that Europe, which had an economic system, wrecked though it may have been, is different from Asia, which must create one ; right though he may be, the point does not seem to have been consistently applied. "Wisdom and economy . . . cannot be achieved through speed" is the new maxim. The President's $200 million Asian Economic Development Fund is to be dealt out in driblets over several years. Two hypothetical examples show how: to increase trade between Japan and India the President might advance funds to one or the other temporarily short of credits ; or he might spend some to bring out more private investment, in an activity like that of the Indian industrial bank.

★

The striking thing about the President's plan to move the operating end of foreign aid into the State Department is his declaration that this reflects public recognition that foreign aid is a continuing and integral part of American international relations. Congress ordered the independent Foreign Operations Administration to go out of business by June 30th. While the President wishes to make its function permanent, the agency will necessarily lose status in its new position. It will no longer have special representation in the Cabinet and the National Security Council. The director, yet to be chosen, of the new International Co-operation Administration, must by presidential specification be a man of stature and operational experience, but he will report to the Secretary of State, not to the President, although his autonomy may perhaps be enhanced by the accident of Mr Dulles's freely admitted dislike of administrative burdens. The change re-establishes around the programme the "aura of authority" for the State Department which was sought by an earlier reorganisation under the Democrats ; the concept was consciously adapted from the relation of the British Foreign Office to operating arms of government in its field. Ih administrative efficiency, and policy, the change promises little difference.

A President's Sixth Sense

PRESIDENT EISENHOWER has put a final polish on his Secretary of State's bright new approach to Communist China. The President made it crystal clear that this is not just a diplomatic move but a national policy, and that it will be sustained against pressure from the Chinese in Formosa and from their Republican friends in the United States. The essence of the new approach is the American willingness to discuss a cease-fire in the Formosan straits and, later, other broader questions directly with the Communists without the presence of Nationalist representatives. The only condition is that nothing which affects the disposal of territory in the area or the claims of the Nationalist allies of the United States will be debated behind their backs.

Senator Knowland has, of course, already rushed, with cries of "Munich," to save General Chiang Kai-shek from being downgraded. But many other Republicans agree with the Democratic view that advantage must be taken of Chou En-lai's readiness to negotiate, provided that it turns out to be sincere and that he is prepared to renounce the use of force. It was Senator George of Georgia, the Democratic chairman of the Foreign Relations Committee, who once again pushed the Republican Administration along a positive road. He made it certain that Mr Dulles, on his return from his holiday, would repudiate the stiff and fumbling statement which was the first official reaction to the heartening news from the Afro-Asian conference.

This reaction was all the more disappointing since some encouragement of this sort was what Washington had already been hoping for as a result of the conference. In the more optimistic atmosphere that has recently prevailed, the visit to Formosa of Admiral Radford and the Assistant Secretary of State for the Far East was being interpreted as evidence not that hostilities were about to break out in the straits but that General Chiang Kai-shek was being induced to accept a truce and probably to evacuate the offshore islands.

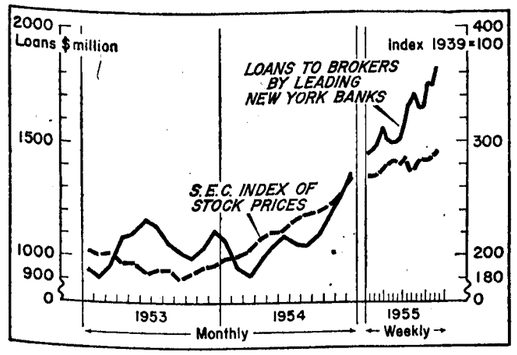
As Mr Eisenhower pointed out at his press conference, the Chinese contribution to the relief of tension in the Far East and the Russian contribution—the Austrian treaty—to a similar relief in Europe have to be set off against the tense situation in Southern Vietnam. General Collins has just been giving Washington a first-hand report on this. But nevertheless the President, guided not by hard calculations but by his "sixth sense," believes that the outlook for peace is now better than it has been for a long time. His faith in his sixth sense is widely shared.

Less Margin for Error

DESPITE warning lights flashed by the Federal Reserve Board, the New York stock market has climbed to new heights. Last January, after fourteen booming months, the board had increased by 10 per cent, to 60 per cent, the minimum margin that the purchaser of shares is required to put down in cash. But after a brief setback, the market resumed its rise and on April 22nd one of the most significant indices of share prices reached the highest point since October 16, 1929. Loans by New York banks to brokers and dealers to finance purchases of non-government securities also reached the highest level ever recorded and buying of shares on credit has continued to increase. In view of these developments, it was not surprising that the Federal Reserve Board again increased margin requirements by 10 per cent ; a buyer will now have to cover 70 per cent of his purchase in cash.

It would be wrong to see in this second successive flash of the amber light a symptom of fear, or an admission that present statistical resemblances to 1929 are ominous under today's different conditions. The general business outlook is reassuring. Companies such as General Electric, United States Rubber, Union Carbide and General Motors—all of them national "pace-setters"—have announced record earnings for the first quarter of this year and high expectations for the future.

Nevertheless, there are indications that certain factors, such as credit—particularly for housing and construction—and the continued speculative tone of the stock exchange, need watching. This coincides with the principal findings of the Senate Banking Committee, whose chairman, Mr



Fulbright, stated only last week that Wall Street was again indulging in excessive speculation. The highway code—enforced by the Securities and Exchange Commission—is sound, but the cars are large and tend to accelerate too rapidly. Whether the caution of a slightly higher margin requirement will slow them down is doubtful. Prices in the last few days suggest that traffic is still gaining speed.

Round One to the Railways

New York

WHAT is clearly the most controversial in the series of Cabinet Committee reports prepared for—but not yet endorsed by—the President recommends some daring changes in United States transport regulations. Originally heralded as a comprehensive review of the entire field of transport policy, including federal government regulations for railways, road haulage, shipping and airlines, and federal aid for the construction of highways, waterways and airports, the report has been whittled down until it is now concerned almost exclusively with the conditions under which the railways should compete with other forms of transport. The morasses of highway finance and civil aviation subsidies have been sidestepped, and the committee, having already stubbed its toe on almost every government department, has also abandoned several of its most unpopular first thoughts on the assistance that should be provided for the railways. But in the shadow that remains there is still enough substance to delight the railway managements and provoke the most venomous opposition from the road haulage and shipping industries.

The committee's statement of general principles is a model of economic reasoning. The growth of "pervasive" road and air competition, it feels, has made an anachronism of detailed regulations imposed at a time when the railways had a virtual monopoly of both freight and passenger transport in the United States. Instead, there should be an "increased reliance on the competitive forces of rate-making" and federal regulation of transport should be reduced to the "minimum consistent with the public interest. . . ." The Interstate Commerce Commission, which has acted as a board of directors superimposed on railway managements, should be relegated to the more humble position of referee. Since, of all forms of transport, the railways have been the most closely regulated, it follows logically that in any general easing of federal controls they should benefit the most. The wrath of the trucking and shipping interests has been aroused not only because, in their view, the powers left to the referee would be inadequate to protect them against discriminatory practices by the railways, but also because the new freedom for the railways is to be accompanied by additional restrictions on road and water haulage.

★

The growth of competition in transport, which forms the basis for the committee's recommendations, can be clearly demonstrated. Calculations of the exact statistical changes differ but, according to one source, the railways' share of freight traffic has dropped from 63 per cent in 1939 to 51 per cent in 1954. By contrast, the share of the road transport industry has increased from 10 per cent to 19 per cent during the same period. And although air freight, which has also been expanding rapidly, still carried last year only a minute fraction of the total volume of traffic, the airlines, like the lorries, get the cream of the high yielding freight, leaving the low yielding bulk traffic to the railways, barges and ships.

In passenger travel the greatest impact of all has been made by the private automobile. But passenger travel by public transport has doubled since 1939, and the shift away from the railways has been even greater in passenger traffic than in freight, owing to the growing popularity of air travel. The railways, which had 68 per cent of the total passenger-miles (one passenger carried one mile) in 1939, now have only 46 per cent ; buses, by holding down fares, have just kept pace with the growth in total traffic ; and the airlines, which in 1939 carried only 2 per cent of the passenger traffic, are now responsible rof 25 per cent of the total. For the first time, in 1954, the airlines, who surpassed rail Pullman (first class) traffic in 1951, also surpassed rail coach (the equivalent of third class) traffic, which

is two and a half times as important as Pullman. What particularly depresses the railways is that the popularity of the aeroplane is greatest for the long journeys that contribute most to rail profits.

While conceding that part of the new pattern is a natural evolution of faster and more flexible forms of transport, the railways have always claimed that close government controls over rail rates, imposed when the railways had a monopoly but maintained after that monopoly has ceased to exist, give an unfair advantage to less closely regulated and to unregulated forms of transport. They also claim, as they did in England, that while the railways must earn enough to cover all fixed costs, including right of way, the road haulage industry pays far less in petrol taxes and other taxes than its share of the cost of the highways ; that the barges are subsidised by government maintenance of the inland waterways ; and that the airlines are helped both by mail subsidies and by federal aid in constructing airports. In rebuttal, opponents argue that the decline of the railways is the result, not of unfair treatment, but of inefficiency.

It is against this background that the Cabinet Committee's detailed recommendations must be judged. Frankly favouring the railways, the report cites as justification the defence needs of the nation. With their reserve capacity for expanding service without additional investment, the railways, the committee feels, are more valuable to the country in wartime than large fleets of privately owned lorries. The railway companies should, therefore, be strengthened by various means, but mainly by allowing them greater flexibility in setting competitive rates. Flexibility would be achieved by reducing the time-lag in government approval of new rates, and curtailing the ICC's powers to suspend new rates on the complaint of a competing carrier ; by giving up the practice of fixing, in effect, specific rates for the railways, and confining the ICC's role to the setting of reasonable maximum and minimum charges ; by abandoning the requirement that rail rates for long distances must not be less than the sum of the intermediate rates ; and by permitting the railways to offer incentive rates for large volume shipments when a lower charge is justified by savings in cost.

*

Road hauliers take little comfort from the fact that the railways would still be forbidden to engage in road transport or from the injunction to the ICC to guard against " unjust discrimination or undue preference " in prescribing " just and reasonable " minimum and maximum rates. The committee defines unreasonably low rates as " rates that fail to cover the direct ascertainable cost " of the service. But the crucial point is the contribution to be made towards fixed costs. For, in allowing low rates where necessary to meet competition, the ICC has already abandoned its former requirement that fixed costs must in all cases be covered. Further relaxation of this rule, it is charged, would give the railways a " hunting licence " for selective rate-cutting to eliminate their smaller competitors. Water carriers, especially the ships that ply between the Pacific and the Atlantic coasts, are harder hit by the long and short haul provision. Transcontinental rail rates now permitted by the ICC are already low enough to divert to rail much of the prewar seaborne traffic ; complete freedom to cut transcontinental rail rates further (while keeping up intermediate rates where there is no seaborne competition) would leave the intercoastal shipping trades little chance of survival.

The next step is for the President to decide what recommendations, if any, he will send to Congress, which must then decide whether to act on them as a package or, as has invariably been done in the past, by piecemeal legislation ; in any case nothing is likely to be done this year. Meanwhile the road haulage and shipping lobbies are reputedly mobilising " half the lawyers in Washington " in order to ensure that the committee's report meets the same fate as have many similar proposals in the past. The burial of a report advocating hard competition rather than soft would be cause for regret. But even the staunchest economic liberal must deplore that the committee has failed to come to grips with the need for a fully integrated transport policy, and for the consolidation of the administrative responsibilities at present distributed between half a dozen different government agencies.

Immigration Politics

THE brusque dismissal of Mr Edward Corsi, who had come to Washington at Mr Dulles's request to serve as special adviser on immigration problems, has unleashed a political storm. It was set off by the inherent contradictions and personal feuds that bedevil American immigration policies and by the political struggle between the Democrats and the Republicans for control of the key state of New York. In 1953, the Administration obtained from Congress approval of the Refugee Relief Act under whose terms the United States was, by 1956, to admit 209,000 refugees, escapees and orphans in addition to the regular immigration quotas. Unfortunately, this measure was hamstrung with all the " security " features of the notorious McCarran-Walter Immigration Act and was placed under the authority of Mr Scott McLeod, a State Department official known for his restrictive views. By December, 1954, less than 70 genuine refugees had been admitted under the new programme. In the face of mounting criticism, Mr Dulles invited Mr Corsi to speed up the process.

From the start, Mr Corsi conflicted with Mr McLeod—many of whose staff have a distinguished background in police work—and with Representative Walter who had no desire to see more than a trickle of new immigrants. After ninety frustrating days, Mr Corsi was dismissed. But unlike other public servants who have suffered a similar fate, he fought back and testified angrily before a hastily summoned subcommittee on refugee problems of the Senate Judiciary Committee. His testimony revealed that, although the time allotted for the admission of the non-quota immigrants is half over, and although $7 million has been spent, only 30,000 visas have so far been issued and of those less than 1,500 apply to *bona-fide* refugees. The latter, he argued, are being " investigated to death." Mr McLeod, on the other hand, pointed out with considerable justification that his hands were tied by existing regulations and that the Refugee Relief Act conflicted with immigration laws. President Eisenhower has indicated that he will support Congressional efforts to improve the Act and that he is dissatisfied with its present working.

Our specialist service in

NICKEL AND NICKEL ALLOYS

FURNACE ELEMENTS	Nickel alloys for longest life at high temperatures; for certain special atmospheric conditions; for furnace constructional work.
DOMESTIC APPLIANCES	" Nichrome " V for longest life at temperatures up to 1,150° C; " Nichrome " for temperatures up to 950°C; other alloys for less exacting conditions.
THERMO-COUPLES	" T1/T2 " alloys (nickel-chromium and nickel-aluminium) for temperatures up to 1,100°C are identical with the best-known wires formerly imported. Also Special " Advance " (nickel-copper) for use with copper or iron.
RADIO and TV FIELD	Cathode nickel, pure nickel and nickel-manganese, for sleeves, anodes, grids, filaments, supports, glass metal seals, and other applications.
ELECTRONICS APPLICATIONS	Nickel-containing alloys for instrumentation uses in vital scientific categories involving highly specialised and often critical requirements.
LAMP INDUSTRY	Nickel-manganese for supports, grids, and lead wires; special alloys for a variety of efficient joints between metal and glass.
SPARK PLUGS	Alloys of the correct physical properties and temper to meet manufacturing requirements in centre and side electrodes; and such as special strip for stamping out multi-point discs for aircraft plugs.
SUPER FINE WIRES	Very fine wires from 0.002 in. (0.05 mm) downwards in various alloys, such as " Nichrome " V, " Nichrome," " Karma," " Advance," and Pure Nickel, for specialised applications.

BRITISH DRIVER-HARRIS CO. LTD

MANCHESTER 15

" The greatest name in electrical resistance materials "

"NICHROME"



have you ever enjoyed a



the *real* thing—mixed to the original recipe—is *so* different because it's made with the one and only

PLYMOUTH

the GIN of pre-war perfection *

* *PERFECT plain or with vermouth, bitters, minerals or cordials.*

Bottle 33/9 · Half Bottle 17/7 · Quarter Bottle 9/2 · Miniature 3/7 U.K. only.

WORKERS IN THE TEAM Number 11 in a series

EVERY GOOD WORKER has a feeling for the tools and materials of his trade, whether chisel or bulldozer, wood, steel or concrete. That is how Irene Smith feels about her accounting machine. It answers to her will unerringly and at lightning speed. She handles it with an artist's pleasure.

Irene is in charge of a number of these machines and a team of operators whom she has trained. They work at head office, recording each week the wages and income tax payments of many thousands of men on contracts all over the country, and calculating all adjustments due. This centralised system, always punctual and exact, relieves the site cashiers of much arduous work and ensures that the men's accounts are in order wherever their jobs may take them.

Irene's team and their intricate machines, and the men on the sites with their heavy plant, are all parts of one organisation working for one purpose—to get construction completed efficiently and on time.



LAING

JOHN LAING AND SON LIMITED
Building and Civil Engineering Contractors
GREAT BRITAIN, CANADA
UNION OF SOUTH AFRICA, RHODESIA



In any case, Mr Corsi's dismissal has proved to be political dynamite. He is a very rare combination—a man of Italian background with a distinguished record in Republican politics in New York. His ill treatment in Washington and his account of the Administration's immigration policies are certain to anger New York's large and influential foreign-born community. In particular, this should help the Democrats to re-elect Senator Lehman, a perennial liberal who is now seeking to oust Mr McLeod and his "security gang." Paradoxically, there are hints that Mr Corsi's vigorous attitude to the immigration tangle was not unconnected with the possibility that he himself would stand against Mr Lehman in 1956. Now he has been jettisoned by his own party, and last week, with obvious glee, Governor Harriman appointed him to the re-activated New York State Committee on Refugees.

Automation in the Office

New York

GIANT computers, the electronic brains that first awed and amused American television audiences by wrongly predicting election results, are now marching inexorably into business offices. These "high velocity electronic data processing systems" have already been installed in more than forty large organisations. Best thought of as a system of as many as 25 interconnected machines, each complex has at its heart the big computer which performs numerical and logical calculations at a speed of 8,000 or more a second. Coupled to this central computer are the "input" and "output" machines which feed the brain with prior instructions and data on magnetic tape, and which receive and record its answers. The limits to a computer's capabilities—and they are critical—are set by man's ability to translate or "programme" a problem into the ultra-simplified symbolic "language" that a machine can operate with. But already there are firms that act as specialised consultants to businesses and which analyse their problems in terms capable of being electronically solved.

As the computer systems are expensive—the Univac, for example, costs $1 million to buy and $30,000 a month to rent—the user must achieve a substantial saving in clerical labour to make automation economic. The minimum saving required has been estimated at 125 to 150 "girl power displacement," or an equivalent saving in the rental of old-style punch-card machines. So far, the major achievement of computers is their capacity to save time on routine operations. But in the future it is hoped that they will aid in "management control." Rapid sales analysis and forecasting, market and operations research, and more effective control of production and inventories may be accomplished electronically in the not too distant future.

This raises a number of difficult questions, one of which is the problem of how large a business must be before it can operate a computer economically. For although special computing centres are available to those who cannot afford a full-time installation, the competitive advantage of the larger firm is certain to be increased by its readier access to comprehensive electronic intelligence. Another great bogey is that of the technological unemployment that may result among semi-skilled white collar workers. Not everyone is qualified to become an electronic expert with a degree in physics. Nor is there in existence, as yet, a computer that can beat a roulette wheel.

Purse Strings and Hustings

IN a country where politics involve the use of mass media of communication, long-distance travel and flamboyant advertisement techniques, getting elected takes an ever increasing amount of money. Ostensibly, the costs of an American election are still regulated by the Corrupt Practices Act of 1925 and the Hatch Act of 1939. Accordingly, the national committees of the two major parties are limited to spending $3 million, candidates for the Senate must not spend more than $25,000, and $5,000 is the maximum allowed for a candidate standing for the House of Representatives. Individual contributions towards the election of any single Congressman, moreover, are limited to $5,000.

In reality, these provisions have been continuously evaded both by the public and by the parties and candidates themselves. The laws are so loose that in many states only a fraction of the campaign costs have to be reported and primary campaigns—in which both parties choose their respective candidates—are not reported at all. By distributing their expenses among "citizens' committees," politicians can draw a totally distorted picture of their campaign budget. Finally, an individual wishing to give more than $5,000 can attribute his donations to various members of his family or make them in the name of friends; during the 1954 congressional elections in Delaware, for instance, fourteen persons bearing the name of du Pont contributed $51,500 to various Republican candidates and committees.

In deciding to review the entire problem of election finances, Senator Hennings, chairman of the Senate Privileges and Elections, Subcommittee, termed existing regulations "unrealistic, inadequate and antediluvian." A survey of the 1954 figures prepared by the *Congressional Quarterly* bears him out. Officially, it cost $13.7 million to elect the 84th Congress, but in fact total expenses may have been twice that amount. In the little state of Rhode Island, for example, the unsuccessful Republican contender for the Senate spent a total of $105,255, and in the contest for the lower house, in the 6th district of New York State, the defeated Republican candidate spent nearly $34,000. Unofficial estimates, moreover, suggest that the Republican and Democratic national committees spent nearly $19 million and $7 million respectively in a non-presidential—and hence less expensive—election year.

Mr Hennings is hoping to bring regulations more into line with realities. He urges reports on the costs of primary campaigns, a closer scrutiny of committees working for various candidates, and a general increase in the amount of money which a party and its candidates can spend and receive. With television networks and charter airlines warming up for the 1956 campaign, it is time for Congress to discard the aura of "false respectability" disguising the cost of a modern election.

The World Overseas

India Tackles Social Equality

FROM OUR CORRESPONDENT IN INDIA

MR DHEBAR, the president of India's ruling party, the Congress, recently denounced the spending of more than £4 10s a week as a crime against Socialism. He was not joking; he is not irresponsible; he was criticised neither by his fellow-politicians nor by the press. The reason is that in India socialism means equality, equality means economic equality, and economic equality means equality of income, not just equality of opportunity. Not many are prepared to go quite so far as Mr Dhebar; but Mr Dhebar goes virtually uncriticised, because what he said is recognized as only the logical conclusion of what nearly everybody believes. There is at the moment a committee of the Congress party considering whether a ceiling should be placed on incomes; a ceiling on salaries in private business was recommended in a recent report of the Estimates Committee of Parliament; and the Taxation Enquiry Commission (the equivalent of an English Royal Commission, and composed mainly of senior civil servants and economists) has reported in favour of a ceiling on all incomes of 30 times the average income or, in other words, £2,700 per annum after tax.

The first steps were taken in the last budget, with its steep increase in tax on higher incomes; the Finance Minister has made clear his preference for sharply progressive taxation rather than a ceiling. But he has also made it clear that there is more to come. In a country where only one out of every 500 pays income-tax, incomes which are very modest by English standards are reckoned as high. A man who earns the £10 a week of an English workman is well up in the middle class; the maximum for a government servant in the State of Travancore-Cochin is £18 a week. Once the idea of a ceiling is accepted, whether it be attained directly or through high taxes, it is unlikely to stay at the Taxation Enquiry Commission's £2,700 a year. Already the salary of government servants, for instance, is being eroded in a way which will give the highest civil servant in India's richest State, Bombay, only just over £2,000 a year; and that is all that will be given to the chief design engineer at Bhilai, which will one day produce a million tons of steel a year. The chief electrical engineer at Bhilai, or a mere secretary to the Bombay government will get a maximum of only £1,620. It is widely feared that it is figures of this order that the government will have in mind when it fixes its ceiling (or steepens its taxes).

In the countryside equality is to go further still. Ceilings are to be placed on land-holdings. States vary in their ideas; West Bengal has talked of 25 acres, the United Provinces of 30, Hyderabad of a farm giving an income of £270 per annum; the exact level varies with the pressure on land and the yield that can be got from it. But it is unlikely that once this reform is complete, many farmers except market gardeners and growers of sugar-cane, will be able to make more than, say, £10 a week.

It is against this background that one must place the Constitution (Fourth Amendment) Bill, which now awaits the President's assent after being passed by the upper house on April 20th. Its purpose is to make it possible for the State to regulate the use of property without paying any compensation at all, and to acquire property without the amount of compensation given being justiciable, as it has been hitherto. Mr Nehru has made it clear that the State has no intention of confiscating anything; and the Supreme Court would doubtless hold the payment of purely illusory compensation to be a fraud upon the Constitution. But Mr Nehru has also made it clear that, while market value will be paid for individual bits of property taken over—for a road widening for instance—the State will not and cannot pay the full price when the acquisition is part of a major measure of social reform. The cultivator will not get full value for his land above the ceiling, any more than the zemindar got full value for his rights. The bigger the man, the less the percentage of the full price he can expect to get; otherwise, Mr Nehru argues, the "haves" will remain "haves" and the "have-nots," "have-nots."

None of this is likely to touch the foreign investor. He is not a big man whose riches upset the equality of Indian society. Mr Nehru has called the Communist suggestion that he should be expropriated a "degrading idea." But it will touch the foreign resident in India. It is difficult to make exceptions for him without creating jealousy amongst Indians; yet if he is to be made equal in India, his income will clearly have to be reduced below what he can get at home. To this discouragement must be added the austerity of Indian life. The Bombay government wants prohibition for foreigners; in more and more States it is impossible to get beef; the film censorship is the world's most prudish. Obviously it is going to be more and more difficult to get foreigners to come to India unless they are very young or on very short contracts. But this does not worry Indian

(*Continued on page* 391)

(*Continued from page* 390)

opinion; most people think there are too many foreigners keeping Indians out of jobs anyway.

Whatever the foreigner may feel, amongst Indians themselves there is less resistance than anywhere else in the world to the idea of economic equality; perhaps because India provides no ideological foundation for a theory of inequality. It cannot be birth. The aristocracy, the princes and the great Rajput landowners, no longer count. It can no longer be caste. The modern educated Indians who make Indian opinion are all ashamed of caste distinctions. It cannot be class. India has never had social classes in the Western sense; caste was too important. It cannot be graciousness of living. The Brahmin tradition in which the Indian professional classes are soaked, emphasises austerity. It cannot be reward for effort. In India no great importance is attached to the rule that the thrifty, inventive and hard-working deserve to be better-off. It cannot be political conservatism; the alternative of Communism is too immediate. And it cannot be mere clinging to an accepted standard of life. Nearly everybody who matters has risen from relative poverty in the last generation or two.

The Hindu has always held that the price of power is renunciation. The work may be desired, but not the fruit thereof. Other countries have had to wait for equality until they become rich. India is to have it while it is still poor.

Boom for Soviet Spivs

SPRING has not been too bright for the Russian consumers. Though April is now well advanced the usual annual price reduction has not yet taken place and it is possible that prices of retail goods will not be cut for the first time since the rouble devaluation of 1947. This habit of slashing prices in the spring has up to now been one of the chief means of passing on to the consumer a part at least of the growing national cake. Now, however, the question is not of increasing the purchasing power of the population, but rather of applying some deflationary brakes. Increases in nominal wages, and the bigger price reductions after Stalin's death, combined with tax reliefs and higher incomes for farmers—all this has considerably strengthened the effective consumer demand, but the supply of goods has not kept pace. Output of foodstuffs has not reached its planned targets, while the post-Malenkov switch from light to heavy industry may play havoc with the pledges of the new regime.

As there are likely to be less goods on the market than was originally planned this is clearly not the moment to cut the general level of retail prices, but rather to try to mop up some surplus purchasing power. A small step was taken in this direction in last February's budget when state loans—a semi-compulsory form of saving—which had been halved after Stalin's death, were doubled again. Though Soviet gold and silver have reappeared on the London as well as on continental markets there can be no question of closing the inflationary gap through mass imports of consumer goods. Thus, for the time being, until a balance is reached through rising supplies or checks on demand, Russia is faced with shortages, queues and illicit trading.

Black marketeers thrive on a regime of controlled prices in time of scarcity and it is no accident that the Soviet press has now started a violent campaign against native *spekulanty*. During the war and immediately afterwards their activity was hindered by rationing. Now, with no ration books, it is enough to be first in the queue or to know the well-stocked shops to be able to earn a handsome profit. In the present inflationary conditions speculators, in their crude fashion, "correct" both the prices as well as the regional distribution of goods determined by the planners. Moscow—Russia's shopwindow—is, naturally enough, their paradise. Out of the 400,000 or so people who every day flock into Moscow a good percentage invade the stores of the capital buying as much as they can carry. Back home they either keep these scarce goods in the family or resell them, often at exorbitant prices.

Illegal trade, however, is not limited to Moscow. The numerous indictments now published indicate that it flourishes in the provinces as well. A witty account from Rostov-on-Don begins with a quotation from the Soviet constitution that "he who does not work does not eat," and adds that this principle is not always being applied. G. K. Nazarenko, for example, still wakes up automatically to the sound of the hooter of Rostov's car factory, but he at once relaxes after remembering that he no longer works there. On getting up he proceeds from store to store buying the most unexpected goods from ladies' blouses to boys' caps. In the shops he meets his "colleagues" who—through some sort of "professional loyalty"—exchange tips and help each other jump queues. All these Soviet spivs apparently earn a good living. The author of the article piles up an impressive list of concrete examples, including cases of people who take up jobs as drivers in order to use their official cars for profitable shopping expeditions.

No More Visions of Plenty

Cars are also sometimes used to intercept farmers coming with their wares to the "free," so-called collective, market. On the whole, however, it would seem that there is at least as much demand for industrial consumer goods as for the scarce foodstuffs. The first effects of the post-Malenkov switch to heavy industry are beginning to be felt. In Stalin's time the standard of life of the population was rising steadily, but not very rapidly. Malenkov promised a "sharp rise" and, according to official statistics, over the last two years real private incomes were raised by about a quarter through a combination of wage increases and price cuts. As a temporary measure to meet the impetus of this new demand stocks were being run down, but the real solution was to be provided through a partial revision of the production pattern, through a greater emphasis on output for the consumer. Malenkov's disgrace coincided with the shelving of these plans. There may be many more goods now on the Soviet market than, say, two years ago, but not as many as was originally envisaged and in this discrepancy between plan and fulfilment lie the origins of boom conditions for the Soviet spivs.

Visions of plenty no longer figure prominently in the Soviet press; Malenkov's ambitious programme for light industry is apparently forgotten, while heavy industry recovers its position. The switch is not limited to the domain of propaganda. An attempt is really being made to return to the traditional pattern and to fulfil the current five-year plan (1951-55) in the heavy sector ahead of schedule. The

main stress is laid on engineering and there are signs from Magnitogorsk that output of steel and alloys is to be stepped up. Nor is the fuel and power basis neglected. The gigantic Kuybyshev water-power station as well as that in Kakhovka, are to begin operations in the current year, while work has been speeded up on another vast project—the Angara station near Irkutsk in Siberia. Coal and oil expansion seem closely connected with the eastward drive. Next year oil extraction in the Tartar Republic should reach the level of the famous Baku and already the balance of Soviet oil production is slightly tilted in favour of the East. Increased resources of fuel and power should pave the way for further development of heavy industry in the eastern parts of the country and this is likely to prove the main feature of the next plan.

The spotlight is now on Khrushchev's agricultural performances. Yet the switch to heavy industry is probably the planners' chief preoccupation and the main hope of Nazarenko and his "colleagues." True, with its grip over the economic life of the country the government could stop inflationary pressures by restricting purchasing power until supplies of consumer goods become more plentiful. The problem, however, is not only one of accounting. Hopes have been raised, appetites whetted and popular pressure may still force the rulers to change their mind again and apportion a greater share to consumption. The way in which the inflationary gap is tackled—on the side of supply or that of demand—will show how far Malenkov's victors can depart from the policies of their predecessor.

Rift in Eastern Nigeria

THE constitutional dispute which has been going on for the past month in the Eastern Region of Nigeria over the use by the Governor of his reserved powers may have far-reaching implications. For it has led to chilly relations between the Premier, Dr Azikiwe, and the Governor, Sir Clement Pleass; it could lead to a High Court case; and it presages no good for the region if the latter decides that it wants independence in its own affairs in 1956.

The dispute centres on the security of expatriate members of the public service. Under the constitution worked out by all the Nigerian parties with the Colonial Secretary (then Mr Oliver Lyttelton) all appointments, including promotions, in the public service are made by Governors of Regions (or by the Governor-General for the federal service) at their discretion—though they are advised by public service commissioners. In March, certain deliberate omissions in the Appropriation Bill passed by the Eastern Legislature in connection with the 1955-56 estimates would have forced the Governor to appoint Africans to a number of posts. The bill failed to make provision for expatriation allowances for six permanent secretaries and two posts of assistant secretary in the Governor's Office, abolished the post of one Senior Resident and downgraded the pay scale of the secretary to the regional premier. Such an action seems contrary to the undertaking made by Dr Azikiwe and others at the Lagos conference that "the tried principle of promotion according to qualifications, experience, and merit, without regard to race, would be maintained."

There may be some room for argument whether the Legislature had the right to abolish the post of Senior Resident in view of the fact that at the time this was only filled in an acting capacity, so that its abolition would not prejudice an officer's position; but it was agreed at the Lagos conference and subsequently laid down in Section 64 of the constitution that a Governor could over-ride a Legislature's decision to abolish a vacant post if he considered it necessary in the interests of good government. This Sir Clement in fact did, by introducing a supplementary bill to make good the difference in the monies voted, and passing it under his reserved powers when the Legislature threw it out in the middle of April. (When he advised the Premier that he was going to bring his bill before the House, Dr Azikiwe promptly adjourned it; but it was subsequently reconvened by the Speaker.)

Expatriate Officers' Disquiet

It is obviously a serious matter for disputes over the powers of the Crown to arise so early in the working of the new constitution. But a vital principle is at stake—the morale of the expatriate officers attached to H.M. Overseas Service, whose security lies in the Governor's power to make appointments on merit. Omissions of this kind in appropriation bills are clearly aimed at them—indeed were justified by reference to the policy of bringing Nigerians into the administration to which Britain is pledged. But whether a post can at this stage be finally and definitely earmarked for Africans is a question for the Governor to answer. The bill sought to force his hand and permanently to reduce his discretionary powers—perhaps more with the object of asserting the Legislature's supremacy than of getting jobs for Africans, popular as any such political move may be. Inevitably it suggested to all Europeans serving in Nigeria that their security of tenure, to which all Nigerian leaders have pledged themselves, was in peril. Unfortunately the Governor's supplementary provision will hardly reassure them fully, since every officer will interpret Dr Azikiwe's attempt—and the denunciations which have since come from him—as an earnest of what could happen in 1956. The result may be that Dr Azikiwe will soon find he is getting more resignations from his expatriate civil servants than the number of posts he aimed at forcing the Governor to "Africanise." This is strange, for Dr Azikiwe is credited with unusual awareness of his country's need of expatriate services, and with some disquiet over events in the Sudan.

Why, then, has he done it? Perhaps because, as a man who has been bred to opposition he finds the constructive role of premiership hard to sustain, and a good row with the remaining symbol of British power makes an invigorating change. Perhaps his hand was forced. But the result will be to strengthen the doubts of people who fear that even responsible African political leaders are liable to impulsive and irrational changes of front. Since the region's best interests—and not its independence—are at stake, it may be hoped that Dr Azikiwe will take steps to remove any such impression of his own infirmity of purpose; but his reaction to the reproof of the Secretary of State, Mr Lennox Boyd, in the House of Commons on April 6th, hardly suggests that he has begun to think again. He may believe that a few honeyed reassurances at any time will keep his British servants happy and devoted. If so, he is asking a great deal of them.

Australian Labour Party Split

FROM OUR CANBERRA CORRESPONDENT

THE Labour party rebels against the Evatt regime have at last launched a passionate campaign of political destruction which, to Australians, recalls the activities of Japan's wartime "suicide pilots." In a country where politics is normally accepted by the public, and carried on by its exponents, with a fair amount of healthy cynicism, the activities of this group are something new and almost incomprehensible. But their effects are crystal clear. The breakaways, some of whom are embarked on a course leading straight to their own political suicide, will at the same time wreak great damage on the Labour party proper.

The most effective of all the political groups that are now hacking away at Dr Evatt's political career is the anti-Communist Labour party, constituted by seven federal politicians who rejected his leadership and formed their own party. What they lack in numbers they make up for in inside knowledge of the party which they are now attacking, in ability, eloquence and dedication, and in their utter abandonment of political discretion. In their first day of activity, they made political history with the most ruthless onslaught ever heard in the Federal Parliament; they mercilessly attacked Dr Evatt with an allegation that he had agreed to arrangements for a payment of £13,000 from the Communist party to Labour's campaign funds in the 1951 anti-Communist referendum.

What next? In Victoria, a similar but numerically stronger breakaway group has thrown its numbers against Mr Cain's Labour government, and has forced an election which all politicians expect to be preceded by the dirtiest campaign ever known in Australian politics. The fright created by the boiling over of Victoria's political cauldron (so far the breakaways in the Federal Parliament are all Victorians) has produced an ironic, patched-up unity in Queensland. In New South Wales, at the time of writing, it appears to be about to produce a similar result. Under this uncomfortable banner of Labour unity stand virtually two parties. One, militantly left-wing, is still fighting the battles of the early twentieth century, obsessed by the bogies of capitalism, bravely announcing its adherence to socialism (which remains in the official platform of the Labour party) and doggedly expressing a "different" foreign policy which sees the participation of a token Australian force in the local Malayan fighting as a bolster to colonialism and a threat to Asian good will. While containing its share of Roman Catholics, it sees the activities of some offshoots of the Catholic Church in Australia as a threat more real and more frightening, locally, than the threat of Communism.

The other party that still beds down politically with the left-wing traditionalists is disillusioned with socialism and is looking for a dynamic new rallying point for the Labour movement. It sees the dangers of bureaucracy, fears the consequences of Labour's past policies and administration, and wants to compete with the Liberal and Country parties by offering greater vitality, greater initiative, and greater efficiency. This section of the Labour movement is itself a conglomeration. It carries its own load of extremists who are, in their own way, more right-wing than the Liberals; they are also Roman Catholics.

The result is the most bitter sectarian dispute in Australia since the period after the dispute over conscription, which also rent the Labour party, during the first world war. The part played by Melbourne's Irish-born Archbishop Mannix in the anti-conscription campaign had much to do with the ill-feeling at that time against Roman Catholics in Australia. Oddly enough Archbishop Mannix, at the age of 89, is the principal church figure behind "The Movement," the politically active anti-Communist offshoot of the Church, which has become the chopping block in the present Labour party dispute. The result of this is that many Catholics are complaining that everywhere—at work and in the golf clubs—they are being looked at with suspicion. Dr Evatt's campaign against the Santamaria Group—Mr Bartholemew Santamaria is the somewhat mysterious Melbourne figure who runs "The Movement"—has driven many Catholic votes from the Labour party, but has also given it new Protestant supporters.

The man who opened the floodgates, Dr Evatt, now looks like leading the Labour party in the next elections. He had boldly submitted his leadership to a secret ballot in the bewildered Federal Parliamentary Labour party, and has had it confirmed by a big majority. The only serious contender was Labour's Federal deputy leader, Mr Arthur Calwell, who had already lost most of his fighting spirit and therefore much of his support. Dr Evatt caught his other real rivals unprepared and unorganised, and therefore they did not contest the leadership against him.

"The Movement" was set up to organise and support groups within the trade unions (the industrial groups) to break the power of Communist union officials. They had great successes; but there is no doubt that some of their methods of operation were dubious and that some industrial group leaders began to seek power for its own sake. Now, the effective power of the industrial groups is broken. There are already signs that the defeated Communists are starting to reorganise effectively, have regained actual ground, and could conceivably once again get a stranglehold on some of the key unions.

The ultimate outcome of the Labour party dispute is obscure. But one thing is certain: repercussions are touching the Australian nation at its foundations.

Economic Clash in Vietnam

AMONG the many sources of friction between the French and Americans in Vietnam is the changing pattern of southern Vietnamese trade now that aid from the United States is available in dollars instead of in francs. Another is implicit in the activities of the Sainteny mission in northern Vietnam, aimed at safeguarding French interests in the Viet Minh zone.

The changing trade pattern in the South began to worry French businessmen last year. In October, for instance, the imports from America came second to those from France, although the French, were still well ahead, with 66 per cent of the total of 924 million piastres (about £9,240,000). The respective figures were 609 million and 84 million piastres. Vietnamese exports to the United States (93 million piastres or 33 per cent of the total), however, already exceeded those

to France (62 million piastres). The existing tendency was given a considerable impetus by the signature on December 29th of new financial agreements between France and the former Associated States of Indo-China. The agreements enabled Vietnam, for the first time, to receive economic aid direct from the United States instead of through France—that is, in dollars instead of in the franc equivalent.

The inevitable effect of the new arrangement was to reduce the volume of imports from France and other parts of the French Union in favour of goods from the dollar area. Since January 1st, in fact, the cost of some 80 per cent of all southern Vietnamese imports has been met out of American economic aid. This clear threat to Franco-Vietnamese trade is being aggravated by a special factor—the diminishing costs of the French Expeditionary Corps in Indo-China. Last year Vietnam managed to balance its trade with France because of these expenses, which for the whole year came to between 170 and 180 milliard francs. This figure more than filled the gap between the 100 milliard francs worth of imports from France and the mere 10 milliard francs worth of Vietnamese exports to France.

Too Many Luxury Imports

The Expeditionary Corps expenses, however, are a vanishing item: they are expected to be reduced by two-thirds during this year. Vietnam would therefore be forced to reduce its imports from France even if the temptations of a dollar reserve did not make imports from other countries more attractive than those from France, many of whose products are not competitive in the international market. By mid-March about $90 million of the $240 million of American aid scheduled for Vietnam in 1955 had been made available. This made Saigon confident that it would have a surplus for imports of consumer goods after meeting all its requirements in capital goods. Indeed, the Saigon press is already complaining that imports include far too many luxury goods. The newspaper *Tieng Chuong*, for instance, observed that Vietnam was importing dollar tobacco and tinned fish, although tobacco was grown locally and Vietnamese rivers teemed with fish.

The new Franco-Vietnamese tariff agreement is a hurried attempt to restore the *status quo ante*. Under it, Vietnam grants preferences to France for the importation of 10,000 tons of milk products, 30,000 tons of flour and 30,000 tons of sugar. Reciprocal preferences cover the importation into France of 115,000 tons of rice, 5,000 tons of corn, 35,000 tons of unprocessed rubber and 2,000 cases of matches.

It will be interesting to see whether this preliminary step will do anything to dampen the persistent enthusiasm among some French commercial interests for a trade agreement with the Viet Minh. Such an agreement is one of the three aims of French economic policy in Indo-China which seemed to arise as a natural consequence of the Geneva agreements. The others are the desire to safeguard French interests in the North and to try to use the port of Haiphong as a possible economic key to the Chinese hinterland.

All three of these aims have involved the French in a clash of interest with their allies. One of the reasons for the delay in following up last year's tentative Franco-Viet Minh agreement by more concrete measures is that the Americans object to the possible implications of French moves in northern Vietnam. In the case of the French coal enterprises of the Bay of Along, for instance, the Americans were afraid that the American machinery installed by the *Charbonnages du Tonkin* might fall into Viet Minh hands. The agreement now concluded between the Viet Minh government and the company takes this objection into account: the American machinery is specifically excluded from the sale of the company's assets to the Viet Minh.

Under the agreement, these assets will be paid for in kind by decreasing annual allocations of coal, totalling one million tons and valued at approximately 5 milliard francs. Between twenty and thirty French technicians will remain behind to help the Viet Minh exploit the mines. The loss of the American machinery is a severe blow to the Viet Minh, who are aware that it enabled the mines to produce 800,000 tons of coal last year, despite wartime difficulties and a labour force of only 5,000; before the war, with 20,000 workers, the annual production did not exceed 1,400,000 tons.

The Viet Minh have now moved into the Hongay area and taken over the mines, with the assent of the international supervisory commission. The last French Union troops, however, will not move out of the port of Haiphong itself until May 16th, three days ahead of the deadline set under the Geneva agreements. In the meantime, M. Jean Sainteny, France's special envoy to northern Vietnam, who is now in Paris exchanging views with the Faure government, is anxious to reach agreement with the Viet Minh on other French enterprises in the North. Here again, however, there are difficulties. The Viet Minh were able to "buy" the assets of the *Charbonnages du Tonkin* by offering coal yet to be produced, but it is difficult to see what inducement they could offer to other enterprises, such as the *Société des Ciments Portland Artificiels*, either to part with their assets or to stay on after the evacuation of the Haiphong enclave.

Will Ho Co-operate?

American objections also apply to any large-scale resumption of French trade with northern Vietnam. The Viet Minh have been telling M. Sainteny that they would like French cloth, electric, radio and rail equipment, cars, pharmaceutical products and foodstuffs. But some of these items would probably come under the strategetic embargo.

As for the possibilities of an economic link with China, which the recent construction of the Yunnan railway to Hanoi would make practical, the French have come up against pressure from the Americans on ideological grounds, while they fear possible representations from the British because—the French argue—Hongkong's predominant position might eventually be threatened.

Despite these difficulties, there are many Frenchmen who still favour continued efforts to reach a lasting agreement with the Viet Minh. They are convinced that the chances of saving Vietnam from Communism are slender and that their long-term interests would be furthered by an accord with Ho Chi Minh. They are strengthened in this attitude by the present economic plight of the Viet Minh zone, where famine has already broken out in two areas, where unemployment is high and still rising and which seems unable to obtain either from the major Communist powers or from the satellites the technical and economic aid it needs for its rehabilitation and modernisation. The conflict of views between this group of Frenchmen and the group that remains entirely pessimistic about the chances of working with the Communists is still unresolved, and it would be hazardous to forecast what will be the outcome.



We've put out the flags for your

BIF of 1955

British industry has good reason to put out the flags. Controls have disappeared. The challenge of foreign competition is being vigorously met. There is once again a healthy home trade. The BIF of 1955 is one aspect of the new confident outlook of British industry.

Go to it . . .

Just once a year British industry goes on display. You have this one chance of doing business in ideal conditions. In an hour or two you can compare all the work of many different industries. You can see for yourself which new developments are likely to affect your business. You can discuss your needs with manufacturers who want to help you. These are the opportunities that only the BIF provides.

BRITISH INDUSTRIES FAIR

London & Birmingham 2-13 May

Open 9.30 a.m. to 6.0 p.m. daily except Sunday, 8th May. Public admitted daily after 2 p.m. (all day Saturday). Olympia only open until 9.0 p.m. Friday, 6th May and Wednesday, 11th May.

THE THINGS WE DO FOR YOU - 2

Are you aware that many concerns with whom you may never do business (perhaps we are one of them) may yet be working for you in various ways? Do you reflect, for instance, how you depend on things

made of steel? and how steel-making depends on coke ovens to supply coke for the blast furnaces and gas for the steelworks? In producing many necessities and amenities of your daily life—the structural steel of your office or factory, the car or train you travel by, the tins you buy tobacco in, the steel-shafted putter you miss short putts with—we may have done our bit in the background, for Simon-Carves have built many of Britain's coking plants and many of the washeries that clean the coal that makes the coke.

coal washeries . coke ovens . power stations . heavy chemical and gasworks plants . metallurgical plants . materials handling plants . industrial gears . flour and provender mills and many other specialities.

SIMON ENGINEERING GROUP

SIMON-CARVES LTD
SIMON HANDLING ENGINEERS LTD
HENRY SIMON LTD
TURBINE GEARS LTD
HUNTINGTON, HEBERLEIN & CO LTD
CHEMICAL ENGINEERING WILTONS LTD
THOS. ADSHEAD & SON LTD
SANDHOLME IRON CO LTD
SIMON ENGINEERING (MIDLANDS) LTD
DUDLEY FOUNDRY CO LTD
METAL LAUNDRIES LTD
TYRESOLES (OVERSEAS) LTD

HS 172

What shape is an idea?

In the early stages of a new product, a number of things can happen between the birth of an idea and the appearance of the finished working drawings. And one of the first thoughts that often enters the mind of the designer is—does the idea lend itself to fabrication in plastics? B.I.P. is well qualified to answer this question. Within our organisation are specialist technicians and draughtsmen who have given the whole of their working life to plastics, right from the early days. They develop and make many lines in the Plastics Industry, from moulding powders to tools and presses and the finished article. Together with our Product and Mould Design Service they constitute an organisation which is unique in the Plastics Industry. The benefit of their research is freely at your disposal. Use it! It costs you nothing and may save you a lot.

B.I.P

The most comprehensive service in plastics

BEETLE UREA & MELAMINE MOULDING POWDERS · BEETLE POLYESTER RESINS · BEETLE RESINS FOR THE PAPER, PAINT, TEXTILE, WOODWORKING & FOUNDRY INDUSTRIES · MOULDING TOOLS & PRESSES

BRITISH INDUSTRIAL PLASTICS LTD., 1 Argyll Street, London, W.1.

THE BUSINESS WORLD

Oil from African Coal

IT is now about five years since the South African government was asked to take over a plan to make oil from coal in the Union for which private enterprise had not been able to raise the money, and nearly three years since construction began on the site prepared at Coalbrook, on the banks of the Vaal River 50 miles from Johannesburg. The £36 million "Sasol" project is now due—already some months late—to begin trial runs on its first synthetic gasoline. This summer, as it begins to sell coal-derived motor spirit in the Witwatersrand area, it will come under the keenest of outside scrutiny—not only within South Africa, where Sasol has acquired political as well as chemical significance, but from the fuel and chemical industries of the world. This international interest is only partly technical. There is nothing remarkable in making oil out of coal, though Sasol, the first full-scale unit built since the war, uses a number of hitherto unproven techniques. What is, or would be, remarkable is to make profits out of making oil out of coal, even in special circumstances. And Sasol—*Suid-Afrikaanse Steenkool-Olie en Gaskorporasie Beperk,* to give this State-owned public company its full name—hopes to make profits.

South African circumstances are certainly special, and less artificial than those through which other countries' oil-from-coal projects have wended their uncommercial way. With great distances to cover and a weak railway system, South Africa is a motorist's country with a high demand for petroleum products. It has no oil of its own (a reluctant conclusion after many years' prospecting). Its main demand for gasoline is on the Rand, 400 miles inland, and to haul imported spirit there by rail from the ports adds no less than 7d. a gallon to the price. The motorist in Johannesburg now pays about 3s. 5d. a gallon, which seems to him a lot (it includes only 1s. tax, against 2s. 6d. out of Britain's 4s. 6d. a gallon. Against this expensive petroleum, the Union has huge reserves of coal near the surface, much of it low in quality but suitable for highly-mechanised mining at costs a fraction of those in Europe or America.

★

In these circumstances, it was obvious that making oil from coal would be considered as soon as practical ways of doing so were established. The idea was first discussed in the twenties, even before the first commercial hydrogenation plant was erected at Leuna in Germany. By the thirties, when the second major method of making oil from coal was being tried out —the Fischer-Tropsch process—more detailed studies were being made in the Union. The gold-mining company Anglo-Transvaal Consolidated, and a company set up in 1935 to distil petroleum from oil shale, Satmar, did acquire rights to this second process and actually invited tenders for a plant, but the capital could not be raised. This Fischer-Tropsch process, which is the method adopted (in two variant designs) by Sasol, involves the conversion of the raw coal first into synthesis gas, a mixture of carbon monoxide and hydrogen, and the formation of liquid petroleum products from this gas in a catalytic reaction before normal refining.

After the war Anglo-Vaal obtained a licence to make oil from coal in the Union and prepared a complete new plan. This was for a coal mine and Fischer-Tropsch plant of some 260,000 tons annual output capacity (including 76 million gallons of motor spirit), at an estimated capital cost of £13 million. Private finance was not forthcoming, and the possibility of a loan from the World Bank was complicated by the fact that Anglo-Vaal would have been a private borrower. Early in 1950 the company approached the Govern-

ment, and later that year the rights, technical knowledge and options were taken over (for £600,000, payable over a period of years): Sasol was set up in September, 1950. An official committee studied the project and the processes available, finally deciding that a new Fischer-Tropsch technique developed to the pilot plant stage by M. W. Kellogg, of New Jersey, should be employed in conjunction with a more established German version, while the synthesis gas should be made using oxygen under pressure in Lurgi gas generators.

The project financed by the Government (through the state-backed Industrial Development Corporation) was originally expected to cost £18 million, for a slightly decreased capacity (71 million gallons of products, 55 million gallons being motor spirit), on the Coalbrook site ; it was hoped that the plant might begin operations late last year. Most of the plant had to be bought overseas, much of it being ordered in Germany under escalator-clause contracts shortly before the Korean war broke out. Prices of heavy steel plate and equipment rose sharply, and estimates of the "cost to completion" went up steadily. The current estimate is £36 million, of which about £2 million is for construction of the Sigma colliery that serves the Sasol plant, and about £4 million for housing its workers and setting up a marketing subsidiary ; the remaining £30 million is for the plant itself.

Sasol, now nearly complete, is certainly an impressive industrial complex, set in the Vereeniging area almost within sight of Van der Bijl Park, the country's splendid steel strip mill, and of the massive Klip and Vaal River power stations. Its small colliery, fully mechanised with Joy power loaders and shuttle cars, will mine about 7,600 tons of coal a day from a 24-foot seam and send it along a 1½-mile conveyor belt to the coal bunker of the chemical plant ; delivering it there for less than 6s. a ton. In full operation, about 3,200 tons of this coal will be gasified daily in the Lurgi plant, along with more than 10 million lb. of steam and 720,000 cubic metres of oxygen, made on the site in one of the largest oxygen plants in the world. The total production of purified synthesis gas will be nearly 3 million cubic metres a day ; by-products of the gasification process include ammonia, tar, phenols and creosote. In the American "fluidized bed" version of the Fischer-Tropsch synthesis system, powdered iron catalyst is "boiled" with gas blown up through it in two large reactors, the products being condensed to liquid and separated out into the various oils and waxes by more or less standard refinery techniques ; the German Fischer-Tropsch unit does the same with a "fixed bed" of catalyst. A second by-product stream derives from these synthesis reactions—a range of oxygenated organic materials such as ethyl, propyl and butyl alcohols, acetone, paraffin waxes and liquid petroleum gas.

The economics of Sasol remain to be learned in practice—as do some of the techniques, such as those involved in the American synthesis plant. But on its own published assumptions, some guesses at possible revenue and cost can be made. Its managing director stated last year that its yield on motor spirit at the plant (duty, freight and distribution paid) would be 22½d. a gallon—for 55 million gallons, plus diesel and fuel oils, some £5-5½ million a year. A cut in rail freights has now brought the Rand retail price down by 3d. a gallon ; unless, as has been suggested, Sasol is to receive a remission of 3d. a gallon as indigenous alcohol producers do, that would mean 19½d. a gallon—about £700,000 a year less. Last year, too, it was hoped that a third of total revenue could be obtained from by-products. Though this implies a high average price for them—more than £50 a ton—the £2½ million a year it suggests, from the quantities and prices involved, is not out of all reason. Such estimates might give Sasol a total revenue of £7-8 million a year.

Of the £35 million of capital likely to be raised by Sasol and its subsidiaries, £25 million is in ordinary shares, and only about £10 million is likely to be in fixed charges (at about 5 per cent). This state-owned company, therefore, has not the obligation to service all its capital, regardless of current profit or loss, that British nationalised corporations bear. It could, nominally or politically, "float" without in fact paying very much return on its capital at all. A fair assessment might be to charge it a rate of return suitable to a public utility, rather than a commercial enterprise—say 6 per cent. This, with interest on its loan capital, would require about £2 million a year. Depreciation, on plant of which so much is experimental, should provide for amortisation over not much more than 10 years—say £3-3½ million a year. Coal, on Sasol's own figure of 2½d. per gallon of motor spirit, would cost just under £600,000. Capital costs and the main raw material, therefore, might require say £5½-6 million annually, leaving £2-2½ million for operating costs on the plant, or something under a shilling a gallon of motor spirit. That would be 6-7 per cent of capital costs—which accords roughly, but barely, with some "rule of thumb" estimates for operating costs on a Fischer-Tropsch plant.

All that can be inferred from such tentative orders of magnitude is this: that Sasol's solvency—which cannot fairly be judged until teething troubles are over—will depend crucially on attaining the rated throughput and selling all its products at the prices planned. Chemical and oil plants are more often underrated in capacity than overrated, and certainly Sasol should have no difficulty in disposing of all the liquid fuel it can make in this expanding market. But if and when a pipeline to the Rand from the coast comes into being, the freight on imported motor spirit might be cut further from 7d. to about 2d. a gallon—which would probably quite upset Sasol's calculations of revenue. The value it has put on its by-products, in total and in an isolated market, may not be unreasonable ; but finding customers for them in a country without much chemical industry may be hard. Some experts, indeed, argue that after selling the more conventional gasification by-products, the best return Sasol could get from its complex synthesis products might be by putting most of them back to increase the liquid fuel yield—as it is certainly equipped to do. Commercially, of course, the whole economic question can be simplified. For a project of this nature, a private chemical or oil company would probably want an annual revenue of at least 25 per cent (15 per cent return and amortisation over 10 years) on the total capital. Can Sasol be counted upon confidently to bring in £8-10 million a year, which means some £40 a ton over its whole range of products ?

It is fair to say that Sasol's contribution to the South African economy cannot be counted quite so coldbloodedly. This plant is the Union's first venture into large-scale and complex modern chemical technique. That the venture happens to have been made by the State may have meant some expensive technical perfectionism—and some risky scientific short cuts—but it is also a reflection upon private capital in the Union that has held back from such industrial pioneering. The fact of a massive and modern complex of chemical engineering, offering by-products from which a wide variety of chemical manufacture could start, and trained men with experience of projects on such a scale, may well outweigh some of the gaps that seem likely to appear in any strict book-keeping. Almost certainly the Union's next big chemical venture will be more economically planned ; and in its own field of oil from coal Sasol, too, will point some lessons from which other nations can later learn. In any country in the early stages of an industrial revolution—as South Africa undoubtedly is today—technical adventurism is perhaps less dangerous than over-caution.

More Power to the Pedal

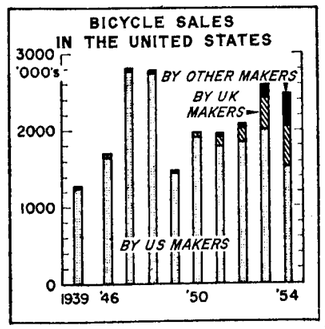
MANUFACTURERS of British bicycles have every reason to be disturbed by the support that the second recent attempt of the American cycle industry to secure greater protection against imported makes has obtained from the Tariff Commission. The President has until May 13th to decide on the plea for a quota or a higher tariff. The British cycle industry fears that it may be sacrificed to the protection lobby by an Administration that already has its hands full in trying to negotiate an extension to the Reciprocal Trade Act through a reluctant Congress. Since the devaluation of sterling five and a half years ago British bicycles have achieved great successes in the American market. With a new type of "English" lightweight specially developed for that market, total sales have increased more than ninefold, until last year one out of every six machines made in the Midlands found a United States buyer. American manufacturers have been slow to adjust themselves to this marked preference for lightweight machines which has revived interest in cycling in their market and could, now that the large post-war crop of babies is reaching cycling age, push total sales up to 3 million or more a year from the depressed 1954 figure of 2¼ million. Most firms have stuck rigidly to their traditional, heavier balloon tyre models, which can certainly stand up to very tough handling, and only recently have they begun to incorporate 2- and 3-speed hub gears. One or two companies now make lightweights using British designs or assemblies, and some have introduced their own compromise medium weights.

Presidential support for protection would be a serious blow to the Midlands. The industry has tried to avoid becoming dependent upon one or two large overseas markets. Until recently, it has found this fairly easy to do. The British safety bicycle is eagerly sought in most parts of the world for its robustness, lightness, cheapness, and reliability. With no serious competitor, the industry doubled its prewar output by 1951 and increased its overseas business from 18 per cent of total production in 1935 to 70 per cent four years ago. But when the home market went sour in 1952 and shipments to South-East Asia and South America started to slacken, the bright prospects of the large North American market became too attractive to ignore.

The motor cycle makers, on the other hand, have never found much business in the United States, where every third person has a car and many families have two. They have managed to sell about 7,000 motor cycles a year there, only 4 per cent of their total output. Even this has been sufficient to arouse hysterical yelps from the few American manufacturers, who find that imported machines now absorb a major share of their diminishing market. Since its prewar German competitors were destroyed by the war, the British motor cycle industry has had few real rivals in the medium and heavy range. Czechoslovakia could compete effectively, but its policy of playing fast and loose with prices and its lack of adequate after-sales services have tended to alienate its customers more than upset its rivals. Last year British firms made 180,000 motor cycles—a record output nearly three times that of 1935. Exports to Australia were hard hit in 1952, but shipments are now much more evenly spread, and the latest cuts imposed by the Australian Government need give the industry little real difficulty.

The industry's biggest problem, at the moment and for the future, is the marked swing towards lightweight

machines. The postwar successes of both industries have been scored with traditional models. The pedal bicycle is a remarkably efficient and inexpensive piece of machinery ; there is little room for further improvement. In the last few years designers have smartened up their models, improving appearance, comfort of riding, and accessories. The motor cycle has been given more power for less weight, its transmission and suspension have been improved, and its appearance has been continually cleaned and tidied up. The side-valve engine has been gradually replaced by the overhead valve engine ; the next steps would appear to be new machines built around the o.h.v. engine with attempts to cut down the familiar noise. Most enthusiasts—perhaps not all—would welcome a quieter motor cycle ; in any case, a growing number of countries are introducing regulations to limit traffic din, to which their motor cycles are often full-throated contributors.

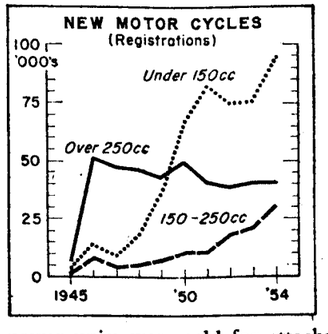


Between them, however, both cycle industries have been slow to cultivate the powered lightweight field. This has been developed very successfully by the continental scooter and motorised bicycle (or 'moped' as the makers call this machine with flagrant disregard for etymology). British designers at first looked askance at these. But the Italian, French, and the German manufacturers — who had to build new factories and re-tool anyway and were at first barred from making heavy motor cycles—sought new and cheap powered cycles to capture the postwar Continental market which they rightly believed to be very interested in economy. Charges of being too conservative have been levelled at the British motor cycle industry on several occasions ; most of the innovations have been made by its smaller fry anxious to stimulate their sales graphs when the curves had turned downwards. This time, without any doubt, Britain let its rivals make the running.

The Italians have led all the way in the shift towards the lightweights. The number of motor cycles and scooters with engine capacities under 125 cc licensed for use in Italy grew from 300,000 in 1950 to nearly a million by 1953, and the number of registered motorised bicycles up to 50 cc engine capacity increased from 190,000 to just over half a million, out of a total motor cycle population of 650,000 and 1,750,000, respectively. A number of French and German firms have also done well, and manufacturers in other European countries are now making good light machines. The largest German firm, NSU of Neckarsulm, pushed its sales over the 200,000 mark last year—against 111,000 in 1953—by concentrating upon the lightweight. This figure was probably the largest for a single firm anywhere.

Before British manufacturers plunge headlong into this new market, however, they will want to be sure that the trend will travel as far in this country and in its large overseas markets outside Europe, and that it will persist. Road conditions, urban congestion, commuting habits, the length of purses and the terms of hire purchase facilities, vary markedly from country to country, and the machines that will be bought in less developed areas must be sufficiently stable and robust for use on the rutted roads and tracks that pass for road systems there. Market research is still rudimentary in these industries ; just over one million motor cycles and 14 million bicycles travel on British roads, but who owns them and why, are questions that have only vague answers yet, perhaps understandably so, with order books bulging in most years since the war. But some measure of the present trend towards lighter machines is revealed in the vehicle registration figures published by the Ministry of Transport and shown in the chart.

This fertile field has been tilled by the smaller cycle firms and by some new names. Douglas, in the hands of the receiver shortly after the war, staked all on its licence to make Vespa scooters ; it has no reason since to regret this decision. The 125 cc Vespa and the 123 cc Lambretta, which is sold in Britain through an agent of the Innocenti Company, now have two British competitors. These are rather larger machines ; the 224 cc "Albatross" made by Dayton Cycle and the 197 cc "Scootermobile" to be made by Harper Aircraft. But at least one of the big manufacturers has at last set its design team at work on a scooter. This will be a "British-style" scooter ; it will probably have larger wheels than the Continental styles, to give better balance, and a slightly more powerful engine. If its price can be kept below £100, with large scale production, Britain may take the battle for scooter markets back to the Continent.



The bicycle, with an auxiliary motor, became respectable somewhat earlier than the scooter, and two of the big bicycle makers have already entered the field. Before the war, and shortly afterwards, a large number of power units were sold for attachment to bicycles that had neither the frame nor the brakes to carry them. The big cycle makers held aloof. Specially strengthened bicycles are now made, though there is still some difference between designers as to the best place to put the engine in order to keep the centre of gravity low. Most sales have gone to the BSA "Winged Wheel," fitted with a 35 cc engine, and the 32 cc "Cyclemaster"—an odd horse to find in the EMI stable — which have engines mounted within the circumference of the rear wheel ; to the 49 cc "Power Pak," and the 50 cc "Mini-Motor" with engines mounted over the rear wheel ; and to the 48 cc Vincent "Firefly" with its engine fitted below the bottom bracket. The latest entrant, made by the Phillips cycle firm, carries its engine inside the main frame.

Though this lightweight trend has attracted some new blood, mergers amongst the established firms have concentrated the production of pedal bicycles and traditional motor cycles. The BSA Group, which makes the Triumph, BSA, Sunbeam, and Ariel motor cycles, leads the motor cycle industry with a little under half the total market. Associated Motor Cycles, which makes the Norton, Matchless, AJS, James and Francis Barnett, comes next with about a third of motor cycle output and a half dozen or so firms share the rest. The big four bicycle makers are now Raleigh ; Hercules and Phillips in the Tube Investments group, which also owns several other near-autonomous cycle companies ; and BSA. There are also several dozen smaller firms, of whom most are content to make particular models for home cyclists. The turnover of the twin industries probably exceeds £50 million ; both are pulling out of a moderate down turn in business and have expensive schemes afoot to expand capacity.

Business Notes

Sellers in the Ascendant

In the industrial share market investors obviously would prefer to mark time and let the election run its course. In the gilt-edged market no doubt the majority wishes it could do the same, but the pre-election market has not been developing according to that pattern. Sellers have predominated and prices have come persistently downwards. In the week up to Wednesday the *Financial Times* index of Government securities has tumbled from 99.79 to 97.39—a substantial fall for which a simple explanation exists ; the banks have been selling short dated gilt-edged to restore their liquidity ratio.

From that fact two others spring. The Government broker, and the Bank of England instructing him, cannot in logic provide any cushion to absorb the selling. It would defeat the purpose of the present monetary policy if public funds were to absorb the stock as it was sold. Therefore sellers of these gilt-edged stocks have not found a ready market. The jobbers are certainly not going to increase their books while they think the process may still have some way to go. Secondly it follows that some of the buying that should normally be coming through the gilt-edged market is being withheld because buyers fear a further fall. Some pension funds are reported to be buying normally, but not all insurance companies are buying as much in the gilt-edged market as they normally would. No doubt they are finding a temporary haven for their money outside the market—in Treasury bills and in other short dated stocks, notably the Serial Funding stock 1955, now offering a highly attractive yield and available from non-Stock Exchange sources. Some industrial companies are probably investing their temporary surpluses in the same way. The pattern of yields is most unusual as a result of the present selling. Yields of over 4 per cent are obtainable from the shortest stocks of all. Substantially lower yields run through the medium dates and yields again reach just over 4 per cent on the irredeemables.

Nothing sacrosanct decrees that the longer the stock higher must be the yield, but the present distorted pattern

GILT-EDGED NET PRICES

	Feb. 3, 1955	Mar. 15, 1955	Mar. 25, 1955	April 20, 1955	April 27, 1955
N.W.B.'s 2½% '54-56..	100 5/32	98 5/16	98 3/32	98 11/32	98
Sav. Bonds 3% '55-65.	98 1/16	94	94 1/32	94 3/32	93
Sav. Bonds 3% '65-75.	90 1/4	87 1/4	88 3/16	88	85 1/2
Brit. Elec. 3% '74-77..	90 7/32	86 1/2	87 3/8	87 13/16	85 1/2
Trans. 3% '78-88	85 11/32	81 1/2	82 1/16	83	80 1/2
Brit. Gas 3% '90-95...	85 1/8	81 1/2	82 1/2	83 1/2	80 1/2
War Loan 3½%	85 1/2	82 1/2	83 1/2	84 3/16	82 1/2
Treasury 2½%	64	61 1/2	62 1/2	62 7/16	60 1/2
Consols 2½%	64 1/2	61 1/2	63 7/16	63 1/2	61 1/2
Fin. Times Fixed Int...	113·85	108·70	109·52	110·29	109·57
Fin. Times Govt.....	101·76	98·18	99·43	99·79	97·39

EQUITY GROSS PRICES

	Feb. 3, 1955	Mar. 15, 1955	Mar. 25, 1955	April 20, 1955	April 27, 1955
Imp. Tobacco £1.....	61/6	61/3	62/–	63/–	62/–
I.C.I. £1.....	44/9	40/–*	41/6	44/6	44/3
Unilever £1.....	78/6	76/10½	80/–	80/6	78/6
Courtaulds £1.....	42/3	35/10½	37/6	39/6	38/3
Turner & Newall £1..	114/6	98/9	100/7½	108/1½	105/7½
Vickers £1.....	43/9	36/3	38/1½	39/9	38/3
G.U.S. 5s.....	60/9	50/–	49/6	50/6	50/–
Marks & Spen. 'A' 5s..	72/9	64/–	64/–	67/6	66/6
Brit. Petroleum £1 ...	85/–	71/3	71/3	75/–	75/–
P. & O. £1.....	72/6	59/–	63/–	68/6*	66/6*
Fin. Times Ordinary..	197·5	175·7	179·5	189·3	184·5

* Ex dividend.

points to a change still in progress. How long can interest rates on long dated gilt-edged and indeed on industrials avoid reflecting the weakness of short-dated gilt-edged? That doubt must continue to restrain business in the industrial share market and it must encourage industrial companies and others needing to make capital issues to expedite their plans. In the gilt-edged market no such operation seems possible yet, although a substantial issue for New Zealand will have to be faced within a few months. In the industrial market hopes are still entertained of doing one more steel denationalisation operation —reported to concern Brown Bailey's Steel Works and to consist partly of a debenture issue—before the election.

Demand for Sterling

STERLING has made further headway in the foreign exchange market during the past week. The official rate against the dollar has moved from $2.79\frac{3}{4}$ and has again rung the bell at the $2.80 parity. The transferable rate has moved similarly from $2.77 to $2.77\frac{7}{8}$. This appreciation would appear to have owed nothing to official support. There is a genuine commercial demand for sterling the world over. This would be normal at this time of the year when the sterling area's balance of payments with the rest of the world is normally running at a surplus. But the demand is being accentuated by the fact that there has been little anticipatory buying of sterling in the last few months. Given the accumulating evidence of pressure on the British balance of payments and underlying weakness of sterling, importers of sterling area products have taken the chance of postponing their purchases of sterling exchange until the last possible moment. In reverse, and for the same reasons, there has been considerable anticipatory covering of exchange requirements on the part of residents in the sterling area. These swings in the pendulum of international sterling payments can account for as much as £400 million between the extremes of the arc. There can be no doubt that sterling is at present benefiting from the fact that over the past few months this half-speculative, half-commercial, bear position has been built up.

Sterling has also been helped by a further though moderating influx of foreign short-term money. It is estimated that since Bank rate was increased to $4\frac{1}{2}$ per cent something over £50 million may have come into the London market from overseas, mainly on Continental, Canadian and United States account. All of this is covered by forward sales of sterling, and the evidence of the market suggests that the authorities have provided a good deal of the counterpart to this offering of forward sterling against dollars. Of perhaps greater importance as a supporting factor for sterling has been the gradual repayment of London credits by borrowers in other parts of the world. London is now a relatively expensive short-term money market, and as acceptance credits mature some of them are not being renewed, alternative and cheaper accommodation being secured in New York, Amsterdam and other foreign centres. Higher Bank rate attracts foreign funds, but it also repels foreign borrowing.

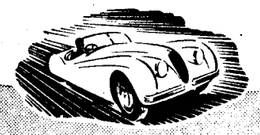
The demand for transferable sterling in the last few days has in large part emanated from Soviet Russia. The bulk of Russia's foreign trade is now done in sterling. Sterling working balances held on Russian account became seriously depleted a few weeks ago, but have since been built up. This process has been helped by substantial sales of gold and silver through the London market over the past month, which will have helped the gold and dollar reserve during April, the figures for which will be published next week. These bullion sales have not been sufficient to provide the sterling required by the Soviet authorities, and they have come into the market as fairly heavy buyers of transferable sterling during the past week.

Finance Bill Fustian

NO serious student of fiscal policy will get much benefit from the debates on the Budget Resolutions and the Finance Bill. The air was heavy with electioneering. The opposition speakers sought to convince themselves that those who pay little or no income tax had been made victims of social injustice by a wicked Chancellor. Mr Butler, who evidently found the debates more amusing to listen to than they are to read, chuckled amiably and rested the case for his budget on the need for an expanding economy sustained by the vigour and discipline of a free people.

So the argument proceeded, fluctuating violently between the mean and the high-flown. Mr Gaitskell, parading a notable army of statistics, accused the Chancellor of favouring companies—"there is not the slightest doubt that companies are once again the favourite children of the Chancellor"—because they would be relieved in a full year of £42 million out of the £116 million of total reliefs given by the reductions in the standard and reduced rates. To which the Chancellor very reasonably retorted that companies were not the prerogative of rich and remote men, but the basis of national prosperity. Mr Callaghan, proceeding from his text that this was a budget of "grab," would not have it that the interests of wage earners and shareholders could be compatible. Companies did not belong "morally" to their shareholders, who sat in their nests "squawking for higher dividends." One would think that they were already gorging a juicy worm worth £42 million. Do the perpetrators of this reckless nonsense ever stop to consider how responsible companies behave? When they invest their shareholders' money in a new project, they base their expectations on the return it is likely to yield. If the standard rate falls and the net return rises, the shareholder is usually the last to benefit, after the consumer has had the advantage of lower prices, or the employee has gained an increase in wages, or the company has ploughed back less than the whole tax saving.

A slender ray of light was shed on the Chancellor's decision to pursue his incentive policy by a cut in the standard rate rather than by increasing the earned income allowance. The Financial Secretary said that the incentive was extended "quite deliberately" to companies as well as individuals. To this the obvious answer (which Mr Gaitskell made) was that companies could have been relieved in respect of profits tax. The Chancellor's objection was that this would bring its benefit only after a year, which hardly seems to dispose of the matter in principle.



BACKGROUND TO JAGUAR BREEDING . . .



JABBEKE

From the village of Jabbeke, in Belgium, this magnificent motor road runs straight as a die to within a few miles of the Belgian capital. On this famous stretch Jaguar cars have attained many officially observed high-speed performances which include 122.75 m.p.h. over a flying kilometre by a standard Mark VII saloon.

JAGUAR *Grace..Space..Pace*

THROUGHOUT THE WORLD . . . *as in Britain*

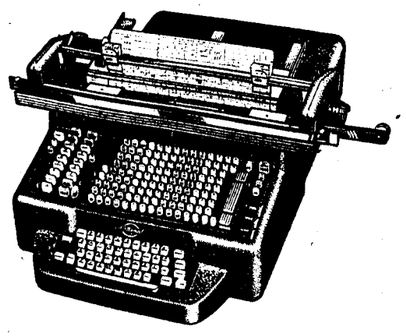


AUSTRALIA, *vast homeland of 9,000,000 of our cousins, is the world's most abundant source of* wool. *Livestock raising, dairy farming, agriculture and mining — Australia's other great and ever-growing industries, steadily enrich a young progressive nation and contribute mightily to the strength of the Commonwealth.*

National

ACCOUNTING & ADDING MACHINES

put business on record...at less cost



COMPLETELY VERSATILE,—The National **"CLASS 31" DIRECT-ENTRY ACCOUNTING MACHINE.** INSTANTANEOUSLY ADAPTABLE to all phases of Commercial, Industrial and Financial accounting. PAY-ROLL and SALARY RECORDS ★ LEDGERS of EVERY KIND (with simultaneous analysis and completion of related records and documents) ★ STORES RECORDS ★ MATERIAL and STOCK CONTROL ★ COSTING and all varieties of special records for particular requirements.



FOR SUPER SPEED AND ACCURACY over the entire range of listing and primary book-keeping operations; the **"E.N."** SERIES of **NATIONAL ADDING MACHINES**—in simplex and duplex versions, with and without wide platens and shuttle carriages. High, medium and low capacities.

THE NATIONAL CASH REGISTER COMPANY LTD.

LONDON, and all provincial business centres in Britain and throughout the world.

National

British factories at DUNDEE

A Plum from Chemicals

MARKET hopes of a bumper profit and a sharply higher dividend from Imperial Chemical Industries have been fulfilled. The final dividend is 6 per cent, making 10 per cent for 1954. The 1953 payment of 15 per cent was made on half the present capital. In effect the year's dividend is up from 7½ per cent to 10 per cent. Group profits and sales amply justify the higher payment. Consolidated sales jumped from £282 million to £352 million, a magnificent rise even allowing for the fact that £25 million of the 1954 figure sprang from newly consolidated subsidiaries. The group profit before tax was £47.7 million compared with £37.0 million.

That figure was struck after providing £16.6 million, against £11.6 million for depreciation. It was also struck after providing for the first time for the cost of the co-partnership scheme introduced a year ago. That plan for investing part of the profits in the ordinary shares at market price and distributing them to employees was estimated to cost about £1 million a year—as profits were running a year ago. The actual cost for the first year was £2.7 million: the co-partners have done well in this first year.

The company's net income after tax was £21.7 million compared with £17.6 million. Its appropriations to reserve include £4 million again to revenue reserve, £7 million again to obsolescence and replacement reserve and the benefit that the group has received from initial allowances—£2 million, against nil, that has been added to capital reserve. The figures had little effect on the market where ICI ordinary remained unchanged at about 44s. to yield £4 11s. per cent.

4 per Cent from Treasury Bills

THE talk of a higher Bank rate provoked by Mr Butler's optimistic budgeting last week brought a quick response from Lombard Street. At the Treasury bill tender the discount houses cut their application price by 5d. per £100, which corresponds to an increase in the discount rate of ⅓ per cent per annum. A fortnight previously, it will be recalled, the market had raised its price by a similar amount, but that was a tactical move to enable it to beat its competitors at that particular tender; in the following week it had almost restored its price to the level of £99 1s. per cent maintained ever since the rise in Bank rate to 4½ per cent on February 24th. Now, by this further cut to £99 0s. 8d., it has raised the discount rate almost to 3⅞ per cent, easily its highest since the early nineteen-thirties, and equivalent to an interest yield of fractionally over 4 per cent on the allotment price.

This further rise does not reflect any change in official policy. In the week or so previously money pressure had necessitated repeated borrowings by discount houses at the Bank of England, but the amounts involved were not large enough to justify the deduction that the Bank were determined to draw the reins still tighter; and since the tender credit supplies and demands have been more evenly balanced.

Output and Expectation

SO far this year, the record of industrial production is not belying Mr Butler's optimism, but not strongly supporing it either. The official index of industrial production for February is now put at 138 (1948 = 100), and the figure for March is expected to be 139-140. This indicates an average for the first quarter of the year about 6 per cent higher than in the first quarter of last year—and it does confirm that after remaining fairly stable in the last half of 1954, output has taken a slight upward turn this year. However, if the seasonally corrected index for the first quarter is compared with the average for last year (in rounded figures, 132 against 129), it will be seen that it was still about 2-3 per cent up, about the same as was noted in this year's Economic Survey. The further "appreciable increase" that was postulated in the Survey, and which has since been elaborated by the Chancellor into a total increase of about the same magnitude as last year's 6½ per cent, has still to be discerned.

Hire Purchase and Furniture

A FAIRLY sharp recession is taking place in the furniture industry. Short-time working is known to be widespread, and the number of men who have been laid off is suspected to be quite substantial. The latest returns of the Ministry of Labour reach to the end of February, when the recession was apparently just beginning. They show that furniture was then employing nearly 142,000 workers; unemployment was rather more than 5,000 and 3,800 were on short time. The furniture unions have since been paying out appreciable sums from their own benefit schemes to men laid off during the subsequent two months.

ISSUED THIS WEEK

Our three-monthly reports on business conditions in

SWITZERLAND
CHILE
WESTERN GERMANY
BRITISH EAST AFRICA
FEDERATION of RHODESIA and NYASALAND

Fifty similar reports, covering seventy countries, are issued every three months. The annual subscription to one country or territory is £10 and there are discounts when more than five reports are taken. Subscribers receive ANNUAL SUPPLEMENTS giving useful background data. (Single reports cost £3.)

For full information about this and other services apply to:

The Economist Intelligence Unit

22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.

Financial Comfort?

HALF-WAY through the first quarter of this year two increases in Bank rate checked the bull market. But throughout the quarter, profits and dividends, twin factors underlying the Throgmorton Street boom, remained consistently good. The 530 companies that issued reports in that period, and whose accounting years ended on the average about the middle of last November, reported an advance in trading profits of almost exactly £50 million to £418 million. That increase of about 13½ per cent compares with one of 14 per cent reported by the 638 companies issuing their accounts in the last quarter of 1954. In absolute terms profits remain high, but the rate at which they are growing is now steadier.

The latest batch of results (analysed in greater detail on pages 417 and 418) is dominated by tobacco companies (which reported an increase of 10 per cent in profits), by iron and steel companies (reporting an increase of 20 per cent, which must please both Sir John Morison and investors who bought the steel shares he offered) and by motor companies (whose 20 per cent rise in profits owes much to the Ford and Vauxhall figures). Two other important groups, "miscellaneous manufacturing" and "shops and stores" have reported advances of 16 per cent and 11 per cent respectively. Only in the textile trades have profits been sticky.

Total income, including non-recurring receipts, of the 530 companies, has risen by £49 million to £461 million. About £8 million more has been provided out of this extra £49 million for tax, an extra £1 million for miscellaneous charges and a similar amount more for fixed interest payments. Normal depreciation provisions have gone up by £5 million and an extra £18 million has been added to reserves. Ordinary dividends after tax have risen by £16 million to £65½ million. Net profits available for equity distribution rose by about £34 million to £168½ million. On that reckoning the increase in equity payments was kept within the bounds of moderation. If the net ordinary dividends are grossed up at the standard rate of tax then applying (9s. in the £) they represent a gross return of about 21½ per cent on nominal ordinary capital, compared with a return of about 16½ per cent the year before. On the capital and reserves attributable to ordinary shareholders, these gross dividends represent a return of about 9 per cent, against 6½ per cent.

The boom in profits, riding on the back of the rise in production, has been sustained by greater investment in fixed and working capital. Fixed assets have claimed the biggest slice of investible funds, their book value before depreciation having been increased by £126 million to nearly £1,204 million. Stocks rose by £47 million to £813 million and debtors by £31 million to £438 million; the additions to working capital were spread evenly throughout all the industrial groups. Yet, despite this surge in investment, the companies holdings of liquid assets rose by £36 million to £529 million, while bank overdrafts rose by only £4 million to £110 million. The growth of assets of all kinds was partly financed by short-term credits from the companies' suppliers, "creditors, etc.," rising by £38 million to £554 million, and by the increase in future tax reserves of £16 million to £159 million. But much of the growth was covered by permanent finance. The total of capital and revenue reserves went up by £18 million to £760 million, while debenture capital increased by £42 million to £279 million, preference capital by £21 million to £209 million, and ordinary capital by £57 million to £552 million. There is a considerable element of new money in this increase in permanent capital, but in this analysis it cannot be isolated from the incidence of free scrip issues in almost every industrial group or from changes in capital structure (which were particularly important in the iron and steel group). The liquidity of industry is sufficiently strong to suggest that the recent changes in Bank rate will need time to have an effect upon working capital commitments. The increase in production that Mr Butler expects is almost sure to add to work in progress (as happened last year) if not to stocks of raw materials. But that is not to say that dearer money will have no effect on marginal decisions in the board rooms about the next item of capital development—or the next dividend.

PROFITS, PROVISIONS AND DEPRECIATION

(£'000)

	Reports Published January to March, 1955		Reports Published April, 1954, to March, 1955	
	530 Companies		2,749 Companies	
	Previous Year	Latest Year	Previous Year	Latest Year
Gross trading profits	*368,124*	418,250	*1,577,986*	1,763,337
Income from investments	*27,910*	30,187	*101,627*	114,410
Other current income	*541*	1,217	*7,842*	9,394
Non-recurring credits	*14,667*	11,180	*80,294*	63,687
Total Income	*411,242*	460,834	*1,767,749*	1,950,828
Repairs and maintenance	*1,732*	1,505	*9,467*	9,843
Depreciation	*49,895*	55,306	*259,137*	289,464
Income tax (excl. profits tax)	*141,345*	159,000	*615,638*	675,084
Profits tax	*36,685*	26,805	*138,651*	134,444
Directors' emoluments	*11,178*	11,725	*51,443*	53,788
Administrative charges, etc.	*11,499*	12,005	*44,087*	46,001
Contingencies, provisions, etc.	*20,618*	24,810	*90,195*	92,567
Pensions	*5,243*	5,302	*23,159*	24,141
Minority shares in profits	*5,250*	5,413	*21,390*	23,457
Profits retained by subsidiaries	*27,398*	34,145	*117,554*	132,202
Debenture interest	*8,295*	8,881	*33,109*	36,668
Preference dividends	*5,817*	6,176	*32,432*	33,852
Ordinary dividends	*49,681*	65,653	*184,469*	224,636
Revenue reserves etc.	*31,158*	44,503	*122,927*	162,784
Brought in (parent company)	*79,908*	76,356	*291,878*	315,969
Carried forward (parent company)	*76,356*	75,961	*315,969*	327,866

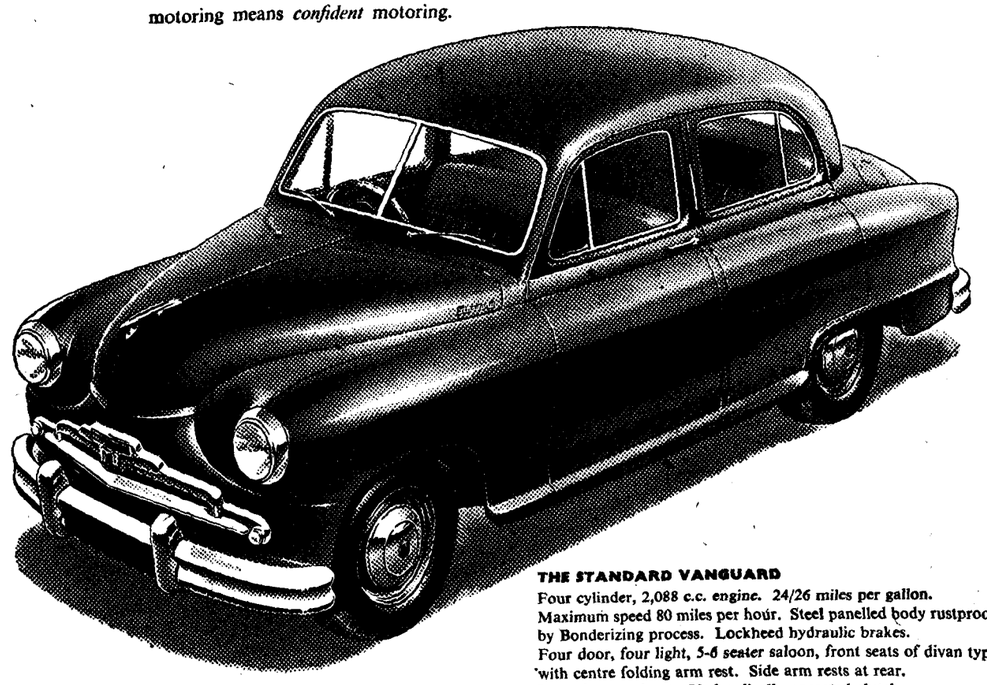
ANALYSIS OF BALANCE SHEETS

Published January-March 1955 (£'000)

	530 Companies			530 Companies	
	Previous Year	Latest Year		Previous Year	Latest Year
Capital (Parent Companies):—			**Fixed Assets:—**		
Debenture	*237,299*	279,479	Land, property and plant	*1,077,177*	1,203,691
Preference	*188,657*	209,252	*Less* depreciation	*332,210*	377,565
Ordinary	*495,237*	552,474		*744,967*	826,126
	921,193	1,041,205			
Reserves and Surplus:—					
Capital reserves	*195,568*	199,106			
Revenue res. & carry forward	*546,554*	560,887	**Trade Investments**	*75,487*	80,335
Total Capital, Reserves and Surplus	*1,663,315*	1,801,198	**Intangible Assets**	*37,136*	36,459
Outside Interests in subsidiaries	*57,185*	60,100			
Current Liabilities and Provisions:—			**Current Assets:—**		
Bank overdrafts and loans	*106,406*	109,890	Stocks	*766,066*	813,286
Creditors, etc.	*516,310*	553,897	Debtors	*407,473*	438,577
Future taxation	*142,858*	159,003	Gilt-edged secs.	*45,811*	52,017
Other provs.	*38,157*	39,942	Other marketable investments	*189,541*	200,068
			Cash	*257,750*	277,162
	803,731	862,732		*1,666,641*	1,781,110
	2,524,231	2,724,030		*2,524,231*	2,724,030

Here IT is!

Here's the thing every motorist looks for in a car — and is to be found in every Standard car. What is IT? It's ECONOMY. Economy that enables the Standard owner to get the maximum performance at minimum cost. This means *more* miles per gallon; *greater* running efficiency, which in turn reduces maintenance costs; *greater* roominess, which means the *full* use of all available space — and all this amounts to the finest value for money in cars to-day. That's why Standard motoring means *confident* motoring.



THE STANDARD VANGUARD

Four cylinder, 2,088 c.c. engine. 24/26 miles per gallon. Maximum speed 80 miles per hour. Steel panelled body rustproofed by Bonderizing process. Lockheed hydraulic brakes. Four door, four light, 5-6 seater saloon, front seats of divan type, with centre folding arm rest. Side arm rests at rear. Large luggage boot. Hydraulically operated clutch.

Price £555 (P.T. £232 7s. 6d.)

Laycock de Normanville Overdrive available as optional extra.

Standard Cars

THE STANDARD MOTOR COMPANY LTD., COVENTRY, ENGLAND

London Showrooms: 15-17 Berkeley Square, W.1. Tel: Grosvenor 8181

The industry dates the start of the recession almost from the day that hire purchase restrictions were announced late in February. These raised the deposit required from 2s. to 3s. in the £ and stopped the "consolidation agreements" that allowed customers who had already bought on hire purchase to take delivery of more goods without paying a fresh deposit, entering into a new hire purchase agreement or making any increase in their weekly payments. The increased deposit can hardly have had serious effects except on those retailers who had not previously asked for any deposit—it has not upset the sale of other consumer durables like television sets—but the furniture industry is inclined to attribute most of its present difficulties to the ending of the consolidation agreements.

This type of hire purchase agreement was widely used by all types of retailer. But not everyone in the industry approves of these trading methods or would agree that the slump (which is in fact a failure to recover from the seasonal decline in sales in the new year) can be entirely put down to hire purchase restrictions. The weather was bad during much of March and April, and affected other retail trades. Sharp temporary recessions of this kind during a period of general prosperity are not unknown in the furniture industry. If orders from retailers fall off, production must be cut back quickly for want of storage and retailers' furniture stocks must by now be running low.

Troubles in Mincing Lane

THE tea boom is over: now comes the reckoning. This week the auction room in Mincing Lane is closed for the third time this month; no one wants to buy tea just now. The reason is not only the usual reluctance of buyers to operate on a falling market, nor the fact that stocks in Britain have recovered to a level equal to about 18 weeks' consumption. Equally important, buyers' purses are strained by payments for tea bought when prices were at the January peak. The custom of the trade is to buy on a three months' bill—at 5 per cent interest whatever Bank rate may be. Hence the buying brokers, blenders and dealers are now taking delivery of tea at prices of 7s. a lb or more. It will be at least another month before those bills begin to reflect the fall in prices that has now brought common tea down to 4s. 6d. a lb. One broking firm—Bernard Bunting Ltd.—has gone into voluntary liquidation, though its net liability is believed to be small. Other firms, particularly the smaller dealers, which may have experienced difficulties may be helped by their banks or by the producers.

The blenders are anxious to make a gradual adjustment of retail prices, in their own interests and that of the distributive trade as a whole. The advance in retail prices lagged behind the rise in auction prices, and consumers should not now expect the fall to be immediately passed on in retail prices. Until the blenders and dealers can work off some of their high-priced stocks their buying will remain restricted. That is why the producers, rather than force tea on to an unwilling market, have decided to spread over the remainder of the offerings from the North Indian crop. Normally, that tea would have been auctioned in Mincing Lane before the middle of June; now the sales will continue until August, and that should steady the market. The producers are in fact assuming the blenders' function of holding the stocks that will be needed during the seasonal decline in arrivals from India in the coming months. That is no hardship to the producers, whose pockets are bulging with profits, but it has its risks. If the new North Indian crop promises to be big, blenders may be tempted to hold off the market until the new tea becomes available. The size of the crop is not only determined by the weather; it also depends on the standard of plucking. There are signs that the Ceylon crop, which has grown too fast to be of good quality, is being plucked rather indiscriminately, and that is partly to blame for the collapse of the Colombo market. Producers as a whole will hope that special efforts will be made to maintain quality at this particular time.

Cunard and the Shareholder

WHEN the chairman of the Cunard Steamship Company wields his pen in anger to silence an obstreperous shareholder he produces a fine full account of the year's affairs. What Colonel Bates calls "this over-long statement" will be read with great interest by the company's stockholders. It also raises important questions of the relationship between the board of a company and the shareholders. The dissentient shareholder, Mr Childs, has conducted a campaign for higher dividends, forming a shareholders' association and threatening to nominate a candidate for a directorship. In the course of his campaign he is alleged to have made a mistake in his calculations—the elementary mistake of comparing the parent company's accounts of one year with the consolidated figures of another. That enables the chairman to give his argument a severe handling. So Colonel Bates' account of the company's gradual accession of strength from 1940 when the default on its preference dividend ended up to the latest year, for which it is paying 16 per cent on an enlarged capital, makes good reading.

Many shareholders will no doubt feel that the argument for a more liberal dividend policy by Cunard, though strong, is gradually growing less strong. Many of them must know that a great shipping company that hopes to remain great will always have to plough back a large part of its profit. They will also welcome the chairman's hint that at some future date another scrip issue will be considered. They may also feel a general sympathy for the board in its delicate task of weighing the opposing claims of the shareholders today against the need for ships in the future. But some of them will not go all the way with the chairman in his uncompromising attitude towards the opposition stockholders.

Proclaiming that the policy of larger dividends advocated by Mr Childs and of "a steady course" advocated and pursued by the board are incompatible, the chairman declares that it would be "impossible for me to hold your board together were a nominee of Mr Childs elected to the board." This sounds like a veiled threat that the board will resign if someone is elected to their number of whom they do not approve. Yet Colonel Bates acknowledges that the directors are the servants of the shareholders ("responsible to them and to them alone") and he invites shareholders if they are not satisfied either to remove the directors or alter the articles. In this he is on stronger ground, and the chairman is also entitled to an observation about individual stockholders, though some may find it hard: "The views of individual stockholders, whilst of value and assistance to the board in enabling it to consider its duties, cannot be allowed alone to sway the board in its conduct of the policy of the company."

Chance for Malayan Rubber

THE Malayan Government has now published its own plan for encouraging replanting in the rubber industry—a final verdict on the proposals of the Rubber Producers' Council and of the independent mission headed by Sir Francis Mudie. It is common ground between the government and the industry that replanting must be accelerated, so that costs can be reduced and natural rubber can compete with synthetic. It is also agreed that replanting by estates must be assisted by reducing taxation and by other means. Disagreement centres on methods rather than aims. The government considers that the proposals of the Rubber Producers' Council and those of the Mudie mission are both unsatisfactory. The government's scheme, like the other two, would reduce the existing rate of export duty in the lower ranges of price; its differences rest in the direct method of encouraging replanting. The Mudie mission proposed that a cess, at a flat rate of 4½ cents a lb, should be returned to the estates against expenditure incurred on replanting. The industry argues that the replanting cess should vary with the price of rubber, i.e. with the industry's ability to pay. It therefore proposes that the existing variable replanting cess should be supplemented by part of the proceeds of the existing export duty.

The government objects to both schemes because the replanting cess would be levied on output, and would therefore fail to provide sufficient funds for estates with low-yielding trees, where the need to replant is greatest. (The mission proposed to overcome this difficulty by an elaborate system for lending money to the less advanced estates that is considered impracticable by the government and the industry.) The government also considers that the funds provided for replanting under the industry's scheme would be inadequate unless rubber prices remained much higher than 70 cents a lb (the present price is about 90 cents, or 25d. a lb). It therefore proposes to give direct assistance to estates by paying half the assumed average cost of replanting ($800 per acre) for a period of eleven years from January 1, 1953. These grants would also be available for approved new planting or for replanting with alternative crops. Smallholders would also be assisted, for the total funds provided by the government over the eleven years, which are estimated at a maximum of $280 million (£33 million), would be shared between estates and small holders in the ratio of their production, that is 3 to 2. This assistance would supplement the existing scheme for replanting among smallholders, which is financed by a replanting cess of 4½ cents a lb and which provides grants that have recently been raised from $400 to $500 an acre. The variable replanting cess paid by both estates and smallholders would be abolished because it is too small to be of real use.

The Pinch in Lombard Street

THE discount houses, which feel the first and heaviest impact of changes in monetary policy, have been hard hit by the tightening of recent months. The increases in Bank rate of January and February, although partly anticipated in preceding weeks by the edging up of bill rates, involved the market in severe losses on bills already held. The ensuing fall in short-dated gilt-edged stocks resulted in marked depreciation also of the capital value of the bond portfolio. The wider spread between bill rates and the basic rate for short loans from the clearing banks (now at 2½ per cent) has, of course, been helping to make good these inroads, but the policy of the Bank of England of keeping credit continuously tight has forced the market to pay rates up to and above the Treasury bill rate of around 3¾ per cent on "outside" money and on the portion of clearing banks' loans made at flexible rates. In addition, the need to borrow from the Bank at the penal rate, first 3½ per cent and now 4½ per cent, has become more frequent.

These adverse influences are plainly reflected in the results of the two discount houses whose accounts cover the fiscal year. In the twelve months to March 31st—which included one reduction in Bank rate, in May last—the net profits of Smith St. Aubyn were down from £206,374 to £66,908, and those of Jessel, Toynbee from £115,918 to £73,793. Profits of discount houses, like those of banks, are drawn up after making provision for transfers to or from hidden reserves for contingencies—and the chairman of Smith St Aubyn, Mr Oliver Smith (who is retiring in favour of Mr Duncan Mackinnon) admits that a "small" relief from that source has been necessary this year.

The weight of the losses experienced in the last two months or so of the fiscal year is shown by the contrasting fact that the three houses whose accounting years ended on December 31st last all reported increases in both profits and portfolios. Smith St Aubyn and Jessel, Toynbee both show reductions in their bond portfolios (from £20.6 to £15.2 million and from £15.7 to £14.1 million), but Smith St Aubyn achieved an offsetting gain in its bill portfolio (which rose from £59.8 million to £65.8 million). Jessel, Toynbee records a fall of nearly £5 million to £36.6 million in the bill portfolio, but shows that the volume of commercial bills discounted over the year rose on balance despite the rise in rates.

Both Smith St Aubyn and Jessel, Toynbee have maintained their dividends unchanged after last year's increase from 8 to 10 per cent (fortified in the case of Smith St Aubyn by a one-for-five bonus issue made in August, 1953). Cater, Brightwen has also maintained its final dividend, at 7½ per cent. The whole of this year's dividend is payable on a capital of £1 million as increased by the one-for-four bonus issue of December, 1953. This house discloses virtually no change in its net profit for the year to April 5th at £160,694 against £160,780. The balance sheet is not yet available.

Fixed Prices for British Ships?

THE shipbuilding industry is drawing some encouragement from the fact that the slight improvement in new orders booked in the last three months of 1954 has been maintained in the first quarter of this year. The lack of export orders, however, is still noticeable, while in addition several British orders have gone to Continental shipyards recently. According to the Shipbuilding Conference, new orders received in the last twelve months, up to March 31st, totalled about 786,000 tons, against which must be offset cancellations of previous orders amounting to some 330,000 tons. This leaves a net intake of only 456,000 tons, which is only about one-third of the rate of output. It is a marked increase over the orders booked during the calendar year 1954, however, when the net new orders totalled only about 334,000 tons, about one-fifth of the current rate of output. The general rise in freight rates, which began in the autumn, has doubtless encouraged owners to place further contracts for dry-cargo ships, and during the last six months the rate of intake has been much more in line with the rate of deliveries.

The huge order book of the British shipbuilding industry has been working to its disadvantage, since it has been impossible to promise either early delivery or fixed prices. Continental shipyards have taken advantage of their ability to offer quicker delivery and in some cases fixed prices, but the indications now are that the tide is again turning. The British order book has been run down to 4,295,000 tons gross, compared with 5,167,000 tons a year ago and over 7 million tons at the peak in 1952. Recently, too, a few contracts have been accepted in British yards on a fixed-price basis, which is becoming increasingly difficult to obtain even in Germany.

Imports in the First Quarter

IN the first quarter of this year Britain's imports rose sharply by £184 million to £1,005 million cif, compared with the same period of last year. A rise of 22 per cent is disturbing enough, but it is as well to remember that it contained an element of price inflation and stock building that should not last long, whatever the spur of monetary policy. One quarter of the rise was the result of higher prices, and three-quarters the result of a higher volume. Prices of tea, coffee, cocoa and other foods rose rather more than prices of materials and semi-manufactures; whereas the value of food imports rose by one-fifth to £405 million, the volume rose by only one-seventh, mainly owing to larger imports of meat, cereals and animal feeding stuffs. Both the volume and value of such imports, apart from meat, should fall. Market prices of all the beverages and of feeding stuffs also dropped in the first quarter, and if Britain is blessed with a good harvest imports of cereals and feeding stuffs will decline in volume; that decline cannot go far, however, for the earlier rise was due not only to a bad harvest last year, but also to the need to replace official stocks consumed after decontrol. The fall in tea prices has already brought some relief; together with the reductions, largely seasonal, in prices of fruit and vegetables it was responsible for a fall of one point to 104 (1954=100) in the index of import prices last month. As export prices remained at 101, the terms of trade improved by one point to 103.

Some relief, but not much, can also be looked for among imports of industrial materials. A significant part of the rise of £22 million to £60 million in imports of non-ferrous metals reflected the very high price of copper; prices have recently weakened, and should fall further in time. But there is little reason to expect any appreciable changes, other than seasonal, in imports of wood, rubber, pulp and chemicals. Imports of iron and steel are expected to be nearly three times higher this year, and the need to import coal, sad though it is, is probably a permanent feature of British prosperity.

BRITAIN'S IMPORT BILL
(£ million)

	Imports, c.i.f. 1st qtr. 1955	Change on 1st qtr. 1954
All imports	1,005	+184
Meat	78	+ 16
Coffee, cocoa and tea	84	+ 25
Cereals	65	+ 24
Wood	34	+ 11
Rubber	21	+ 8
Pulp	26	+ 8
Coal	15	+ 14
Non-ferrous metals	60	+ 22
Iron and steel	17	+ 7
Chemicals	31	+ 5

The Pru's £1 Million a Week

IT is a manner of speaking on the Stock Exchange that the giant of Holborn—the Prudential Assurance Company—has £1 million a week to invest. The latest accounts for the year 1954 show that that figure is not far from the mark. Total assets rose from £709.4 million to £771.5 million. The balance sheet shows that the proportion of total assets invested in British Government stocks has continued to decline. Gilt-edged stocks accounted for 39.8 per cent of the assets compared with 42.3 per cent in 1953 and 42.9 per cent in 1952. Ordinary shares, on the other hand, now account for 14.8 per cent of total assets compared with 11.8 per cent in 1953. Last year the company increased its holding of British Government securities by £6.9 million, its ordinary shares by £18.5 million and its debenture portfolio by £14.5 million.

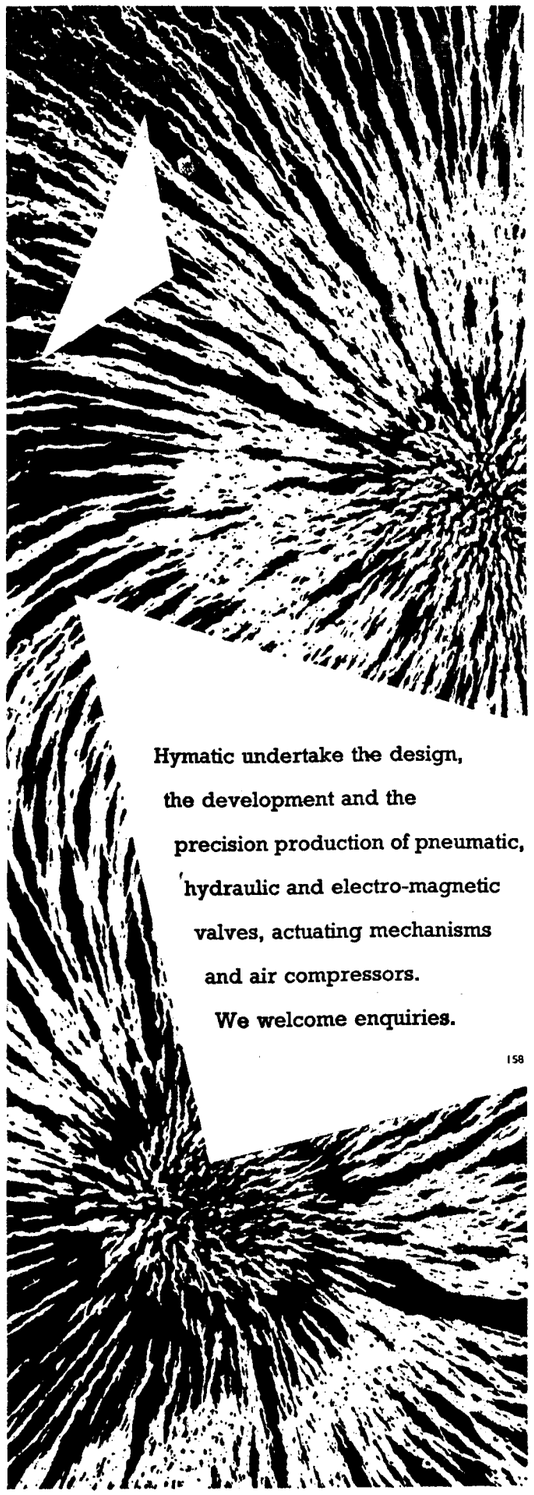
A substantial rearrangement in the book value of the assets was made last year. The ordinary shares were written up by £8 million and freehold properties and ground rents by £3 million; these amounts were then transferred to the industrial and ordinary branches to enable the rate of interest assumed on the actuarial value of the liabilities to be reduced from 2½ per cent to 2¼ per cent for industrial business and for ordinary business in Britain and the Republic of Ireland. A step has thus been taken towards restoring the 2 per cent basis in the ordinary branch, which was abandoned in 1952. In that year, in the face of the fall in security prices, the







●Design based on iron filings in a magnetic field



Hymatic undertake the design, the development and the precision production of pneumatic, hydraulic and electro-magnetic valves, actuating mechanisms and air compressors. We welcome enquiries.

158

THE HYMATIC ENGINEERING COMPANY LTD · REDDITCH · WORCS.

Queue Questions

5



ARITHMETIC OF CONGESTION

The London Transport bus has been intimately designed to carry Londoners through the streets of London. By training and experience its driver is without an equal at his special job. The bus is fitted not only with comfortable seats and a bright and tidy interior, but its technical equipment, its engine, gear ratios, brakes and all its mechanical devices, have been planned to suit the rhythm of London's traffic, or what we of London Transport should like it to be — moving nicely along at a steady speed. It is moreover a very economical user of road space in relation to the number of passengers it carries.

But whereas in outer London bus services can be planned to an average speed of 12 m.p.h., in central London the speed must be reduced to 7½ m.p.h. So the efficiency of the bus as a means of public transport is nearly halved. This is the arithmetic of congestion.

In practice, however, the arithmetic is unsound. Recent tests show that according to the minute by minute fluctuations of traffic a bus may take as little as 13 or as much as 30 minutes to travel a section of its route in central London. Is it surprising that gaps occur in the service, that buses bunch, that buses sometimes crawl in individual attempts to re-establish the service interval? Is it surprising that we of London Transport seek to free ourselves from the strangle-hold of congestion? Wouldn't Londoners be right in blaming us if we did not? *The buses must go through* if London is to have the public transport that it needs.

ISSUED BY LONDON TRANSPORT

Prudential wrote down its assets by transferring £9¾ million from ordinary branch funds and £9½ million from industrial branch funds.

Again the Prudential has allocated a higher proportion of its profit to policyholders and a smaller proportion to shareholders. Since new articles of association were adopted three years ago, the policyholders' share in the industrial branch has been on all fours with that in the ordinary branch; in each branch policyholders are entitled to at least 90 per cent of the profits of their branch, in practice their proportion was 90.6 per cent in 1952, 91.2 per cent in 1953 and 91.9 per cent in 1954. But shareholders' fears that the new arrangement would stabilise their dividends have proved unfounded as the dividends already announced show.

Nato Chooses Fiat

THE long and confusing negotiations over the choice of a light ground-attack fighter for the Nato forces have ended in a compromise between Italian and French designs. The decision to sponsor such a project out of funds voted for special weapon development by the US Congress was taken to meet the need for air cover for the Nato land forces. When discussions first started, the Folland Gnat seemed the most likely candidate. But Folland's decision to press the development of the Gnat as a high-altitude interceptor fighter, with ground-attack as a secondary consideration, automatically removed the Gnat from the competition, and a French design, the Bréguet *Taon*, was then considered. Negotiations with this concern have run into technical difficulties, with the result that the Fiat company in Italy has now been told it will receive an order for three prototypes and 27 "pre-production" versions of its G.91 light fighter. Fiat has considerable postwar experience of aircraft design and production, and drawings for the G.91 are completed. Meanwhile, however, the French government is ordering prototypes both of the Bréguet machine and a Dassault ground-attack design (the *Mystère* 26), probably about three of each, and expects to get American funds to pay for them. All these aircraft, as well as the Gnat, use the light (700 to 800 lb) Orpheus engine being developed by the Bristol Aeroplane Company, which will be ready for flight-testing by mid-summer.

Oil for the Boom

SOME partial explanation of the way in which British industry achieved an increase in output of 6½ per cent last year while inland consumption of coal rose by only 3 per cent is supplied by the final figures of oil consumption published this week. The Petroleum Information Bureau calculates that the country used about 10.7 per cent more petroleum products in 1954 than it did in 1953; the total was 21,038,500 tons, or about 112 gallons per head of the population. However, consumption of the "black oils"—gas, diesel and fuel oils—which are the main products consumed in industry, rose much more sharply, by about 18 per cent. Deliveries of these oils (excluding the "derv" fuel used in diesel road vehicles) reached more than 8¼ million tons, against just over 7 million tons the year before. The gradual but quite steady shift towards increased use of black oils in industry, instead of coal, is almost always associated with increases in fuel efficiency. For the oil industry, however, this disproportionate rise in demand for one product, compared with the slow rise in demand for motor spirit (only 3 per cent up in 1954) is accentuating problems of balance in supply from the refineries.

Demand for motor spirit itself, too, is providing the industry with some problems; they are steadily advertising themselves out of the standard-grade petrol market. The premium grades accounted for nearly two-thirds of garage sales of motor spirit during 1954. Consumption of "derv" fuel, too, rose by more than 11 per cent, as commercial operators continue to replace petrol engines by diesel engines in their vehicles. As a result, consumption of the standard grades of petrol in fact fell. In the tractor field a similar trend to the diesel caused a fall of 15 per cent in the consumption of vaporising oil. The use of burning oil, incidentally, increased by 10 per cent, as housewives began to rediscover the paraffin stove in its modern forms.

SHORTER NOTES

Figures obtained by continuous automatic counting of traffic at five points in England, and used to construct a traffic index by the Road Research Laboratory, suggest that traffic in 1954 was 13 per cent higher than in 1951 and 1952. This has occurred during two years of fairly sharp increase in the number of vehicles registered in Britain; the flow of new vehicles to the home market rose sharply last year. But if the current rate of increase in registrations continues, there will be twice as many vehicles on the road in 1963 as there are now; and as the Road Research Board points out this week in its annual report, the rate of increase could become even greater, in view of the projected expansion of the motor industry.

★

The balance of the share capital of the Estate Duties Investment Trust ("EDITH") was called up in the year to March 31st last, bringing it up from £500,000 to £1 million. At the end of March it had 42 investments on its books; at cost its quoted investments totalled £235,033 (against £42,842) and its unquoted investments at £815,600 (against £386,837). In addition, shares to the value of £347,000 (against £302,000) were placed with EDITH's institutional shareholders. EDITH had also £303,004 (against £208,166) committed against other investments. Its net income rose from £11,976 to £54,687 and a dividend of 5 per cent had been declared on the paid-up capital.

★

Vickers announces that it will make a bid for the 1,011,603 shares of Powers-Samas Accounting Machines held by the public. Vickers already holds 1,988,397 shares (66.28 per cent) of the issued ordinary capital of Powers-Samas. The

terms are three ordinary £1 shares of Vickers for two 10s. ordinary shares of Powers-Samas plus 3s. cash for each one Powers-Samas share. This is equal to about 59s. per share for Powers-Samas, and after the announcement the price jumped 10s. to 57s. 9d. The object of turning Powers-Samas into a wholly owned subsidiary of Vickers is to facilitate the provision of finance and to facilitate co-operation within the Vickers group.

★

The Agricultural Mortgage Corporation has had an active year. Under the stimulus of the reduction in the lending rate from 5 per cent to 4½ per cent after the cut in Bank rate of May last, the number of new loans completed rose from £1,930,000 in the fiscal year 1953-54 to £2,852,000 in 1954-55. The total of loans outstanding rose by £1.4 million to £25.8 million, compared with an increase of less than £400,000 in the previous year. The net surplus, after allowing for a grant of £77,000 from the Ministry of Agriculture, reached £48,792, fractionally smaller than the surplus in 1953-54, when the grant amounted to £105,000.

★

The first stage in the construction of the 350 mile Sui natural gas pipeline was completed on April 18th, nearly three weeks ahead of schedule, by the British company of D. & C. and William Press, Limited, in association with the Morrison Knudsen Company of America. The line incorporates nearly 44,000 tons of pipe, and at times a rate of 4 miles a day was achieved in the laying and welding. Gas is due to flow through the line by August.

★

Harland and Wolff, the Belfast and Glasgow shipbuilders, has left its ordinary dividend unchanged at 7 per cent and the "special bonus" at 3 per cent in spite of an increase in net earnings from £851,726 to £1,097,617.

★

The tobacco company, Gallaher, which has recently been doing well in its sales of "Senior Service" cigarettes, has reported an increase in net profits from £913,439 to £1,102,632; taxation has gone up from £1,097,434 to £1,408,209. The ordinary dividend has been raised from 20 per cent for 1953 to 22½ per cent for 1954.

★

Babcock and Wilcox, the manufacturers of steam boilers and heavy machinery, is to pay an ordinary dividend of 15 per cent for 1954; in 1953, allowing for the one-for-two free scrip issue, the dividend was equivalent to 12 per cent on the present capital. The group's profits have remained practically unchanged at £4,104,153 (against £4,149,618), but thanks to the demise of EPL the tax provision is sharply down from £2,612,415 to £2,162,811 and net earnings have risen from £1,537,203 to £1,941,342.

Company Notes

BOWATER PAPER. The directors of the Bowater Paper Corporation, the biggest single producer of newsprint in the world, have a keener interest in the company's relationship with the stockholders than most boards. They gave these stockholders a pleasant surprise this week, by announcing a bigger dividend than even the most optimistic bulls—and there are many bulls in Bowater and other paper stocks—had expected. For the 15 months to December 31st the ordinary dividend is 22½ per cent on a capital of £7,200,000 as increased by the cash subscription at par for 1,800,000 units after the maturity of the 1952 option rights and by the capitalisation of £1,800,000 from reserves. That dividend is equivalent to an annual rate of 18 per cent; in 1952-53 the dividend was 16 per cent on a capital of £3,600,000, and is equivalent to a dividend of 12 per cent on the capital after the free scrip issue. The £1 ordinary stock units immediately gained 5s. 6d. to 88s. 3d., carrying other newsprint and paper stocks up with them.

The £1 ordinary stock units of Bowater Paper constitute an equity geared up highly by the parent company's own massive fixed interest stocks and by the fixed interest stocks of the Corporation's subsidiaries. All those subsidiaries were earning high profits last year and they passed back higher dividends to the parent company (which owns all their ordinary stocks). The consolidated trading profit in the 15 months came to £13,095,463—an approximate annual rate of £10½ million; in the previous twelve months the profit was £8,184,070. All the companies in the group contributed to this improvement, but the greater part of total earnings was again derived from the businesses overseas. In all probability the buoyancy in profits came from the Corporation's interests in newsprint in North America and from its interests in other forms of paper (where profit margins are higher than on newsprint) rather than from its British newsprint mills. But these mills must also have made an added contribution to the surplus. From the consolidated surplus of £13,095,463 a sum of £2,658,121 has been provided for depreciation and £4,617,851 for taxation; the net profit emerges at £4,741,020, of which £2,912,485 has been retained by subsidiaries. Those profits are now backed with a differently shaped balance sheet, following the completion of the Bowaters Southern Paper Corporation's plant in the United States and expenditure on new plant both at home and abroad.

Last year may not be the high water mark for the Corporation's profits and dividends. Sir Eric Bowater has already foreshadowed another modest free scrip issue. The Corporation has been adding to its interests other than those in newsprint, while in newsprint itself, the staple of the business, it has been expanding vigorously. The next figures will cover a full year's operations of Bowaters Southern Paper (with an annual newsprint capacity of 112,000 tons); in Britain another newsprint machine with a capacity of about 50,000 tons will come into production this year, bringing Bowater's British newsprint capacity up to about 400,000 tons; and in Newfoundland it will be surprising if the 1954 rate of newsprint production of around 260,000 tons is not exceeded. Almost every ton of this newsprint is sold under long term agreements, though these usually have flexible pricing arrangements.

★

VICKERS. Since Vickers issued its £6 million unsecured loan stock and made a "rights" issue of ordinary shares (in the ratio of one for eight) last August the assumption in Throgmorton Street had been that a final ordinary dividend of 7½ per cent would be paid on the enlarged capital of £27,709,839. An interim dividend of 2½ per cent had been paid on the capital before the "rights" issue. Thus investors were going for a dividend of 10 per cent for 1954, against the equivalent, after allowing for the 100 per cent free scrip issue, of 7½ per cent. There seemed to be good reasons for that assumption: Vickers was surely earning good profits from aircraft; the boom in the capital goods trades must have stimulated the profits of its engineering division; the call for new money pointed to still further expansion; and the free scrip issue seemed to point to more liberality in dividends.

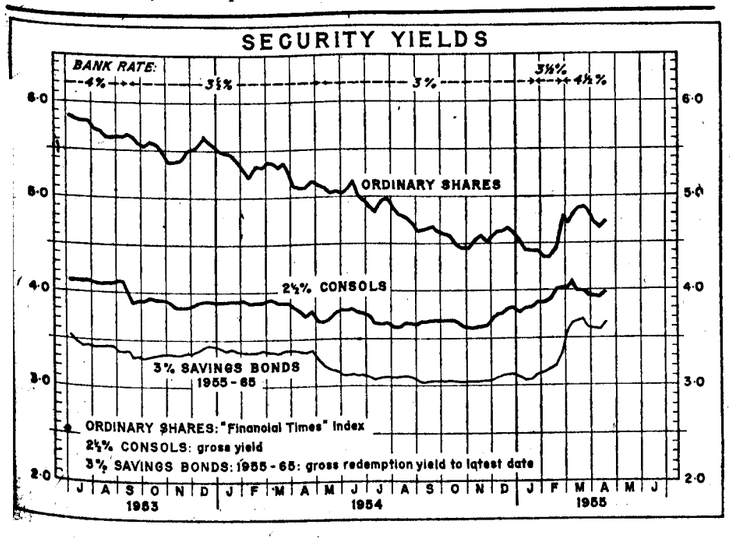
These hopes were dashed when the directors announced a final dividend of 6 per cent, making only 8½ per cent for the full year. The £1 ordinary stock units were immediately marked down from 39s. to 36s. But they soon rallied to 38s. 1½d.—for the inclusion of the Vickers equity among the growth stocks is not put in question by the 1954 results; at this price they offer a yield of £4 9s. per cent. It was not the dividend alone that was disappointing, for though net profits are up they have risen only gently. The consolidated net profit is returned at £3,307,427, compared with £2,851,010. But the 1954 figure includes the profit and loss account of English Steel from June 21st; the inclusion of these figures, which are unspecified but which along with other steel profits must have been good, points to the conclusion that the profits earned by Vickers in its other divisions were not over-buoyant. But stockholders should note that the net profit is struck after a higher charge for taxation (up from £3,867,007 to £4,091,731) and bigger payments on minority interests (up from £94,576 to £400,968, presumably because of payments on English Steel preference stock and on the minority interest in that company's ordinary shares held by Cammell Laird). The ordinary dividend, absorbing £1,294,666, is amply covered by the consolidated net profit—as indeed it is by the parent company's net profit of £2,067,677.

Vickers's purchase of a 75 per cent equity interest in English Steel must have produced extensive changes in the balance sheets. Some of the major alterations are revealed in the preliminary statement. The company's holding of £5,250,000 of 3½ per cent Treasury stock (1979-81)—the old steel stock—has been sold at a loss of £256,291; after deducting this loss the balance of the surplus arising from the nationalisation of English Steel of £7,650,460 has been transferred to general reserve. Even so, thanks presumably to the new issues, the parent company still has £7,224,899 (against £7,535,393) in cash and tax reserve certificates at the end of last year.

★

ASSOCIATED PORTLAND CEMENT. The boom in the building and construction trades spelt out one certainty: bigger profits and dividends from the Blue Circle group of cement companies. That assumption, together with some hopes of another free scrip issue, lay behind the recent rise in the price of the £1 ordinary stock units of Associated Portland Cement, the parent company of the group. On the eve of the dividend announcement they were quoted at 10ls. 9d. The bigger dividends duly came. Associated Portland and British Portland have raised their ordinary dividends from 3s. 6d. to 4s. on each £1 stock and Alpha Cement has raised its dividend from 5s. to 6s. on each £1 stock. But since these announcements were not accompanied by any mention of scrip issues, there was some disappointment; the £1 units of Associated Portland dropped to 97s. 9d., before recovering to 98s. 9d. At that price they offer a yield of £4 1s. per cent, which is low enough to show that all hopes about scrip issues and about future dividends are not dead.

The higher dividends are backed by increased earnings. The directors of the Blue Circle group do not issue a preliminary statement of consolidated profits, but the separate statements issued by the parent and the two subsidiaries all show a bound forward in profits. Associated Portland's trading surplus in 1954 went up from £4,036,510 to £4,722,375 and the net balance available for distribution from £1,448,379 to £1,908,633; the 20 per cent dividend absorbs £910,000. The trading surplus of British Portland has risen from £3,164,710 to £4,166,893 and the distributable balance from £974,659 to £1,255,411; Alpha Cement's gross surplus has risen from £977,440 to £1,242,992 and its net balance from £231,693 to £305,377.



LONDON STOCK EXCHANGE

Next Account begins: May 4th
Next Contango Day: May 4th
Next Settlement Day: May 10th

Selling of the short-dated stocks by the banks and uneasiness about the course of money rates depressed the gilt-edged market this week. Within the week to Wednesday's close the *Financial Times* government securities index had dropped from 99.79 to 97.39. A minor rally in the long-dated and irredeemable gilt-edged stocks took place on Tuesday on the firmness of sterling and the improvement in the terms of trade, but it proved to be short-lived. Chinese issues were marked up on the Formosa proposals and the Bulgarian issues were firmer on the news of the debt delegation.

The industrial market was unsettled by the weakness of the gilt-edged stocks, and in the week to Wednesday's close the *Financial Times* ordinary share index had fallen from 189.3 to 184.5. But the biggest losses in this market occurred before the weekend. The *Financial Times* index had fallen to 183.1 by the close of Monday, and later in the week, when a stream of higher dividends and profits were announced, prices turned a little firmer. These announcements were the predominant influence in the market. Paper shares, for instance, were marked up on the good dividend from Bowater. Ford Motor improved on American support as did the Unilever issues on Dutch and American buying. Taylor Walker fell back on the denial of a take-over report. Dollar stocks improved on the firmness in Wall Street; when Brazilian Traction passed its dividend the stock was marked down to $13 before recovering on buying from Brussels to $15; they closed on Wednesday at $14⅛, $2 down on the day.

A bigger demand for oil shares, notably for British Petroleum in front of the forthcoming dividend announcement, lifted prices. Rubber shares were firm but teas weakened. Kaffirs were unsettled at first on the report of higher wage claims, but later in the week took a turn for the better following the lead of the OFS issues. Copper shares began the week on rather a dull note but became a little firmer later

FINANCIAL TIMES INDICES

1955	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
April 20...	189·3	110·29	3·93	4·69
„ 21...	187·7	109·91	3·99	4·73
„ 22...	184·3	109·42	4·07	4·85
„ 25...	183·1	109·36	4·07	4·89
„ 26...	184·1	109·60	4·06	4·90
„ 27...	184·5	109·57	4·08	4·90
			Total bargains	
1955, High.	197·5 (Feb. 3)	115·97 (Jan. 7)	1955 April 20	7,856
„ Low..	175·7 (Mar. 15)	107·61 (Feb. 24)	„ 21	7,611
1954, High.	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 22	8,680
„ Low..	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 25	9,788
			„ 26	8,323
			„ 27	7,567

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to Apr. 27 High	Prices, 1955 Jan. 1 to Apr. 27 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Apr. 20, 1955	Price, Apr. 27, 1955	Net Yield, April 27, 1955 § £ s. d.	Gross Yield, April 27, 1955 £ s. d.
97⅜	94½	Exchequer 2% 1960	95	94½	2 7 9	3 6 2
99 7/16	90½	Exchequer 2½% '63-64	92½*	90½*	2 11 8	3 14 0
104½	98½	Exchequer 3% 1960	99 3/16	98½	2 0 1	3 6 8
102⅝	96½	Exchequer 3% '62-63	98 5/16	96½	2 5 0	3 12 6
100½	96½	Serial Funding 2½% 1957	97 7/16	97 5/16	2 8 1	3 7 2
100 13/16	99½	*Serial Funding* 3% 1955	99⅜	99½	2 14 10	3 18 5
100½	97½	War Bonds 2½% '54-56	98 1/16	98	2 17 1	4 2 1
100 5/16	98	Funding 2½% '52-57	98 5/16	98 1/16	2 6 2	3 14 1
100 1/16	97½	*War Loan* 3% '55-59	98½	98	2 3 8	3 9 9
100 1/16	93½	Savings Bonds 3% '55-65	95½	93⅝	2 9 5	3 16 6
100⅜	93½	Funding 2½% '56-61	95⅜	93½	2 11 8	3 13 11
97	89⅜	Funding 3% '59-69	91 3/16	89⅜	2 12 3	3 19 6
98½	90⅜	Funding 3% '66-68	93	91	2 11 4	3 19 0
95 1/16	88	Funding 3½% 1999-2004	92	89⅜	2 7 10	4 0 8
103 5/16	98½	Funding 4% '60-90	100½*	99¼*	2 8 0	4 2 1
96⅜	87	Savings Bonds 3% '60-70	91½	88⅝	2 13 1	4 0 10
95 7/16	87½	Savings Bonds 2½% '64-67	89⅜	87¼*	2 13 9	3 16 8
105⅛	98	Victory 4% '20-76	101⅛	100⅜	2 5 11	4 0 6
94 7/16	85½	Savings Bonds 3% '65-75	88⅜	86¼	2 12 6	4 0 11
97⅜	90½	Consols 4% aft. Feb. '57	95⅜	93½	2 9 6	4 6 5
89 1/16	79½	Conv. 3½% aft. April '61	85½	82⅝	2 8 10	4 5 0
103	94⅞	Conv. 3½% 1969	97⅛	95½	2 8 0	3 19 1
99 1/32	95	*Conv.* 2% 1958-59	96	95½	2 8 7	3 7 6
66⅛	59⅞	Treas. 2½% aft. April '75	63	61½	2 7 1	4 2 1
78⅛	70½	Treas. 3% aft. April '66	74⅝	72½	2 7 10	4 3 3
98⅜	91	Treas. 3½% '77-80	94	92	2 9 8	4 1 11
99 3/16	91	Treas. 3½% '79-81	93½	91½	2 9 11	4 1 11
88⅛	78	Redemption 3% '86-96	83	81	2 9 4	3 18 11
88 3/16	79½	War L'n. 3½% aft. Dec. '52	85 1/16	81⅞*	2 9 1	4 5 2
66⅛	60	Consols 2½%	63½	61⅜	2 6 11	4 1 8
94 1/16	86	Br. Elec. 3% '68-73	89⅜	87½	2 12 7	4 0 5
93 1/16	85½	Br. Elec. 3% '74-77	88⅛	86	2 11 7	3 19 9
109 1/16	100½	Br. Elec. 4½% '74-79	104½	102½	2 5 11	4 1 10
98 1/16	90½	Br. Elec. 3½% '76-79	92½*	90¾*	2 10 4	4 1 10
88 7/16	79½	Br. Trans. 3% '78-88	83½	81½	2 11 7	4 1 4
94 1/16	86½	Br. Trans. 3% '68-73	89½	87½	2 12 7	4 0 5
105 5/16	98½	Br. Trans. 4% '72-77	101½	100	2 7 2	4 2 3
88 7/16	79½	Br. Gas 3% '90-95	83⅜*	80⅝*	2 9 10	3 19 5
102⅛	94½	Br. Gas 3¼% '69-71	96⅞	94⅝	2 8 3	3 19 4
105⅛	99	Br. Gas 4% '69-72	102⅜	100½	2 5 7	4 0 3

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

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan.1toApr.27 High	Prices, 1955 Jan.1toApr.27 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Apr. 20, 1955	Price, Apr. 27, 1955	Yield, Apr. 27, 1955 £ s. d.
97⅞	90⅜	94⅜	87½	Aust. 3½% '65-69	91½	90½	4 3 0
101⅞	97½	101⅜	95½	Ceylon 4% '73-75	97½	97⅛	4 3 9
106⅜	98½	103⅜	98	N. Zealand 4% '76-78	100½	100⅜	3 19 3
79⅜	71⅜	75⅜	66½	L.C.C. 3% aft. 1920	71½	70½	4 5 1
99⅜	95	99	91	Liverpool 3% '54-64	92½	91½	4 3 0
87⅜	80½	84	75	M.Wtr.'B'3% '34-2003	78	77⅛	4 1 3
104½	100	102½	100	Agric. Mort. 5% '59-89	101½	101½	4 11 6
109⅜	71⅜	102⅜	91	German 7%	98½	98½	...
168⅛	102	164	149	German 5½%	160½	160½	...
171	132⅜	171½	160	Japan 5% 1907	171	171½	...
198½	167	198½	190	Japan 5½% Conv. 1930	196	198½	...

Prices, 1955 Jan. 1 to Apr.27 High	Prices, 1955 Jan. 1 to Apr.27 Low	Last Two Dividends (*a*) (*b*) (*c*) % %	ORDINARY STOCKS	Price, Apr. 20, 1955	Price, Apr. 27, 1955	Yield, Apr. 27, 1955 £ s. d.
			BANKS & DISCOUNT			
58/6	48/9	5 *a* 7 *b*	Barclays £1	54/-	53/6	4 9 9
76/7½	64/-	7 *a* 8 *b*	Lloyds 'A' £5, £1 pd.	66/-	65/-	4 12 4
89/3	78/6	8 *a* 10 *b*	Midland £1, fully pd.	81/-	79/-	4 11 2
87/-	77/9	8½*a* 9½*b*	N. Prov. 'B' £5, £1 pd.	79/-	77/6	4 12 11
96/10½	87/-	8 *a* 8 *b*	Westmstr'B'£4,£1¼pd.	90/6	88/6	4 10 5
69/-	52/-	7½*a* 8½*b*	Alexanders £1	52/6	52/6	4 15 3
58/6	49/6	5 *a* 7 *b*	Nat. Disc. 'B' £1	51/-	51/-	4 14 1
60/-	51/-	5 *a* 7½*b*	Union Disc. £1	54/-	54/-	4 12 7
48/10½	39/6	4 *a* 4 *b*	Barc. (D.C.O.) £1	43/6	42/6	3 15 4
51/9	43/3	7½*a* 7½*b*	Cbart. Bk. of India £1	44/-	44/-	6 16 4
			INSURANCE			
17⅛	14½	50 *a* 110 *b*	Leg. & Gen. £1, 5/- pd.	16⅜	16½	2 9 8
23¾	20½	20†*a* 45†*b*	Pearl £1, fully pd.	23*	22*	5 2 8
46½	41½	112½†*c* 117½†*c*	Prudential 'A' £1	44½*	42*	4 16 6
			BREWERIES, ETC.			
141/-	128/6	10 *a* 33 *b*	Bass £1	133/9	131/3	6 11 1
29/0½	22/-	25 *c* 10 *a*	Distillers 6/8	27/3	26/3	3 16 2
49/6	40/3	8 *a* 15 *b*	Guinness 10/-	47/6	45/-	5 2 3
93/9	81/-	15½*b* 7 *a*	Whitbread 'A' Ord. £1	91/3	90/-	5 0 9

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 14·4%. (*h*) Also 4% tax free bonus and 50% tax free from capital profits; on 14·8%. (*j*) On 11⅞%. (*k*) On 8%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8½%. (*q*) On 22% gross. (*r*) On 37½%. (*u*) Dividend for 15 months. On 18%. (*v*) On 7½%. (*w*) On 17½%. (*x*) On 12½%. (*z*) On 8½%. (§) On 20%. ‡ On 15%.

Prices, 1955 Jan. 1 to Apr. 27 High	Prices, 1955 Jan. 1 to Apr. 27 Low	Last Two Dividends (*a*) (*b*) (*c*) % %	ORDINARY STOCKS	Price, Apr. 20, 1955	Price, Apr. 27, 1955	Yield, Apr. 27, 1955 £ s. d.
			STEEL & ENGINEERING			
42/9	35/9	15 *c* 17½*c*	B.S.A. £1	38/-	38/-	4 12 1
13/10½	10/-	h15 *c* 3½*a*	Cammell Laird 5/-	12/9	12/6	5 15 2
30/-	27/-	... ...	Colvilles £1	29/-	29/-	...
30/-	23/-	... 8 *c*	Dorman Long £1	28/6	27/9	5 15 4
74/3	62/4½	10 *b* 5 *a*	Guest Keen N'fold £1	68/9	66/3	4 10 7
57/9	42/-	... 12½*c*	Stewarts & Lloyds £1	56/10½	54/10½	4 11 1
35/6	27/6	3 *a* 6½*b*	Summers (John) £1	33/6	33/6	6 2 11
36/-	28/6	4 *a* 6 *b*	United Steel £1	35/-	33/3	6 0 4
43/10½	35/9	2½ *a* 6 *b*	Vickers £1	39/9	38/3	4 8 11
			TEXTILES			
30/4½	22/-	4 *a* 6 *b*	Bradford Dyers £1	23/6*	23/-*	8 13 11
33/4½	26/10½	12 *b* 3 *a*	Brit. Celanese £1	29/-	28/3	6 7 5
29/6	23/-	10 *b* 2½*a*	Coats (J. & P.) £1	26/9	25/6	5 17 8
43/6	35/-	4½*b* 4 *a*	Courtaulds £1	39/6	38/3	4 3 8
32/6	26/6	10 *a* 7½*b*	Lancs. Cotton £1	29/6	28/9	8 13 10
36/0½	28/-	15 *b* 2½*a*	Patons & Baldwins £1	28/9	28/6	7 0 4
			MOTOR & AIRCRAFT			
20/10½	17/4½	6½*b* 3½*a*	Bristol Aeroplane 10/-	19/9	19/6	5 2 7
12/9	9/10½	8½*b* 4 *a*	British Motor 5/-	11/7½	11/3	5 11 1
27/3	21/10½	7½*c* 7½*c*	De Havilland £1	24/9	24/6	6 2 5
57/6	43/1½	3 *a* 7½*b*	Ford Motor £1	88/1½	88/1½	3 8 1
91/9	74/-	5 *a* 10 *b*	Hawker Siddeley £1	52/9	50/-	4 4 0
88/6	71/3	12½*b* 25 *c*	Leyland Motors £1	40/-	38/9	5 3 3
8/-	6/10½	12 *c* 5 *a*	Rolls Royce £1	80/-	78/9	2 19 3
			Standard Motor 5/-	7/6	7/6	8 0 0
			SHOPS & STORES			
32/6	25/-	22½*c* 10 *a*	Boots Pure Drug 5/-	28/9	28/-	4 0 4
45/3	36/9	7½*a* 20 *b*	Debenhams 10/-	41/-*	40/-*	6 17 6
62/6	43/9	45 *b* 15 *a*	Gt. Universal 5/-	50/6	50/-	6 17 6
114/-	97/6	17½*b* 5 *a*	Lyons (J.) 'A' £1	105/-	105/-	3 15 0
76/-	58/6	45 *b* 15 *a*	Marks & Spen. 'A' 5/-	61/6	60/9	4 5 9
71/9	55/3	20 *a* 36½*b*	Woolworth 5/-	60/9	58/6	4 5 6
			OIL			
88/9	68/6	37½*b* 5 *a*	British Petroleum £1	75/-	75/-	2 5 4
138/-	100/-	17½*c* 7½*a*	Burmah £1	117/6	112/6	3 2 3
£58	£50½	6 *a* 10 *b*	Royal Dutch 100 fl.	£56½	£56½	2 13 2
132/-	109/9	5½*a* 10†*b*	Shell Reg. £1	41 10½*	40/-*	6 0 0
35/1½	26/9	5½*a* 15†*b*	Trinidad L'holds 5/-	54/3*	52/3*	4 15 8
			SHIPPING			
37/3	27/6	5 *a* 7 *b*	Cunard £1	30/-	27/6	7 5 5
57/-	45/3	12 *c* ...	Furness Withy £1	48/-	45/6	5 5 6
76/-	56/-	3 *a* 13 *b*	P. & O. Def. £1	68/6*	66/6*	4 16 3
			MISCELLANEOUS			
74/3	61/3	4 *a* 10 *b*	Assoc. Elect. £1	72/6	73/9	3 16 5
104/-	88/9	5 *a* 15 *b*	Assoc. Port. Cem. £1	101/10½	98/9	4 1 1
88/3	67/-	7½ *a* 15 *b*	Bowater Paper £1	83/1½	88/1½	4 1 8
55/3	44/1½	2½*a* 7½*b*	B.I.C.C. £1	49/6	46/-	6 11 1
43/9	35/6	4 *a* 8 *b*	Brit. Aluminium £1	41 10½*	40/-*	6 0 0
55/7½	47/10½	15†*c* 5†*a*	Brit. Amer. Tob. 10/-	54/3*	52/3*	4 15 8
$60½	$51¼	3 *a* 3 *b*	Canadian Pacific $25.	$54¼	$55½	4 18 1
45/4½	31/4½	14½*a* 4 *a*	Decca Record 4/-	36/3	34/4½	4 7 4
33/4½	27/-	14 *c* 8½*b*	Dunlop Rubber 10/-	30/6	30/-	4 13 4
69/3	54/1½	4 *a* 4½*a*	English Elect. £1	63/9	65/-	3 16 11
61/9	51/3	12½*c* 4 *a*	General Elect. £1	57/6	56/3	4 8 10
45/4½	38/3	9 *b* 12½*b*	Imp. Chemical £1	44/6	44/3	3 16 10
64/6	57/9	8½*a* 4 *a*	Imp. Tobacco £1	63/-	62/-	6 15 6
$121½	$105½	$2·35*c* $2·90*c*	Inter. Nickel n.p.v.	$116½	$115½	4 9 4
69/-	57/6	7½*a* 10 *b*	London Brick £1	66/3	65/-	5 7 8
34/9	26/-	6½*a* 15½*b*	MonsantoChemicals5/-	29/6	30/3	3 14 5
69/-	60/3	3½*a* 14½*b*	Tate & Lyle £1	67/-	67/-	4 5 11
85/9	72/6	7½*a* 10 *b*	Tube Investments £1	77/6	75/-	4 13 4
114/9	95/6	5 *a* 17½*b*	Turner & Newall £1	108 1½	105 7½	4 5 3
82/-	69/3	6 *a* 9½*b*	Unilever £1	80/6	78 6	4 0 3
43/3	35/-	17½*b* 14 ⅜*a*	United Molasses 10/-	38/-	38/-	5 15 9
49/9	34/-	10†*c* 2½*a*	Cons. Tea & Lands £1	39/6	35/-	9 18 9
2/8½	1/10½	10 *c* 10 *c*	London Asiatic Rbr. 2/-	2/-	2/4½	8 8 5
38/9	31½	15 *b* 7½*a*	United Sua Betong £1	43/9	45/7½	7 13 4
			MINES			
7⅞	7 11/16	20 *a* 50 *b*	Anglo-Amer. 10/-	7⅞	7⅞	4 10 4
106/10½	80 *a*	120 *b*	De Beers 5/- Bearer	113/9	110 -	9 2 0
78/9	...	...	Free State Geduld 5/-	86 10½	85 -	Nil
58/5½	5 *a*	10 *b*	Randfontein £1	62 6	60 -	5 0 0
6/8½	22 *c*	24 *c*	London Tin 4/-	7 9	7 9	12 7 9
31½	200 *b*	50 *a*	Rhokana £1	37½	36½	6 17 0

New York Closing Prices

	Apr. 20 $	Apr. 27 $		Apr. 20 $	Apr. 27 $		Apr. 20 $	Apr. 27 $
Balt. & Ohio	46¼	44¼	Am. Smelting	49½	48½	Inter. Paper	97½	99
Can. Pac.	30½	30⅜	Am. Viscose	48½	46½	Nat. Distill.	21⅜	21
N.Y. Cent.	42⅜	41	Cel. of Am.	23½	17½	Sears Roebuck	82⅛	82
Pennsyl.	29⅛	27½	Chrysler	81⅜	81¼	Shell	60½	60½
Amer. Tel.	182½	181½	Gen. Elec.	52⅜	52	Std. Oil of N.J.	116⅛	115½
Stand. Gas	10⅛	10⅜	Gen. Motors	98½	98½	U.S. Steel	85⅛	87
United Corp.	6⅜	6½	Goodyear	62½	59½	Westinghouse	77⅛	75½
W. Union Tel.	105	103⅜	Inter. Nickel	64⅛	64	Woolworth	49⅛	49

Industrial Profits and Assets

THE tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 530 profit and loss accounts published January-March, 1955 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(21)		(30)		(29)		(11)		(7)		(20)		(40)		(17)	
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year
Gross trading profit	*8,343*	8,828	*6,803*	7,384	*16,692*	18,498	*36,023*	39,259	77,008	85,229	*4,929*	5,563	*17,423*	19,143	*57,846*	69,418
Income from investments	*311*	238	*113*	104	*317*	377	*882*	779	*5,243*	5,987	*29*	32	*183*	209	*2,090*	1,215
Other current income	...	...	*3*	...	...	3	*42*	51	...	...	...	1	*8*	13	*70*	79
Non-recurring credits	*299*	253	*405*	93	*626*	940	*789*	489	*127*	97	*111*	144	*915*	662	*2,738*	2,627
Total income	**8,883**	**9,319**	**7,324**	**7,581**	**17,635**	**19,818**	**37,736**	**40,578**	**82,378**	**91 313**	**5,069**	**6,340**	**18,529**	**20,027**	**62,744**	**73,339**
Repairs and maintenance	*720*	509	...	...	...	...	*54*	45	...	...	...	...	*59*	...	...	...
Depreciation	*846*	882	*670*	955	*2,928*	3,285	*1,980*	1,452	*4,779*	5,341	*780*	892	*2,674*	2,717	*18,289*	15,225
Income tax (excl. profits tax)	*2,797*	2,974	*2,365*	2,541	*6,156*	6,675	*12,856*	13,911	*29,866*	34,845	*1,676*	1,863	*6,970*	7,011	*20,975*	23,084
Profits tax	*751*	765	*522*	582	*1,911*	1,507	*4,585*	2,668	*5,199*	5 694	*549*	395	*2,106*	1,466	*4,217*	3,183
Directors' emoluments	*361*	364	*726*	746	*660*	707	*814*	852	*799*	786	*465*	489	*988*	1,040	*641*	703
Administrative charges, etc.	*90*	27	*56*	75	*350*	267	*6,503*	7,178	*1,897*	1,677	*66*	40	*146*	210	*56*	32
Contingencies, provisions, etc.	*588*	617	*303*	139	*1,174*	687	*495*	646	*2,287*	2,611	*138*	767	*1,406*	985	*2,166*	6,576
Pensions	*40*	39	*228*	231	*165*	160	*511*	292	*1,037*	907	*40*	21	*152*	192	*1,065*	1,125
Minority share in profits	*143*	162	*2*	3	*380*	457	*283*	294	*3,120*	3,037	*73*	62	*82*	47	*366*	408
Profits retained by subsidiaries	*277*	408	*Dr. 85*	*Dr. 89*	*1,346*	2,164	*1,231*	1,201	*15 462*	16,757	*273*	366	*962*	1,629	*1,403*	1,286
Debenture interest	*714*	768	*150*	163	*203*	205	*241*	240	*1,764*	1,783	*28*	41	*79*	97	*1,056*	1,250
Preference dividends	*235*	263	*180*	188	*379*	386	*493*	488	*928*	833	*61*	63	*196*	203	*313*	588
Ordinary dividends	*1,122*	1,182	*903*	1,046	*1,663*	2,009	*6,150*	7,613	*12,362*	13,626	*502*	608	*1,660*	2,127	*3,692*	4,376
Revenue reserves	*262*	315	*982*	1,450	*534*	866	*1,600*	5,025	*4,989*	3,199	*527*	606	*1,200*	1,845	*8,248*	17,773
Brought in (parent company)	*2,753*	2,150	*2,044*	2,166	*2,599*	2,385	*4 257*	4,817	*6,175*	4,164	*903*	814	*3,170*	3,138	*11,756*	17,033
Carried forward (parent company)	*2,150*	2,194	*2,166*	1,717	*2,385*	2,828	*4,817*	3,490	*4,164*	4,381	*814*	941	*3,138*	3,596	*17,033*	14,763

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(3)		(13)		(7)		(25)		(15)		(71)		(4)		(11)	
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year
Gross trading profit	*1,285*	1,109	*3,541*	4,714	*22 333*	24,931	*40,586*	48,613	*6,191*	8,985	*33,325*	38,566	*1,342*	841	*6,181*	7,397
Income from investments	*8*	10	*424*	405	*284*	360	*639*	937	*225*	351	*676*	783	*120*	112	*256*	198
Other current income	...	...	...	...	...	4	*98*	197	...	6	*3*	41	*1*	...	...	...
Non-recurring credits	*80*	22	*440*	48	*344*	383	*1,720*	900	*312*	66	*1,493*	1,432	*45*	140	*1,040*	148
Total income	**1,373**	**1,141**	**4,405**	**5,167**	**22,961**	**25,678**	**43,043**	**50,647**	**6,728**	**9,408**	**35,497**	**40,822**	**1,508**	**1,093**	**7,477**	**7,743**
Repairs and maintenance	...	158	*1,304*	834	*2,826*	3,345	*5,697*	6,175	*1,110*	1,186	*5,838*	6,636	*629*	525	*335*	378
Depreciation	*138*	354	*1,197*	1,666	*8,880*	10,067	*15,232*	17,925	*2,380*	3,463	*11,711*	13,575	*112*	109	*2,473*	2,828
Income tax (excl. profits tax)	*472*	354	*1,197*	1,666	*8,880*	10,067	*15,232*	17,925	*2,380*	3,463	*11,711*	13,575	*112*	109	*2,473*	2,828
Profits tax	*62*	77	*278*	369	*3,180*	1,542	*6,276*	1,909	*593*	654	*3,293*	2,943	*24*	11	*345*	431
Directors' emoluments	*73*	81	*292*	331	*245*	286	*844*	903	*351*	585	*1,476*	1,572	*13*	12	*293*	291
Administrative charges, etc.	*21*	16	*12*	15	*26*	27	*170*	98	*65*	47	*367*	409	*116*	107	*34*	39
Contingencies, provisions, etc.	*151*	65	*414*	101	*2,028*	1,953	*5,171*	4,993	*140*	574	*1,147*	1,241	*35*	109	*626*	656
Pensions	...	15	*48*	59	...	...	*1,181*	1,354	*4*	61	*431*	489	...	20	...	...
Minority share in profits	...	...	...	1	*4*	8	*8*	15	*51*	57	*220*	241	*9*	3	*18*	17
Profits retained by subsidiaries	*3*	...	*737*	226	*1,589*	2,916	*823*	2,199	*296*	809	*1,724*	2,672	*137 Dr.*	*13*	*319*	271
Debenture interest	...	...	*69*	68	*537*	593	*175*	127	*8*	8	*453*	486	...	...	*69*	68
Preference dividends	*11*	11	*64*	63	*177*	177	*199*	205	*179*	188	*502*	510	*17*	17	*100*	100
Ordinary dividends	*130*	140	*529*	684	*1,846*	2,420	*5,797*	14,039	*781*	997	*4,170*	5,116	*326*	212	*806*	963
Revenue reserves	*311*	150	*66*	448	*1,838*	1,698	*1,379*	1 341	*674*	1,205	*2,518*	3,358	*35*	60	*1,526*	1,125
Brought in (parent company)	*379*	380	*1,433*	1,381	*1,412*	1,191	*11,909*	11 362	*984*	1,046	*8,873*	9,874	*273*	328	*1,418*	1,484
Carried forward (parent company)	*380*	454	*1,381*	1,621	*1,191*	1,837	*11,362*	10,688	*1,046*	820	*9,874*	11,284	*328*	249	*1,484*	1,618

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS	
No. of Companies	(6)		(15)		(19)		(2)		(40)		(5)		(119)		530 Companies	
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year
Gross trading profit	*1,852*	1,960	*7,592*	7,025	*7,746*	8,314	*528*	499	*1,697*	1,612	*459*	892	*8,399*	9,470	**368,124**	**418,250**
Income from investments	*66*	78	*104*	87	*321*	276	*7*	9	*248*	177	*8*	12	*15,356*	17,451	**27,910**	**30,187**
Other current income	...	...	...	...	...	113	...	...	*116*	161	...	...	*200*	548	**541**	**1,217**
Non-recurring credits	*256*	68	*534*	283	*490*	185	*243*	123	*880*	610	*70*	30	*780*	837	**14,667**	**11,180**
Total income	**2,174**	**2,106**	**8,230**	**7,395**	**8,557**	**8,888**	**778**	**631**	**2,941**	**2,560**	**537**	**934**	**24,735**	**28,306**	**411,242**	**460,834**
Repairs and maintenance	...	...	...	...	*6*	6	...	...	...	...	...	...	*202*	239	**1,732**	**1,505**
Depreciation	*333*	337	*715*	774	*1,569*	1,745	*70*	49	*214*	230	*68*	73	*1,723*	2,112	**49,895**	**55,306**
Income tax (excl. profits tax)	*618*	683	*2,868*	2,587	*2,613*	2,538	*201*	283	*786*	671	*211*	374	*7,922*	8,973	**141,345**	**159,000**
Profits tax	*165*	120	*638*	565	*504*	526	*55*	33	*263*	206	*65*	102	*1,098*	1,057	**36,685**	**26,805**
Directors' emoluments	*141*	149	*523*	536	*555*	551	*41*	40	*50*	49	*13*	13	*814*	839	**11,178**	**11,725**
Administrative charges, etc.	*11*	7	*18*	35	*214*	280	*2*	3	*98*	95	*14*	15	*1,227*	1,306	**11,499**	**12,005**
Contingencies, provisions, etc.	*29*	44	*474*	384	*581*	195	...	98	*793*	751	*25*	28	*447*	590	**20,618**	**24,810**
Pensions	*20*	21	*20*	75	*97*	51	...	...	...	...	*5*	25	*159*	165	**5,243**	**5,302**
Minority share in profits	...	3	*3*	2	*171*	251	...	...	...	...	...	...	*317*	345	**5,250**	**5,613**
Profits retained by subsidiaries	*15*	15	*703*	513	*187*	154	*5*	10	*8*	6	...	8	*533*	637	**27,398**	**34,145**
Debenture interest	*10*	10	*65*	65	*61*	58	...	...	*25*	25	...	...	*3,546*	2,826	**8,295**	**8,881**
Preference dividends	*39*	39	*106*	144	*297*	241	*2*	3	*7*	7	*11*	11	*1,421*	1,448	**5,817**	**6,176**
Ordinary dividends	*225*	279	*1,029*	1,045	*702*	824	*199*	100	*406*	443	*83*	170	*4,618*	5,634	**49,681**	**65,653**
Revenue reserves	*405*	480	*1,209*	587	*1,017*	1,356	*155*	39	*194*	78	*32*	100	*1,457*	1,399	**31,158**	**44,503**
Brought in (parent company)	*426*	589	*2,167*	2,028	*1,496*	1,479	*305*	353	*519*	616	*48*	58	*7,909*	7,520	**70,908**	**76,356**
Carried forward (parent company)	*589*	508	*2,028*	2,111	*1,479*	1,591	*353*	326	*616*	615	*58*	73	*7,520*	8,256	**76,356**	**75,961**

Comparative analysis of 530 balance sheets published January-March, 1955 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(21)		(30)		(29)		(11)		(7)		(20)		(40)		(17)	
	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year
Fixed assets	61,898	68,249	22,891	24,966	67,475	72,972	66,465	70,723	101,115	110,466	12,074	13,946	39,442	44,204	302,232	350,761
Trade investments	2,189	1,351	403	360	895	831	920	1,191	27,593	28,990	98	85	1,071	1,434	4,174	4,511
Stocks	10,188	10,682	18,895	19,780	29,955	30,617	23,137	26,555	298,349	317,963	4,878	5,884	38,520	39,063	88,087	89,319
Debtors	4,589	5,276	4,038	4,343	19,780	21,132	6,202	7,410	96,514	99,551	7,888	8,575	21,140	24,024	66,374	69,194
Net balances due to parent company	...	...	336	251	166	72	...	14	...	...	107	16	16	52	10,580	8,476
Gilt edged	1,028	886	310	276	770	861	6,964	6,714	945	944	37	43	779	888	1,977	1,359
Cash	5,103	5,906	4,628	5,618	11,424	13,778	43,023	43,421	32,785	36,570	2,301	1,986	11,797	12,634	14,355	16,598
Other marketable investments	911	952	187	75	1,274	916	279	255	5,777	6,812	176	219	3,413	495	740	780
Intangible assets	3,990	3,775	668	510	5,712	6,228	4,997	5,019	10,574	10,564	857	863	567	496	258	281
Total Assets	**89,896**	**97,077**	**52,365**	**56,179**	**137,451**	**147,407**	**151,987**	**161,306**	**573,652**	**611,840**	**28,419**	**31,615**	**113,645**	**123,270**	**487,777**	**541,281**
Bank overdrafts and loans	707	787	986	1,332	3,508	5,470	662	917	41,156	41,651	519	421	2,490	1,945	31,110	29,806
Reserve for future income tax	3,136	3,359	2,404	2,562	7,570	8,185	12,489	13,561	18,554	19 421	1,878	2,072	6,582	7,521	34,721	39,521
Depreciation and obsolescence	5,438	6,249	5,794	6,576	17,268	20,144	19,560	20,695	37,684	41,887	4,275	4,826	16,748	18,849	78,580	90,698
Capital reserves and EPT refunds	7,234	7,786	4,316	4,059	20,645	20,308	5,773	5,459	39,915	37 807	1,323	1,911	10,133	9,068	19,453	21,009
Other provisions	1,348	997	229	225	3,293	3,162	3,290	3,793	6,340	6,534	44	41	1,127	1,193	11,856	12,415
Current liabilities and creditors	12,047	13,250	8,812	8,937	27,705	27,378	33,899	35,087	93,249	94,495	7,224	8,153	29,890	31,413	79,604	79,359
Revenue res. and carried forward	16,857	17,312	11,239	10,726	21,786	22,153	26,429	23,781	131,431	149,452	5,175	5,168	18,919	19,617	91,766	84,542
Net balances due to subsidiaries	...	...	...	...	166	197	13	13	112	113	...	...	30	68	1,923	1,539
Minority interests	3,626	3,917	109	111	4,737	5,011	6,606	6 584	21,679	22,341	475	582	789	585	3,062	3,667
Debenture capital	17,424	18,643	3,281	4,532	3,305	3,220	5,494	5,403	49,989	64,447	750	850	1,758	2,873	52,253	71,373
Preference capital	8,609	9,378	5,436	5,627	12,045	12,149	13,636	13,628	24,833	24,833	1,861	1,958	6,193	5,842	12,065	29,367
Ordinary capital	13,570	15,399	9,755	11,482	15,323	20,030	24,126	32,407	108,815	108,879	4,895	5,633	18,981	24,296	72,284	77 985
Total Liabilities	**89,896**	**97,077**	**52,365**	**56,179**	**137,451**	**147,407**	**151,987**	**161,306**	**573,652**	**611,840**	**28,419**	**31,615**	**113,645**	**123,270**	**487,777**	**541,281**

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors Cycles and Aircraft		Newspapers Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(3)		(13)		(7)		(25)		(15)		(71)		(4)		(11)	
	Prev. Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year
Fixed assets	5 481	6,323	14,113	15,197	53 781	62,057	77,706	85,594	20,604	23,004	93,203	104,924	7,202	7,874	19,267	20,969
Trade investments	...	...	623	657	5,308	5 738	641	528	773	755	4,233	4,144	493	776	260	348
Stocks	4,261	4,764	4,140	4,760	70,387	73,997	49,926	52,512	7,458	8,529	52,275	57,553	102	101	18,344	21,179
Debtors	2,006	1,865	3,274	4,048	52,181	57,772	28,809	33,522	6,568	7,518	38,892	43,539	423	654	5,735	6,526
Net balances due to parent company	...	...	15	18	590	624	242	150	...	4	422	501	...	...	...	...
Gilt-edged	291	302	358	357	72	70	21,917	26,753	867	1,362	3,641	3,489	575	568	67	67
Cash	665	347	4,136	4,847	9,063	9,307	33,363	43,469	8,079	8,339	29,309	32,170	3,697	1.251	10,851	10,133
Other marketable investments	...	...	1,024	1,092	...	...	228	244	1,268	1,254	3,767	2,001	2,280	3,041	3,696	2,514
Intangible assets	...	...	296	299	80	...	166	197	2,086	2,085	2,702	2,698	...	...	66	34
Total Assets	**12,704**	**13,601**	**27,983**	**31,275**	**191,405**	**209,565**	**212,997**	**242,969**	**47,694**	**52,850**	**228,344**	**251,019**	**14,772**	**14,265**	**58,285**	**61,770**
Bank overdrafts and loans	366	110	42	88	10,374	10,817	1,991	1,312	676	754	5,778	4,907	363	180	316	259
Reserve for future income tax	446	326	1,417	1,915	10,225	11,104	16,405	18,766	2,753	3,977	13,228	16,012	4	33	471	512
Depreciation and obsolescence	1,948	2,098	3,887	4,609	25,946	29,289	34,746	40,096	7,906	9,119	29,061	35,058	764	952	7,970	8,227
Capital reserves and EPT refunds	2,008	2,086	1,928	701	8,542	9,975	26,524	29,971	2,930	3,105	14,916	14,377	3,879	3,483	2,896	3,977
Other provisions	47	47	60	92	2,411	2,630	1,521	1,633	111	3	1,162	1,259	778	729	1,371	1,508
Current liabilities and creditors	3,458	4,268	4,235	5,329	47,297	53,294	60,579	74,170	6,247	6,702	49,833	53,926	1,438	977	8,723	9,297
Revenue res. and carried forward	2,186	2,421	6,551	7,354	32,164	36,684	26,800	29,100	13,006	12,053	48,277	52,041	5,017	3,379	22,438	19,353
Net balances due to subsidiaries	...	...	2	2	4	47	14	13	80	60	301	366	...	...	...	...
Minority interests	...	...	63	57	3,021	3,759	48	24	1,145	1,044	5,141	4,448	97	48	166	149
Debenture capital	...	...	1,854	1,835	15,104	14,873	3,625	4,375	290	218	6,834	8,109	...	...	1,938	1,914
Preference capital	340	340	2,055	2,052	6,275	6,275	6,551	6,550	5,705	5,788	15,916	16,072	613	613	3,265	3,265
Ordinary capital	1,905	1,905	5,889	7,241	30,140	30,818	34,193	36,959	6,935	10,027	37,903	44,444	1,819	3,871	8,731	13,309
Total Liabilities	**12,704**	**13,601**	**27,983**	**31,275**	**191,405**	**209,565**	**212,997**	**242,969**	**47,694**	**52,850**	**228,344**	**251,019**	**14,772**	**14,265**	**58,285**	**61,770**

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS	
No. of Companies	(6)		(15)		(19)		(2)		(40)		(5)		(119)		530 Companies	
	Prev Year	Latest Year	Prev. Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev. Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year	Prev Year	Latest Year
Fixed assets	4,818	5,255	14,646	15,936	26,338	29,697	1,055	1,130	12,324	12,613	1,811	1,827	51,143	54,998	1,077,177	1,203,691
Trade investments	159	121	259	258	1,676	1,626	21	46	1,068	1,030	40	48	22,590	25,509	75,487	80,335
Stocks	4,254	4,419	20,292	21,546	11,393	12 560	1,186	1,030	1,233	1,214	535	611	8,272	8,648	766,066	813,286
Debtors	1,766	1,983	6,125	6,337	8,395	9,704	1,664	2,206	497	507	86	199	11,047	12,178	393,997	428,043
Net balances due to parent company	...	...	...	...	23	...	216	17	328	284	...	...	435	71	13,476	10,534
Gilt edged	89	89	108	1,464	1,500	1,462	...	...	1,767	2,081	109	110	2,531	1,876	45,811	52,017
Cash	1,430	1,274	5,374	3,900	7,965	7,569	597	436	3,956	3,475	529	956	13,616	13,178	257,750	277,162
Other marketable investments	324	330	1,451	1,218	318	342	1	1	453	316	34	33	165,040	177,178	189,541	200,068
Intangible assets	207	207	628	68	666	289	...	...	42	8	2	2	2,631	2,836	37,136	76,459
Total Assets	**13,047**	**13,678**	**48,883**	**50,727**	**58,276**	**63,249**	**4,740**	**4,866**	**21,668**	**21,528**	**3,146**	**3,786**	**277,305**	**296,472**	**2,856,441**	**3,101,595**
Bank overdrafts and loans	733	603	890	1,104	691	1,041	...	...	29	...	68	60	3,057	6,346	106,406	109,890
Reserve for future income tax	669	677	2,967	2,664	2,732	2,748	458	277	583	517	191	362	2,979	2,911	142,858	159,003
Depreciation and obsolescence	2,000	2,228	5,657	5,401	11,763	13,419	813	854	1,920	2,235	439	490	12,041	13,568	332,210	377,565
Capital reserves and EPT refunds	253	203	1,185	1,111	3,988	2,751	8	1	1,730	1,843	218	253	15,803	17,872	195,568	199,106
Other provisions	17	10	312	355	94	73	...	...	789	808	54	81	1,993	2,354	38,157	39,942
Current liabilities and creditors	1,791	1,850	8,288	8,710	8,187	9,437	1,008	1,141	9,023	2,609	602	804	17,441	20,658	514,575	551,244
Revenue res. and carried forward	3,373	3,122	14,729	14,606	11,232	10,974	1,445	1,366	3,027	2,986	560	616	32,177	32,083	546,554	560,887
Net balances due to subsidiaries	...	...	...	...	...	...	2	216	...	4	...	...	8	15	1,735	2,653
Minority interests	4	9	52	60	1,763	1,753	1	...	...	...	...	...	4,601	5,951	57,185	60,100
Debenture capital	250	250	1,416	1,406	1,452	1,414	...	...	534	493	...	...	69,818	73,251	237,299	279,479
Preference capital	1,280	1,330	3,271	4,271	7,501	8,043	61	61	192	192	306	306	50,648	51,312	188,657	209,252
Ordinary capital	2,686	3,396	10,116	11,039	8,893	11,596	950	950	9,841	9,841	708	814	66,778	70,153	495,237	552,474
Total Liabilities	**13,047**	**13,678**	**48,883**	**50,727**	**58,276**	**63,249**	**4,740**	**4,866**	**21,668**	**21,528**	**3,146**	**3,786**	**277,305**	**296,472**	**2,856,441**	**3,101,595**

* This group includes entertainment hotels and restaurants, canals and docks, electricity supply, gas, telegraphs and telephones, trams and buses, warehousing, coal, finance and land and investment trusts.

Statistics

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

British		Overseas	
Prices and Wages	April 23rd	Western Europe:	
Production and Consumption	April 9th	Production and Trade	April 2nd
Manpower	April 16th	British Commonwealth	April 9th
External Trade	Mar. 26th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	April 16th
Industrial Profits	This week	United States	April 23rd
		World Trade	This week

World Trade

(Million US Dollars)

	Exports (f.o.b.)					Imports (c.i.f.)				
				Annual Rate					Annual Rate	
	1938	1953	1954	July to Sept., 1954	Oct. to Dec., 1954	1938	1953	1954	July to Sept., 1954	Oct. to Dec., 1954
WORLD										
Total (1)	**20,842**	**74,783**	**77,525**	**74,930**	**82,570**	**23,556**	**76,524**	**79,165**	**77,990**	**82,890**
STERLING AREA										
Total	**5,626**	**18,451**	**18,820**	**17,968**	**19,555**	**7,784**	**19,973**	**20,640**	**21,022**	**21,435**
United Kingdom	2,603	7,525	7,771	7,689	7,732	4,496	9,360	9,462	9,434	9,806
UK dependencies	866	3,230	...	3,195	...	903	3,599	...	3,564	...
Hong Kong	185	480	424	430	448	188	678	601	606	655
Malaya and Singapore	328	987	1,016	1,069	1,100	315	1,058	1,026	1,044	1,103
Gold Coast	52	226	...	145	...	50	207	...	189	...
Nigeria	47	351	412[5]	358	331[4]	42	303	315[5]	299	341[4]
Other sterling countries	2,157	7,696	7,629	7,084	8,359	2,385	7,014	7,603	8,024	7,731
Australia	530	1,976	1,662	1,358	1,883	527	1,471	1,892	2,084	1,850
Ceylon	104	329	380	425	386	86	338	293	292	293
India	621	1,116	1,181	1,206	1,456	575	1,197	1,231	1,241	1,374
Pakistan		439	359	273	384		349	324	353	353
Iraq	68	407	434[5]	444	470[4]	46	192	210[5]	216	250[4]
Ireland	119	319	322	357	367	203	512	504	478	512
Kuwait	...	650	719	740	787	...	160	...	...	...
New Zealand	225	659	683	497	591	225	538	687	815	718
Northern Rhodesia	50	266	411	454	444	28	163	393	422	412
Nyasaland	5	20				4	21			
Southern Rhodesia	30	165				51	244			
Union of South Africa	161	825	912	793	1,038	503	1,310	1,366	1,387	1,259
EPU COUNTRIES										
Total continental countries	**6,565**	**19,449**	**21,468**	**20,839**	**24,272**	**7,803**	**21,363**	**23,646**	**22,920**	**25,900**
Belgium-Luxemburg	733	2,251	2,282	2,151	2,563	765	2,405	2,527	2,509	2,604
Denmark	334	883	948	923	1,031	354	996	1,162	1,166	1,255
France	881	3,790	4,190	3,850	4,691	1,324	4,012	4,215	3,926	4,208
Germany, Federal Republic	...	4,389	5,249	5,336	6,021	...	3,771	4,571	4,551	5,516
Italy	553	1,507	1,637	1,636	1,711	593	2,420	2,401	2,158	2,428
Netherlands	594	2,152	2,412	2,356	2,724	803	2,383	2,857	2,902	3,220
Norway	192	508	583	567	626	292	912	1,019	952	1,168
Sweden	464	1,480	1,588	1,611	1,802	525	1,579	1,776	1,720	1,987
Switzerland	301	1,204	1,228	1,230	1,391	365	1,179	1,304	1,278	1,436
Turkey	115	396	335	233	457	119	532	478	421	468
Total dependencies (excl. sterling area)	**719**	**2,865**	...	**2,891**	...	**780**	**3,941**	...	**4,109**	...
Netherlands Antilles	187	715	771	728	827	253	868	968	942	1,024
NORTH AMERICA										
Total	**4,020**	**20,389**	**19,517**	**18,705**	**20,208**	**3,259**	**16,676**	**15,670**	**15,660**	**15,758**
United States	3,102	15,782	15,079	14,236	15,276	2,465	11,834	11,100	10,579	11,083
Canada (2)	918	4,607	4,438	4,469	4,932	794	4,842	4,570	4,481	4,675
LATIN AMERICA										
Total	**1,647**	**7,599**	**8,010**	**7,948**	**7,890**	**1,539**	**6,542**	**7,075**	**7,291**	**7,855**
Dollar countries	682	3,990	...	4,076	...	572	3,511	...	3,605	...
Cuba	143	669	...	568	...	119	529	...	...	...
Mexico	147	536	552[5]	572	616[4]	114	811	712[5]	684	667[4]
Venezuela	181	1,445	1,680[5]	1,664	1,702[4]	107	896	914[5]	918	995[4]
Other countries	965	3,609	...	3,872	...	967	3,031	...	3,686	...
Argentina	408	1,148	...	...	...	440	862	...	...	...
Brazil	289	1,539	...	1,535	...	295	1,319	...	1,816	...
REST OF THE WORLD										
Total	**2,265**	**6,030**	...	**6,579**	...	**2,391**	**8,029**	...	**7,588**	...
Egypt	147	394	397	258	410	185	503	459	469	552
Indonesia	381	820	856	925	970	275	753	629	627	514
Iran	146	...	111	88	142	79	...	222	216	219
Japan (3)	767	1,275	1,629	1,669	1,969	759	2,410	2,399	1,995	1,956

Figures cover general trade as far as possible. Area totals include estimates for countries for which data are not available. Data refer to calendar years with the following exceptions in 1938:—India and Pakistan, year beginning April; Iran, year beginning June.
(1) Excludes China (mainland), USSR, and non-reporting countries of Eastern Europe. (2) Including the trade of Newfoundland in 1938 amounting to $6 million in exports and $31 million in imports. (3) Excluding trade with Taiwan in 1938. (4) Based on two months' data. (5) Partly estimated.

Financial Statistics

EXCHEQUER RETURNS

For the week ended April 23rd there was an "above-line" surplus (after allowing for Sinking Funds) of £5,485,000 compared with a deficit of £40,357,000 in the previous week and a deficit of £22,351,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £4,727,000, bringing the total cumulative deficit to £79,619,000 (£65,493,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to April 24, 1954	April 1, 1955 to April 23, 1955	Week ended April 24, 1954	Week ended April 23, 1955
Ord. Revenue					
Income Tax	1877,400	84,031	66,988	10,100	17.554
Sur-tax	136,000	8.400	7,100	900	1.600
Death Duties	185,000	11,800	11,900	3,300	4,100
Stamps	74,000	4,000	4,200	800	1,000
Profits Tax & EPT	180,000	8,400	11,100	1,900	1,800
Excess Profits Levy	25,000	4,100	3,900	1,000	500
Special Contribution and other Inland Revenue	1,000	100	...	100	...
Total Inland Rev.	2478,400	120,831	105,188	18,100	26,554
Customs	1131,700	74,040	62,872	21,938	20,949
Excise	796,050	19,215	20,530	4,135	5,320
Total Customs and Excise	1927,750	93,255	83,402	26,073	26,269
Motor Duties	80,000	4,261	4,840	...	...
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	25,000	...	...	...	...
Sundry Loans	24,000	106	54	...	...
Miscellaneous	175,000	6 941	6,906	1,438	543
Total	**4710,150**	**225,394**	**200,389**	**45,611**	**53,365**
Ord. Expenditure					
Debt Interest	600,000	55,340	56,456	3,976	5,378
Payments to N. Ireland Exchequer	53,000	1,712	1,747	...	...
Other Cons. Fund	10,000	415	356	415	352
Supply Services	3862,875	231,570	199,640	63,120	41,540
Total	**4525,875**	**289,037**	**258,200**	**67,512**	**47,270**
Sinking Funds	36,000	1,085	1,044	450	610
"Above-line" Surplus or Deficit	—	**64,727**	**58,855**	**22,351**	**5,485**
				Cr.	
"Below-line" Net Expenditure*		766	20,764	*16,616*	4,727
Total Surplus or Deficit*	—	**65,493**	**79,619**	**5,735**	**758**
Net Receipts from:					
Tax Reserve Certificates	10,474	10,506	932	— 942	
Savings Certificates	300	3,600	— 400	600	
Defence Bonds	— 3,086	1,316	— 592	283	

* Since end September the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at April 23rd this item stood at £3,900,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
April 24	3,210·0	1,359·3	315·0	...	4,884·3
1955					
Jan. 22	3,310·0	1,662·7	262·3	...	5,235·0
„ 29	3,270·0	1,642·2	243·2	...	5,155·4
Feb. 5	3,240·0	1,575·9	236·8	...	5,052·7
„ 12	3,190·0	1,557·1	251·8	...	4,998·9
„ 19	3,160·0	1,674·1	286·4	...	5,120·4
„ 26	3,150·0	1,691·5	268·0	...	5,109·5
Mar. 5	3,160·0	1,709·4	286·2	...	5,123·9
„ 12	3,170·0	1,710·8	274·6	...	5,155·4
„ 19	3,180·0	1,731·3	297·4	...	5,208·7
„ 26	3,180·0	1,741·5	329·1	...	5,250·6
„ 31	4,931·4		315·2	...	5,246·6
April 9	3,200·0	1,801·9	274·1	...	5,276·0
„ 16	3,220·0	1,830·5	269·8	...	5,320·3
„ 23	3,240·0	1,765·2	315·9	...	5,321·0

THE MONEY MARKET

THE discount houses reduced their bid for Treasury bills at last Friday's tender by 5d. per cent to £99 0s. 8d. per cent, carrying the discount rate to nearly 3⅞ per cent, a new postwar peak. The average rate of discount rose by slightly more than the market rate, that is by ¾ per cent to £3 17s. 1.08d. per cent.

Credit continues taut in Lombard Street, though in the past week the market has almost succeeded in balancing its books without recourse to Bank loans at the penal rate. On Monday one house was in the Bank for a trifling amount, and others were forced to sell July maturities at up to 3 15/16 per cent. On the two ensuing days, however, conditions turned easier, and the rate for June and July bills settled at 3¾ per cent.

Sterling has been rising steadily in the London market. Before the week end this was in part in response to official support, but this week the rate has touched the parity of $2.80 for the first time since November last.

The Bank return shows an outflow of notes of £7.5 million. Discounts and advances fell by £17.8 million to £18.0 million (reflecting the market's repayments of seven-day loans) and bankers' deposits fell by £22.8 million to the exceptionally low level of £253.9 million.

LONDON MONEY RATES

	%		%
Bank rate (from 5½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	3 13/16
Banks	2½	3 months	3¾
Discount houses	2½*	4 months	4 1/16–4 1/8
Money Day-to-day	2½–3½	6 months	4 3/16–4 5/16
Short periods	2½–3	Fine trade bills:	
Treas. bills 2 months	3 13/16	3 months	4 1/16–4 1/8
3 months	3¾	4 months	4 1/8–4 3/16
		6 months	4 3/16–4 5/16

*Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	April 28	April 20	April
*Issue Department**:			
Notes in circulation	1,612·6	1,724·0	1,73.
Notes in banking dept.	12·8	26·4	18
Govt. debt and securities*	1,621·7	1,746·3	1,746·
Other securities	0·8	0·7	0
Gold coin and bullion	2·9	3·4	3·
Banking Department:			
Deposits:			
Public accounts	11·7	18·0	18·
Treasury special account	6·6	4·6	4·
Bankers	289·3	276·7	253·
Others	67·1	64·7	65·
Total	374·7	364·0	340·
Securities:			
Government	385·6	303·5	305·
Discounts and advances	7·5	35·8	18·
Other	14·0	13·8	13·
Total	377·1	353·1	337·
Banking department reserve	15·5	28·8	21·
"Proportion"	4·1	7·9	6·

* Government debt is £11,015,100, capital £14,553,0 Fiduciary issue reduced from £1,775 million to £1,735 million on January 20, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment: s.	d.	Allotted at Ma Ra
1954						
April 23	230·0	415·4	230·0	41	7·34	
1955						
Jan. 21	220·0	351·1	220·0	40	3·46	5
„ 28	210·0	376·8	210·0	46	7·33	3
Feb. 4	220·0	387·4	220·0	46	3·17	39
„ 11	230·0	363·0	230·0	46	3·57	50
„ 18	250·0	366·9	250·0	46	3·97	
„ 25	260·0	381·9	260·0	75	5·32	
Mar. 4	260·0	390·7	260·0	75	8·93	50
„ 11	270·0	393·9	270·0	76	0·65	61
„ 18	270·0	385·2	270·0	75	11·64	56
„ 25	280·0	410·2	280·0	75	11·21	51
April 1	270·0	408·5	270·0	75	10·33	48
„ 7	250·0	402·4	250·0	74	5·00	61
„ 15	250·0	420·7	250·0	75	3·09	33
„ 22	230·0	385·2	230·0	77	1·08	33

* On April 22nd tenders for 91 day bills at £99 0s. 8d. secur about 39 per cent of the sum applied for; higher tenders we allotted in full. The offering yesterday was for a maximu amount of £220 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates April 27	Market Rates: Spot — April 21	April 22	April 23	April 25	April 26	April 27
United States $	2·78–2·82	2·79 11/16–2·79 13/16	2·79 11/16–2·79 13/16	2·79 11/16–2·79 13/16	2·79 11/16–2·79 13/16	2·79 11/16–2·79 13/16	2·79 11/16–2·80
Canadian $	....	2·75 11/16–2·75 13/16	2·75 11/16–2·76 1/16	2·76 1/16–2·76 3/16	2·76 1/16–2·76 3/16	2·76 1/16–2·76 3/16	2·76 1/16–2·76
French Fr.	972·65–987·35	983½–983½	983½–984	983½–983½	983½–983½	982½–982½	982½–982½
Swiss Fr.	12·15 1/16–12·33 15/16	12·28½–12·28½	12·28½–12·28½	12·28½–12·28½	12·28½–12·28½	12·28½–12·28½	12·28½–12·2
Belgian Fr.	138·95–141·05	139·92½–139·97½	139·92½–140·02½	139·95–140·05	139·92½–139·97½	140·00–140·05	140·02½–140·0
Dutch Gld.	10·56–10·72	10·64½–10·64½	10·64½–10·64½	10·64½–10·64½	10·64½–10·65	10·65–10·65½	10·65½–10
W. Ger. D-Mk.	11·67 1/16–11·84 13/16	11·78½–11·78½	11·78½–11·79	11·78½–11·77	11·78½–11·79	11·78½–11·79	11·78½–11·
Portuguese Esc.	79·90–81·10	80·10–80·25	80·10–80·25	80·10–80·25	80·10–80·30	80·10–80·30	80·10–80·
Swedish Kr.	14·37½–14·59½	14·54½–14·55½	14·54½–14·55½	14·54½–14·55½	14·54½–14·55½	14·55½–14·55½	14·55½–14·
Danish Kr.	19·19½–19·48½	19·40½–19·41	19·40½–19·41	19·40½–19·41	19·40½–19·41½	19·40½–19·41½	19·40½–19·
Norwegian Kr.	19·85–20·15	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½	20·01½–20·01½	20·01½–20·
One Month Forward Rates							
United States $		½–¾c. pm	½–¾c. pm	½–¾c. pm	½–¾c. pm	½–¾c. pm	½–¾c.
Canadian $		½–¾c. pm	½–¾c. pm	½–¾c. pm	½–¾c. pm	½–¾c. pm	½–¾c.
French Fr.		Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par
Swiss Fr.		2¼–2c. pm	2¼–2c. pm	2¼–2c. pm	2¼–2c. pm	2¼–2c. pm	2¼
Belgian Fr.		¼–¼ pm	¼–¼ pm	¼–¼ pm	¼–¼ pm	¼–¼ pm	¼–¼ pm
Dutch Gld.		2¼–1⅝c. pm	2¼–1⅝c. pm	2¼–1⅝c. pm	2¼–1⅝c. pm	2¼–1⅝c. pm	2¼
W. Ger. D-Mk.		1pf. pm par	1pf. pm–par	1pf. pm par	1pf. pm par	1 1/4pf. pm	1
Swedish Kr.		1¼–⅛ pm	1¼–⅛ pm	1¼–⅛ pm	1¼–⅛ pm	1¼–⅛ pm	1¼–⅛
Danish Kr.		1 4o dis	1 4o dis	1 4o dis	1 4o dis	1 4o dis	1 4o
Norwegian Kr.		Par–1o dis	Par–1o dis	Par–1o dis	Par–1o dis	Par–1o dis	Par–1o
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/7½	250/7½	...	250/7½	250/6½	250/5½

ALLIANCE
ASSURANCE COMPANY LIMITED

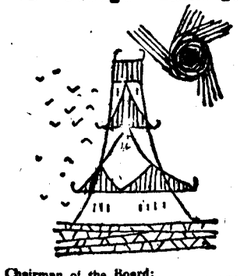
Head Office:
BARTHOLOMEW LANE, LONDON, E.C.2
Established 1824

The Finest Service
for
All Classes of Insurance

REPRESENTATION THROUGHOUT
THE UNITED KINGDOM
THE BRITISH COMMONWEALTH AND
ELSEWHERE ABROAD

The Company undertakes the duties of Executor and Trustee

If It's About Japan----------
SANWA BANK
(Authorized Foreign Exchange Bank)



Chairman of the Board:
& President: TADAO WATANABE
Capital: ¥2,500,000,000
Head Office: IMABASHI, OSAKA
Tokyo Office: MARUNOUCHI, TOKYO
SAN FRANCISCO BRANCH:
465 CALIFORNIA STREET, SAN FRANCISCO
A complete network of 186 nationwide branches and worldwide correspondents

Habib Bank Limited
Established 1941.
Head Office: KARACHI (PAKISTAN)

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

In selecting desirable trade relations for exports and imports with Pakistan, Habib Bank Limited, with 57 branches spread over West & East Pakistan, can prove to be most helpful, and you are invited to use our services.

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

FOREIGN BRANCH:
BOMBAY (INDIA)

Habib Bank (Overseas) Limited,
Head Office: KARACHI (PAKISTAN)
BRANCHES:
RANGOON (BURMA) and COLOMBO (CEYLON)
Correspondents and Agents at all important Cities of the World

BAYERISCHE VEREINSBANK

Every description of Domestic and Foreign Banking Business transacted

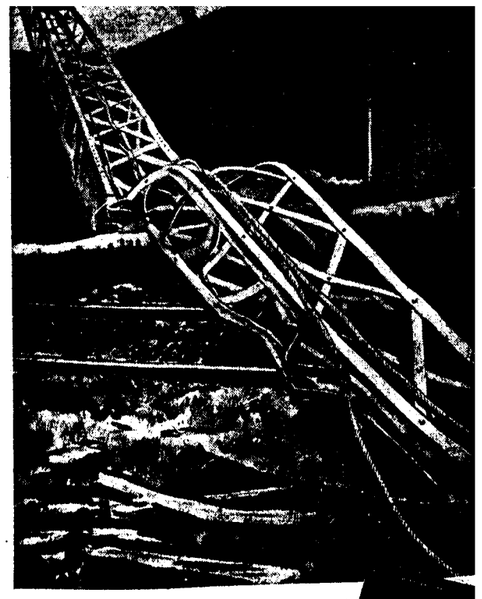
Munich Office: 14, Kardinal-Faulhaber-Strasse
Cable Address: "Vereinsbank" Phone: 28401. Telex No. 052/3321

Nuremberg Office: 21, Lorenzerplatz
Cable Address: "Bayverein" Phone: 27741. Telex No. 06/2217

Augsburg Office: 37, Maximilianstrasse
Cable Address: "Vereinsbank" Phone: 4681/84. Telex No. 053/820

78 Branches
Correspondents throughout the World

SOMEBODY JIBBED AT THE OVERHAUL



WHEN the derricking clutch of this electric derrick crane broke, the jib, no longer under control, crashed with considerable damage to the owner's property.

What **Vulcan** *say about it . . .*

This was as much a human as a mechanical failure, for a complete dismantled thorough examination of the crane by a certain date had been most earnestly advised, and this was overdue.

What Vulcan insure, Vulcan inspect. With their highly specialised knowledge, Vulcan's engineer-surveyors spot accidents before they happen, and give the necessary warning. Boilers and steam engines, electrical apparatus, pressure and vacuum vessels, cranes, lifts and hoists — these all need Vulcan's specialised insurance — and the specialised inspection that it implies.

FREE

For news of industrial accidents and ways to avoid them, ask us for "Vulcan"—a Quarterly Journal for Power users. Please write to Dept. 17.



THE **Vulcan** *BOILER & GENERAL INSURANCE CO. LTD*

67 King Street, Manchester 2

SAFETY-FIRST INVESTMENT

2½%

per annum

Income Tax paid by the Society

Equal to £4.6.11 per cent to investors subject to Income tax at the standard rate

The current rate of interest on share accounts is 2½%, and on ordinary deposit accounts 2%, with income tax paid by the Society in each case. Sums up to a total holding of £5,000 are accepted for investment in Abbey National. For further particulars apply for a copy of the Society's Investment Booklet.

Total Assets exceed £213,461,000

ABBEY NATIONAL

BUILDING SOCIETY

HEAD OFFICE:
ABBEY HOUSE, BAKER STREET, LONDON, N.W.1

For address of Local Office see Telephone Directory



Keep in touch with Japan through



THE FUJI BANK LTD.

(Incorporated in Japan)

ESTABLISHED 1880

Paid-up Capital - - Yen 2,700,000,000

Head Office :

1-CHOME, OTEMACHI, CHIYODA-KU, TOKYO

London Branch :

SALISBURY HOUSE, FINSBURY CIRCUS, LONDON, E.C.2

P.O. Box No. 547. Tel. No. NAT. 6611-4.

COMPANY MEETINGS

EQUITY & LAW LIFE ASSURANCE SOCIETY

NEW BUSINESS BUOYANT

HIGH RATE OF INTEREST EARNED

MR G. GODFREY PHILLIPS ON THE OUTLOOK

The annual general meeting of Equity & Law Life Assurance Society was held on April 20th at the Chartered Auctioneers' and Estate Agents' Institute, 29, Lincoln's Inn Fields, London.

Mr G. Godfrey Phillips, CBE, the chairman, who presided, said: Gentlemen, I rise to move "That the report and accounts for the year ended December 31, 1954, be received and adopted and entered on the Minutes." These have been in your hands for several days and, I assume, may be taken as read.

THE LATE SIR RICHARD HOPKINS

My first duty today—a sad one—is to refer to the recent death of our chairman, Sir Richard Hopkins. Sir Richard joined our board in 1946 after his retirement from the office of Permanent Secretary to Her Majesty's Treasury. That the former head of the Civil Service in this country was willing to join us was a great compliment to this Society. Only just over two months ago some of us had the pleasure of wishing Sir Richard well on the occasion of his 75th birthday. Lord Kennet said then so happily what we all felt that I would like to repeat his words now. He said that affection and confidence were big words not lightly to be used and that both those words represented our feelings towards Sir Richard. From 1950 until the date of his death Sir Richard led us as our chairman with the same distinction with which he had filled one of the highest offices in the State. We are grateful to him; we are glad to feel that he was happy with us; we all want to express our deepest sympathy with Lady Hopkins and their son.

Your board have appointed me to be their chairman, and I have accepted this honour with a considerable feeling of inadequacy and diffidence. I can only say that I shall do my best.

CHANGES IN THE BOARD

Sir Geoffrey Ellis, who became a director in 1938, retired from the Society's board at the end of 1954. Sir Geoffrey was chairman of the board when I myself became a director. I have not varied from the opinion which I very quickly formed that no great life office could have a better and few could have as good a chairman as was Sir Geoffrey. He held that office from 1941 to 1950—a strenuous and important period in the Society's history. My colleagues and I wish to place on record our great appreciation of his wise leadership and friendly understanding. We send him our warm and affectionate good wishes in his retirement.

You will have seen from the report and accounts that we have appointed two new directors, Mr A. H. Carnwath, a director of Baring Brothers, and Mr C. Hilary Scott, a partner in Slaughter & May—we welcome both these gentlemen here today and look forward with confidence to the help which they will give us in guiding the affairs of your Society.

SUBDIVISION OF SHARES

And now a word of explanation as to the extraordinary general meeting which we have called to follow this our annual general meeting. We feel that the time has come to divide our £5 shares into £1 shares, and thus to bring them more into line with current conditions. You may be interested to recall that when the Society was founded over 100 years ago the capital was divided into shares of a nominal value of £100 each.

We feel also that at the current market price the directors' qualification of £1,000 of our capital, i.e., 200 of the £5 shares, is too large, and to remedy this we are putting before the extraordinary general meeting a resolution which will have the effect of diminishing the qualification to £200 of capital, i.e., 200 of the new £1 shares.

INTEREST EARNINGS

The first item in the report and accounts to which I would direct your attention is the gross rate of interest earned on the funds during 1954—namely £6 4s. 4d. per cent. This is a high rate and a word of explanation may be helpful to you.

First, you will see that there is a footnote to the life assurance and annuity fund revenue account stating that the profits less losses on securities realised during the year have been added to the reserves which are deducted from our investments. This is the normal procedure for a life assurance office, and you will see also that most of the items on the assets side of the balance sheet are stated to be "less reserves." Over the years these reserves have attained a considerable size; there is also a large unrealised appreciation, and the investment reserve of £1 million shown on the liabilities side of the balance sheet. At the end of 1953 the margin by which the market values of our assets exceeded the balance sheet values was very substantial—you will not be surprised to learn that this already substantial margin increased greatly during the twelve months under review. This fact was particularly true of our holding of ordinary stocks and shares. Thus our assets stand in the balance sheet well below their market values, and the rate of interest earned on these written down values is correspondingly high.

INVESTMENT POLICY

In speaking to you twelve months ago about our investment policy and, in particular, about the provision of risk capital for industry, my predecessor said: "We seek—and this is especially true of our investments in ordinary shares—to invest in progressive and remunerative industries and to support such new issues of capital as are made from time to time." One result of our policy of investing substantial amounts in ordinary stocks and shares is that the gross rate of interest is now benefiting from the increased dividends which are being paid on these securities.

In the middle of each triennium we make a long-term forecast of the probable development of the Society—this usually covers a period of about twenty years. The figures are necessarily very tentative, but those which we had put before us last year were thoroughly satisfactory—the rate of increase of our funds as shown by the report and accounts in your hands will give you some indication of the order of the figures involved. We aim not only at steady growth but also, as has been said from this chair before, at maintaining our strength as we grow; this is a cardinal aim of our policy. We also aim at maintaining a balance between our with-profit and non-profit business. The Equity pension scheme is getting under way, and appreciation of the idea of with-profit pension schemes is growing.

IMPORTANCE OF PENSIONS BUSINESS

I would like to talk to you for a moment—in general terms—about the nature of life assurance business. In the last decade or so the nature of our business—and that of the majority of life assurance offices—has undergone a substantial change. I refer to the ever-growing importance of pensions business—effectively the longest term contract into which a life office normally enters. I am not going to remind you of the recent Government papers that have been published, debates that have taken place, and so on, but I do want to say a word or two about the effect of pensions business on life assurance offices. The fundamental fact is that this very long term business does, from the moment that it is effected, involve an obligation to receive large sums of money by way of premiums; and in general these sums continue to accumulate for many years before the payment of pensions causes the accumulated amount to diminish. From the point of view of a life assurance office such business can involve the inevitability of substantially increasing funds and the investment of those funds.

I draw your attention to these matters because no man can tell on what terms the increases in life funds will be able to be invested in future years—if high rates of interest rule such investments will be profitable; if low rates of interest rule—and remember that not so long ago there was a period when 2½ per cent consols stood near par—such investment would place a strain on an office. Your Society is amply strong enough to face any eventuality.

TRIBUTE TO BRANCH ORGANISATION

New business for the year under review has been buoyant—in fact, some of our shorter term with-profit endowment assurances had become so attractive to proposers that we had to increase our rates of premium. Mortality has been favourable to us, and expenses of management not unfavourable. Our interest income I have already discussed at length—an examination of our assets indicates that the yield on our funds should at least be maintained during the current year. The first two years of the current triennium have been good and the high rate of bonus that we are paying has been earned with a margin to spare; we look forward to the triennial valuation which is to be made at the end of this year.

I said just now that our new business had been buoyant—I would not like any of my hearers to think that a life office such as ours secures new business without effort. One of the most important aspects of our Society is our branch organisation which is concerned with the securing of new business—it is a very successful organisation and one of which we are proud. In size it has been built up to the level which we think appropriate to the Society—in quality it is excellent, and it gives me great pleasure to see a number of our branch staff here today. We wish them another successful year.

THANKS TO STAFF

I want to close this speech with a word of thanks to the staff. Towards the end of last year Sir Richard Hopkins had it in mind to give up his chairmanship after this annual general meeting. When he first invited me to succeed him, he had some talk with me about the Society and its affairs. I know that he would have wished me to let all the staff know how proud he was of his association with them and how grateful he was for the help he had from every official with whom he came in contact. Your board would wish me to say what Sir Richard would have wished me to say and what I would like to say myself to all the staff, namely, "Thank you very much."

I said earlier that it was with diffidence that I had accepted the honour of becoming your chairman. I do, however, know that my colleague and friend, the general manager, and all who work under him, will see to it that despite any inadequacy of mine our high standards are preserved.

The report and accounts were unanimously adopted, and at a subsequent extraordinary general meeting the board's capital proposals were approved.

BREVITT LIMITED

HOME TRADE WELL MAINTAINED

The sixth annual general meeting of Brevitt Limited was held on April 26th in London, Mr E. S. Harding (the chairman) presiding.

The following is an extract from his circulated statement: The consolidated profits for the year amounted to £56,631, which is a disappointing result, but with this lower profit the company's taxation charge is reduced by £46,213, and this fact, together with further adjustments arising from the reorganisation mentioned in my last report, results in a profit for the year, after taxation, of £64,143 as against £122,326 for 1953.

The substantial fall in the trading profit for the year under review compared with the previous year resulted solely from a sudden and unpredictable failure in the arrangements for distribution of the Brevitt shoe in certain overseas markets. Business in the home market was fully maintained and, indeed, showed a slight increase.

Measures have been taken by your board which it is hoped will result in a recovery of the company's export market, and the directors will spare no effort in this direction.

Your directors recommend a dividend at 17½ per cent for the year under review.

After providing for the preference and ordinary dividend the carry forward at the end of 1954 is £125,242 as against £97,599 at the end of 1953 and the total capital and reserves of the group at December 31, 1954, amounted to £595,705 compared with £556,062 at the end of the previous year, an increase of £39,743.

The report was adopted.

NATIONAL BANK OF EGYPT

YEAR OF STABILITY AND EFFORT

The fifty-fifth annual general meeting of the National Bank of Egypt was held in Cairo on March 23rd, when the report of the directors and the balance sheet as follows were submitted:

BALANCE SHEET DECEMBER 31, 1954

ISSUE DEPARTMENT

Liabilities	£E.	£E. MM.
Notes issued		195,000,000 000
		195,000,000 000
Assets		
Gold		60,552,606 439
Egyptian Government Treasury Bills	£E. 49,118,000 000	
Foreign Government Treasury Bills	31,473,000 000	
		80,591,000 000
Egyptian Government Securities	13,543,799 811	
Foreign Government Securities	40,312,593 750	
		53,856,393 561
		195,000,000 000

BANKING DEPARTMENT

Liabilities	£E.	£E. MM.
Capital		3,000,000 000
Reserve Fund:—	£E.	
Statutory reserve	1,500,000 000	
Special reserve	1,500,000 000	
		3,000,000 000
Egyptian Government		7,099,736 510
Egyptian Government Special Account (Art. 14 of Law 57 of 1951)		55,000,000 000
Sudan Government		8,576,681 499
Commercial Banks in Egypt and Sudan		33,518,815 069
Clearing and Other Accounts (Payments Agreements)		16,056,044 183
Current, Deposit and Notice Accounts		52,546,789 286
Sundry Other Liabilities		10,576,673 938
Profit and Loss Account, Balance carried forward		320,041 196
Contra Accounts:—		
Credits Opened and Letters of Guarantee issued, etc.	£E. 24,100,267 406	
		189,694,781 681
Assets		£E. MM.
Egyptian Government Treasury Bills	£E. 31,882,000 000	
Foreign Government Treasury Bills	28,035,557 725	
		59,917,557 725
Egyptian Government Securities		6,834,770 302
Foreign Government Securities		62,070,188 740
Other Securities		616,796 954
		69,521,755 996
Advances to Commercial Banks in Egypt and Sudan		12,940,000 000
Other Advances		7,901,321 355
Bills Discounted		1,396,253 506
Clearing and Other Accounts (Payments Agreements)		4,756,665 890
Foreign Banks and Money at Call		19,753,164 678
Cash:—	£E.	
N.B.E. Notes	12,604,814 250	
Other Notes and Coin	100,287 957	
		12,705,102 207
Premises		100,000 000
Sundry other assets		702,960 324
Contra Accounts:—		
Clients' liability for credits opened and letters of guarantee issued, etc.	£E. 24,100,267 406	
		189,694,781 681

ALLAM MOHAMED, *Director.*
ALY SHAMSY, *President of the Board.*
MOHAMED AMIN FIKRY, *Governor.*

PROFIT AND LOSS ACCOUNT

Dr.	£E.	£E. MM.
Directors' Fees		19,208 219
Current Expenses		1,754,325 355
Interim Dividend at the rate of 4 per cent per annum		120,000 000
Provision for payment of final dividend at the rate of 16 per cent per annum		480,000 000
Balance carried forward		320,041 196
		2,693,574 780

Cr.	£E.	£E. MM.
Gross Profit for the year ended December 31, 1954, after providing for depreciation on buildings and furniture, for rebate of discount, for doubtful debts and contingencies		2,404,298 444
Balance brought forward from last year		289,276 336
		2,693,574 780

Addressing the meeting, the president, Mr Aly Shamsy, said:

During the year 1954 the economy of Egypt was marked by stability combined with stimulating effort.

The steps taken to restore healthy conditions in the cotton market at the beginning of the 1953-54 season have borne fruit. By steadily disposing of its stocks of cotton the Government has improved its financial position and ensured a balanced budget on sounder lines. Moreover, the balance of trade, although still unfavourable, has manifestly improved owing to the fall in imports which was partly attributable to the imposition of higher customs duties, but mainly to a considerable reduction in imports of wheat as a result of a more abundant local crop. These developments were naturally reflected in our balance of payments. The improvement recorded in 1953 steadily continued, and the deficit of that year finally turned in 1954 into a small surplus, mainly due to receipts from invisibles. This rendered it possible to maintain our reserves of foreign currencies unimpaired.

Internal prices remained fairly stable, reflecting the stability of world prices. The prices of some foodstuffs showed an upward tendency but the rise did not bring about an increase in the official indices of wholesale prices and the cost of living, because some of the other components of these indices showed a downward curve.

UPWARD TREND OF VALUES

The feeling of uncertainty and anxiety which prevailed in the business world in 1953, upon which we commented in the previous report, was considerably dispelled in 1954. This is evidenced by the upward trend in stocks and shares which started in May and continued throughout the year, particularly as regards the shares of industrial and commercial companies. Although the index of security prices did not reach the level of 1951, not to mention that of 1946, yet last year was the first time that the market had shown any real recovery for three years. The development of the industrial activity of the country was equally noticeable. Except in the case of certain industries, where the level of stocks is still high, the prospects of Egyptian industry are on the whole hopeful.

Amidst all these favourable economic conditions, a number of large scale development projects have finally taken shape and are about to be carried out. Some of them are now being realised. Priority has been given, with good reason, to the expansion of agricultural production and its related industries. The progress achieved in the past year is largely due to the restoration of confidence.

The report was adopted.

Copies of the president's address in full will be available at the National Bank of Egypt, 6-7 King William Street, London, E.C.4.

THE CUNARD STEAM-SHIP COMPANY, LIMITED

A SHIPBUILDING LIABILITY OF £19 MILLION

REPLY TO THE "CLEVER" FIGURE MERCHANT

Colonel Denis H. Bates, chairman of the company, in a statement to stockholders for submission at the seventy-eighth annual meeting to be held on May 18th, says:

The Cunard, Port and Brocklebank Lines maintain world-wide services and I express warm thanks to all in the ships and to all our shore staffs and agents who have overcome the many difficulties of 1954.

Whilst the North Atlantic passenger trade has been reasonably good, cargo results have been disappointing. But the figures are satisfactory when so many factors are outside our influence. In the consolidated accounts, the reduction in operating surplus of £1,946,164 is mainly due to the continuing impact of reduced cargo earnings and lower freight rates as well as labour troubles and increased running costs. The full effect of last autumn's dock strike has to be faced in the 1955 accounts. Last autumn's rise in freight rates came too late to affect this year's results; it remains to be seen how long this increase will last. The 1954 balance surplus of £2,157,266 is satisfactory in view of the year's difficulties.

At the last annual meeting I defined our dividend policy as the steering of a steady course, in the interests of stockholders and the company's future. Owing to the slump which began in 1929 the company was unable to pay any ordinary dividend from 1930 to 1942 and was forced to default on the cumulative preference shares from 1931 to 1940. We emerged in 1943 with our financial cupboard bare; yet the ordinary dividend moved steadily upwards from the 6 per cent of 1943 to the 16 per cent of 1952 and 1953.

That record is a courageous achievement by the board in their endeavour to hold the balance fairly between dividend distribution and the responsibility for replacement. Now recommended is a final dividend of 7 per cent on the increased ordinary capital despite considerably lower earnings.

As foreshadowed by my predecessor and myself, the board have had capitalisation for purposes of maintenance under constant review. In early autumn 1953 it was clear the fleet value in the 1954 balance sheet would show a considerable increase, despite the depreciation allowance, which between 1949 and 1953 had roughly absorbed the cost of new tonnage. Accordingly the board prepared for the capital increase to £13 million of 1954.

PROSPECTS REASONABLY GOOD

As for 1955, there are so many factors beyond our control that it is impossible to forecast, but given freedom from import restrictions and labour troubles, our prospects are reasonably good. The question of participation in air travel and trade is under continual review. There is no permitted opening for the company over the Atlantic in passenger air traffic because it is reserved to BOAC, and to embark in world-wide charter business scarcely seems worth while. As to air freight, at £440 a ton across the Atlantic it cannot compete with the £7 a ton of our cargo ships. The ship is still supreme in the cost of carriage, and we believe it will be for another ship life and longer. Atlantic passenger air travel has so far proved complementary to sea travel

REPLACEMENT MUST GO ON

The problem of replacement has become more acute since 1945 owing to rapid sterling depreciation, which has outstripped for the time being the practical limits of an increase in passenger fares and cargo rates in an international market. Unless reserves had been built up to meet sterling depreciation, the present replacement programme involving a shipbuilding liability of £18,900,000 could not have been contemplated.

A Brocklebank cargo liner in 1913 cost £119,000, in 1939 £247,000 and today £900,000. Whilst ships cost four times as much as before 1939, we have aimed at setting aside annually a sum which, added to annual depreciation, approximates to an annual rate of only twice the prewar cost as being the utmost trade will permit after penal taxation, and still allow stockholders a reasonable return. To increase dividends by reducing the already insufficient replacement amount would increase the gap. By calculating taxation before making allowance for replacement at current costs, the Exchequer is eating away funds essential to the company's existence. These figures speak for themselves: between 1949-1953 out of consolidated profits of £47,107,000 we have paid £19,125,000 in taxation, distributed £3,290,000 in dividends and set aside for replacement by normal depreciation £12,815,000 with a further £11,877,000 to reserve to meet part of the extra cost of building.

The cost of ship operation continues to rise and perhaps the most important feature is turn round. In 1938 a ship on the Indian service on the average spent 196 days at sea and 169 days in port; in 1954 the figures were 167 days at sea, 198 days in port, and this despite an average sea speed two knots faster than in 1938. Such deterioration is not only costly but stultifies efforts to provide more efficient ships. It is significant that turn round in USA ports, while expensive, takes the same number of days as prewar.

REPLY TO CRITICISM OF DIRECTORS' POLICY

Another problem is that of the "clever" figure merchant, who, without practical knowledge of running ships, juggles with figures to press directors for higher dividends than they in their experience consider wise in the interest of the company.

At the last annual meeting, Mr Childs, a stockholder since 1953, read a statement criticising the directors' capital and dividend policy. He declared his intention to form a shareholders' association unless he could get some assurance as to future policy, despite the intimation in my annual statement that in October (1954) the board proposed to consider an interim dividend and notwithstanding that I had just said the board were considering the relation of the present capital to assets. In this statement, circulated later with a letter to certain stockholders, Mr Childs compared dividends to earnings abstracted by him from the 1944-1953 accounts. The statement, and the graph which accompanied it, are inaccurate because whereas the figures selected for 1944-1946 were from the Cunard accounts only, those for 1947-1953 were from the group consolidated accounts and were therefore not comparable. Mr Childs could have made a correct comparison because there had been published profit and loss accounts for 1947-1950, though this would have destroyed his main argument.

These inaccuracies led Mr Childs to others on the subject of replacement costs. He declared it was useless for me to say that money must be ploughed back into the company and again made a misleading comparison with 1944 when the Cunard Company was not even operating the Atlantic ships and services.

Stockholders should also know the facts about payments to directors. The annual rate of fees has not altered since 1917 though the number of directors has varied. Mr Childs has sought to compare £7,800 for 1944 with £137,015 for 1953, but the 1944 figure refers to fees paid by the Cunard Company only, whereas the 1953 figure, in accordance with the 1948 Companies Act, shows all payments to the company's past and present directors from the entire group, including fees, managerial salaries and pensions. The figure is swollen by directors appointed from the staff; in 1944 there was only one whilst in 1953 the four chief executives of Cunard were directors, together with others from subsidiary companies.

RESPONSIBILITY FOR THE FUTURE

Stockholders have entrusted the directors with a heavy responsibility involving detailed experience, and views of individual stockholders, whilst of value, cannot be allowed, alone, to sway policy. Stockholders in their turn owe a duty to the directors and to each other. The annual meeting on May 18th is very important to the company's future since stockholders are asked to choose between two incompatible policies. The one advocated by Mr Childs, to pay out larger dividends at the expense of an already inadequate provision for replacement and let the company take its chance on the uncertainties of the future, a policy which would prove fatal; the other pursued by this present board, to hold the balance as fairly as annual profits allow between dividend distribution and the responsibility to maintain the ships.

There can be no compromise since Mr Childs has (1) called in question the honesty of the board in connection with directors' fees; (2) issued to stockholders a misleading financial picture of past years; (3) uttered to the press an inaccurate forecast, namely, "my information is that the current year's trading subject to no unforeseeable setbacks is likely to show considerable improvement" (on 1953); (4) prematurely solicited stockholders for support, on the above premises, a step which prompted my circular of February suggesting stockholders should await the annual accounts and report before signing any proxies; (5) has declared his intention to put forward a nominee for the board.

In the face of Nos. 1, 2 and 4 it would be impossible for me to hold the board together were a nominee of Mr Childs to be elected. It is a choice which has to be faced and I ask for proxies in support of the present board so that I may be able to carry and discharge my responsibility to stockholders.

THE BRUSH GROUP LIMITED

A YEAR OF PROGRESS

SIR RONALD W. MATTHEWS ON MEETING FOREIGN COMPETITION

The sixty-sixth annual general meeting of The Brush Group Limited will be held on May 19th at Abercorn Rooms, Liverpool Street, London, E.C.2.

The following is an extract from the statement by the chairman, Sir Ronald W. Matthews, DL, MInstT, which has been circulated with the report and accounts:

The consolidated profit and loss account of the group shows that the year ended December 31, 1954, was one in which appreciable progress was made. The gross trading profit before deduction of depreciation, taxation and other charges is £2,455,423, an increase of £298,563. The net profit before provisions for taxation is £1,221,576 compared with a net profit for 1953 of £884,231. After providing for taxation, the net profit for the year is £530,032 compared with £322,230 for 1953.

After making adjustments arising from releases from taxation provisions of previous years and deducting that proportion of subsidiaries' profits attributable to outside shareholders, the net profit attributable to The Brush Group Limited is £537,991 compared with £404,078 in 1953. The board recommends a final dividend of 7 per cent, making, with the interim dividend of 3 per cent already paid, a total of 10 per cent for the year compared with 6 per cent for 1953. The transfer to general reserve is £334,596 and the reserve now stands at the figure of £1,650,000.

IMPROVED FINANCIAL POSITION

The balance sheet reflects the improvement in the general financial position of the company. Stocks at £9,763,000 are down by over £700,000 and when this figure is compared with the stocks at the end of 1952 it shows a reduction of almost £2½ million. On the liability side you will observe that the total current liabilities and provisions are down by approximately £500,000 and down by almost £2 million when compared with the figures at the end of 1952. Our overdraft is lower by almost £800,000 and over the last two years shows a reduction of approximately £1,300,000.

PRICES AND FOREIGN COMPETITION

Output in 1954 was a record in the case of two of the group factories. In the others the output fell below the level of recent years, and under the present difficulties of international trade the fact that the group profit was increased reflects great credit on all concerned.

You will appreciate that as our business lies largely in highly competitive overseas markets, prices in many cases have had to be reduced in spite of rising costs of labour and materials, and the increased profit is a tribute to the efficiency with which our manufacturing resources have been employed.

Our order book at the end of 1954 stood at a figure closely approximating to 12 months' production and was thus lower than it has been in past years, although we are now enabled to quote and to maintain quicker deliveries of many of our products than was formerly possible. Whilst we have achieved considerable success in 1954 in meeting foreign competition, we are faced in the present year with a substantial increase in our costs as a result of the rises in prices of raw materials such as steel and copper, and the wages award announced on March 14th, which is already being reflected in the current quotations from our suppliers. These costs must be met by increased efficiency and productivity in our factories, but some rise in our prices, both in the home and overseas markets, appears inevitable, even in the face of unrelenting competition from foreign manufacturers.

Having dealt at length with the widespread manufacturing activities, the statement continues:

SALES

As I have already mentioned the group met intense competition during the year both from home and foreign manufacturers, which necessitated the closest attention to price levels as well as to further improvements in manufacture and design.

Overseas countries continue to expect extended terms of credit, but one of our main problems has been to try to overcome some of the licence and currency difficulties which are at present hampering trade between Britain and other countries, notably in Latin America.

Despite these problems, the order intake has been reasonably good; the high quality of our products makes them readily acceptable to customers. Substantial orders have been received from the Far East, and in the home market a single shipyard ordered forty heavy engines on one contract.

Since the end of the war there has been a continuing urge towards developing backward areas and the group has been able to offer its manufacturing facilities and experience for a number of projects. In addition to our traditional markets the sales force has penetrated new fields including certain continental countries which are themselves exporters of diesel engines.

AFTER SALES SERVICE

In the competitive market conditions now facing British manufacturers abroad, first-class service is one of the best ways of ensuring continuity of sales and the benefits derived from our long-standing policy of rendering efficient after-sales service and maintaining supplies of spare parts continue to be substantial.

What the future holds for the world at large no man can foretell. It is an appalling thought that in a world where inventive genius is achieving so much to improve the lot of humanity, particularly in the backward areas of the world, that same genius has placed in the hands of governments, and even of individuals, the means whereby the work of centuries can be blotted out and civilisation as we know it today utterly destroyed. The removal of the causes of discontent and the raising of living standards everywhere are the greatest safeguard for a peaceful future. Organisations such as ours have a vital part to play in such developments and I am proud to think that The Brush Group is making and will continue to make a major contribution to this essential work. We are today a well-knit, soundly based organisation, confident in our ability to serve our customers in every quarter of the globe.

INTERNATIONAL NICKEL OF CANADA

THE OUTSTANDING YEAR

The annual meeting of the International Nickel Company of Canada, Limited, was held on April 27th at Toronto.

Dr John F. Thompson (the chairman), in the course of his speech, said: 1954 was the best year in the history of the company. Deliveries of nickel, net earnings and common dividend payments all attained record levels. Substantial progress was achieved in process and plant improvements, research and development activities were further strengthened, and exploration work in the never-ending search for new sources of nickel bore encouraging results.

PRODUCTION AT CAPACITY

For the fifth consecutive year, our nickel production was continuously maintained at capacity. Deliveries of 282 million pounds of nickel in all forms were the greatest made by the company in any year. Ore mined during the year and proven ore reserves at the end of the year were at new highs.

Besides increasing our production capacity to provide 24 million pounds of additional nickel annually through 1958 for the United States Government stockpile, the company contracted with the Government to deliver by August, 1955, a minimum of 4,500,000 pounds of nickel refined from concentrate produced by Sherritt Gordon Mines Limited, in excess of the quantity it required for processing at its refinery. However, as a result of improvements to our procedure for treating this concentrate, International Nickel will be able to increase these deliveries to at least 5 million pounds.

From International Nickel's five underground mines and open pit in the Sudbury area of Ontario came a record 14,456,000 short tons of ore during 1954, resulting in the highest annual production of nickel and an impressive output of 12 other elements.

Net earnings established a new high of $65,295,000, not including $1,865,000 non-recurring capital gain from the sale of a subsidiary. These earnings were up $11,600,000 over 1953. Common dividend payments of $42,276,000 were the highest ever made by the company.

On February 7th last year the directors announced that the dividend on the common stock for the first quarter of 1955 had been increased to 55 cents per share. This and the year-end extra dividend were in line, as I have pointed out at previous meetings, with the desire of the directors to pay out as large an amount in dividends as they consider wise in the light of their responsibility to assure the continuing supply of nickel and therewith the continuing progress of the company. The company's capital expenditures of $22,257,000 were the second highest for any year, and it is expected that they will continue at a high rate for some time to come.

It is on a rounded basis of sound ore reserves, large and efficient production, skilled and experienced distribution, supported by ample research and technical services, that we expect to contribute, in the future as in the past, our full share toward making available one of the great metal resources of Canada and of the world.

The year 1954 was a most successful one, and the prospects for the current year are encouraging. The present demand for nickel and its extreme usefulness in many applications augur well for the future of the industry.

The report was adopted.

LABU CHEVIOT RUBBER LIMITED

PLANTERS' LONG ORDEAL IN MALAYAN EMERGENCY

SIR JOHN HAY'S STATEMENT

The second annual general meeting of Labu Cheviot Rubber Limited will be held on May 16th at 19 Fenchurch Street, London, E.C.3.

In his statement circulated with the directors' report and accounts, Sir John Hay said:

In 1954 all three of this company's properties suffered from terrorist attacks. The two estates in the Bahau district of Negri Sembilan, Glendale and Middleton, were particularly troubled in the last six months. Terrorists were reported in large numbers and estate defences had to be considerably strengthened.

In October one of our planters was ambushed and murdered while engaged in his daily duties. Mr T. W. Hunt was a young man of 27, known for his conscientious attention to the interests of those working under him, and was just preparing to go on leave at the end of his first tour of service. A Chinese contractor was killed by his side. Our sincere sympathy goes out to the families of the murdered men.

At Middleton Estate a European assistant was fortunate to escape lightly wounded from an encounter with the terrorists. In an ambush at Labu Estate an Indian assistant was more seriously wounded, and the manager, Mr J. M. Watts, only escaped unhurt through a combination of cool courage and good luck.

Working on an isolated estate, such as Glendale, the Chinese labour force had become infected with Communism. By their supplies of food and information to the terrorists who maintained a stronghold in the neighbouring forest, the efforts of the military and police were constantly frustrated. After many unsuccessful attempts to deal with this situation, Government determined on the removal, at 48 hours' notice, of the whole of the Chinese labour force at Glendale. Fortunately, this operation was carried out without incident and a special train took the workers, their families, belongings and livestock to homes and work elsewhere. The labourers made no demonstration against the transfer. No doubt they were glad to move to places where they would be less subject to the exactions of the terrorists and to the irksome restrictions which security precautions impose. A new labour force has been brought to the estate, and it remains to be seen whether the terrorists can be permanently cleared from the neighbourhood, so that this force remains untainted.

PRESENT CONDITIONS IN MALAYA

In Malaya, political advancement has become the focus of public attention and what is termed the "Emergency" has tended to fall into the background, only to be momentarily brought forward when some tragic incident occurs. The conditions existing on our properties, as briefly related here, are not exceptional. True, Malaya has its designated white areas, within which there is a welcome freedom from irksome regulations and a greater sense of security. In a recent report, however, we are warned that such areas "offer to these subversive elements possible sources of food, money and recruits as well as rest." Moreover, "white" covers such parts of the country as are well populated, served by good communications and at no time were they ever worse than grey. There still remain the black places in all States of the Federation, which after seven years of fighting have not changed their sombre hue and are now the special targets of savage attacks, following a change in terrorist tactics from deployment to concentration. Operations by the army, air force and police continue on a large scale; some successes are recorded, but the difficulties of the terrain have not yet been mastered and the expenditure of immense effort too often results in only a single capture and sometimes not even that. The campaign to win the hearts and minds of men can hardly prosper in circumstances where protection cannot be given and where any display of loyalty is dangerous to life.

Recent reports record accounts of brutal murders, one on suspicion of giving information, another for attempting to stop the stealing of rubber. Labour, thus intimidated, continues to supply the bandits with food and money, a practice "which the security forces have been unable to prevent."

Reporting on the situation, one of our managers writes of "the cumulative oppressive effect of a feeling of continuous insecurity." Another, writing from another estate situated in a different district, expresses himself as follows: "The population is so imbued with Communism that the . . police are laughed to scorn. . . . The tenor of life is one of fear." Many others report in the same strain: "There is a constant daily threat of ambush"; "The strain of knowing that there roam in the fields and in the nearby jungle Communist terrorists who . use the 'democratic' weapons of murder, fear and extortion." There is some criticism of Government, particularly directed to the exercise of a petty economy in the shape of a reduction in the number of police officers which, it is alleged, can only result in further loss of life and prolonged and increased expenditure. There is a further more serious allegation that "it could almost be said that we seem to be back to the type of thinking that prevailed in 1948."

Such is the spontaneous and independent testimony of managers, writing with the grim experience of life in the black areas. For seven years they have had to maintain a constant alertness to danger, to travel in armoured cars and to live behind barbed wire fences, the gun ever ready to hand. They are not only concerned for the lives of their families and themselves, but for the many who serve under them. The tension mounts with time. A lack of confidence in the effectiveness of the measures taken by Government is now evident. This is significant and disturbing.

From the nature of their operations, spread over large areas with only one worker to about five to ten acres, those engaged in agriculture are specially vulnerable to attack. But for the steadfastness and courage of those who occupy key positions, organised work on many large estates would cease and the Communist would have advanced well on the way to the realisation of one of his chief aims, namely the disruption of the country's economy. What may happen on a plantation, however remote, is not therefore merely a matter for those immediately affected. It should be the concern of the whole community. Domestically, we endeavour to do all we can to give protection to those who serve us. On our own estate defence measures this group, of which our company is a member, has spent out of its own resources over a million pounds. In addition thereto, we have provided facilities for recreation and relaxation and other amenities not required of us by law. Frequent staff leave is given from isolated places to the safety of a town. But the responsibility for establishing and maintaining law and order rests on Government, however constituted. It is its first and supreme task. The terrorist pursues his evil ends with singleness of mind. That quality must be matched on Government's side if it is to perform its first and elementary duty.

Sir John Hay went on to deal with the domestic affairs of the company and concluded with a tribute to the managers and staff on the estates.

THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED

TOTAL ASSETS EXCEED £117 MILLION

INCREASED INCOME IN ALL BRANCHES

The ninety-fourth annual general meeting of The Royal London Mutual Insurance Society Limited was held on April 26th at the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.

Mr C. H. Shuttleworth, FCII, chairman and joint managing director, who presided, said: There is an imperative need to encourage personal saving. Here there is a special part to be played by the industrial life offices, or, as they are more familiarly known today, the "home service assurance" offices, whose function is the carrying out of insurance business, and particularly the collection of premiums, at the homes of policyholders.

I am proud of the fact that this Society has for over 90 years been actively associated with this good work. It is pleasing to record that by their efforts the "home service assurance" offices are able to announce that some £50 million are added annually to the nation's savings.

SYMPATHETIC ADMINISTRATION

The Society's practice has been shaped over the years by a desire to meet the needs and difficulties of those sections of the population from which our policyholders are drawn. The directors realise that this is not a business which can be conducted solely by means of rigid regulations, the filling up of forms, and those other methods usually associated with the administration of monopolies and Government departments. On the contrary, it is their desire always to administer the Society's affairs with understanding and sympathy. In these circumstances, it is rather surprising that there should still be people who believe that the policyholders' interests can be better served by the nationalisation or public control of all classes of insurance carried on by such offices as ourselves. In no respect has it ever been demonstrated that such a step could react to the benefit of either policyholders or staff. On the contrary, it is clear from the arguments on which these proposals are based that they are founded on a complete lack of understanding of the nature of the industrial assurance business.

ORDINARY BRANCH

The premium income in the ordinary branch (including consideration for annuities granted) amounted to £3,874,000, an increase of £70,000 over the previous year. The fund at the end of the year amounted to £33,162,000, an increase of £1,721,000.

The amount paid by way of claims and surrenders during the year amounted to £2,733,000.

On with-profit policies becoming claims, etc., during the current year the interim bonus will be at the rate of £1 10s. per cent per annum in respect of the years 1951, 1952 and 1953, and £1 14s. per cent per annum in respect of the years 1954 and 1955.

INDUSTRIAL BRANCH

In the industrial branch the premium income for the year amounted to £9,278,000, an increase of £290,000 over the previous year. The fund at the end of the year amounted to £74,471,000, an increase during the year of £4,912,000.

Claims and surrenders amounted to £4,331,000.

Interim bonuses will be continued during the ensuing year at the same rate as the reversionary bonus declared for the period 1946-1950, namely £1 per cent per annum upon the sum assured.

GENERAL BRANCH

The premium income in this branch for 1954 was £658,000, an increase of £52,000.

The total income of the Society during 1954 was £18,322,000, and the benefits paid to policyholders amounted to £7,064,000. It is also interesting to record that the total payments to policyholders since the inception of the Society amount to more than £132 million.

The report and accounts were unanimously adopted.

EBURITE CORRUGATED CONTAINERS

FURTHER EXPANSION

The annual general meeting of Eburite Corrugated Containers, Limited, was held on April 28th in London.

Mr R. F. Popham (vice-chairman) presided owing to the illness of the chairman, Mr J. F. Fielding.

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

The report of the directors and the accounts for 1954 again show an increase and expansion of business over previous years. The net profit of the group for the year 1954 after charging all expenses but prior to taxation is £1,143,271 as compared with £720,439 for the previous year. The non-corrugated products have materially contributed to these profits.

Your directors propose to maintain the rate of ordinary dividend for the year at 2s. per share on the capital as increased in May, 1954, by the payment of a final dividend of 1s. 6d. per share plus a bonus distribution of 6d. per share, thereby bringing the total for the year to 2s. 6d. per share.

The year under review again shows a considerable increase in the output of the parent company at Park Royal together with a marked increase in all the subsidiary companies comprising the group. Orders on hand are very satisfactory. Similarly a very substantial increase in output has been achieved at the Milngavie factory of Andrew Ritchie and Son Limited, and further increases are contemplated during the current year.

With regard to the immediate future, the state of the order books, the increase in turnover for the first two months, and the profits earned during this period give cause for confidence in the current year.

The report and accounts were adopted.

BANK LEUMI LE-ISRAEL BM

ISRAEL'S ECONOMIC PROGRESS

MR S. HOOFIEN ON BANK'S FAVOURABLE DEVELOPMENT

The annual general meeting of Bank Leumi le-Israel BM was held on April 21st in Tel-Aviv. Mr S. Hoofien (chairman) presided.

The chairman said that good progress had been made in the country's economic and financial position: exports had increased and new industrial enterprises had contributed to this increase; food imports had decreased by $5½ million; imports of raw materials had increased by $11 million; stocks stood at $6 million higher; some $29 million had come in from invisible exports (tourism, transportation and services); foreign currency income had reached $393 million and had, for the first time in the history of the young state, shown a surplus of $30 million. Since then large amounts have been added to this figure. It was satisfactory to hear of all the German reparations goods reaching the country, of the reduction of short-term indebtedness, increased agricultural production and the appreciable increase in industrial production. The Minister of Finance had mentioned all these things with justifiable satisfaction during his recent budget speech and had at the same time drawn attention to the fact that, while the cost-of-living index had risen by 66 per cent in 1952 and by 20 per cent in 1953, it had risen by only 7½ per cent in 1954.

To what extent, the chairman continued, had all this brought the country nearer to economic independence? From that point of view things were less rosy. Greater production had been accompanied by increased consumption. Life had thereby become more comfortable, but the country had not advanced towards economic independence. In the meantime 1955 had turned into somewhat of a drought year. Were we going to consume less this year? The Government was, of course, not neglecting these problems. It had made some endeavours to encourage savings, but these were puny compared with the task ahead. The Minister of Finance now had a whole year to prepare a budget which ought to set aside a sizeable part of the national income for savings and investment. It was to be hoped that he would find the way to do so within the present framework of taxation, there being unanimity that in regard to income tax he had reached the very limit of what was possible.

The Governor of the Bank of Israel had recently sounded a warning against the danger of renewed inflation. True, the Israel currency had become fairly stable, so had the cost of living. But he had pointed to the considerable increase in the money supply. The curtailment of credit expansion was only one means of combating this danger, but the Governor was right in the firm stand he had taken against increasing bank credits.

This brought the chairman to the establishment of the Bank of Israel, which had assumed central bank functions on December 1, 1954, and to whom the issue of the currency and some other activities previously carried on by Bank Leumi had passed or were gradually passing. The Bank was co-operating in the closest and most friendly fashion with the new central bank. Its establishment had had little effect on the actual business of the Bank and no ill-effects need be feared

REVIEW OF ACTIVITIES

Turning to the Bank's own business, the chairman reminded shareholders that the paid-up capital had been increased last year to IL.2 million and the reserve fund to the same amount by appropriating for the purpose a relatively small part of the Bank's hidden reserves.

The reduced value of the Israel pound and the growth of the Bank's deposits had necessitated from time to time such increases in capital and reserves, and to the extent to which deposits continued to increase the Bank would endeavour to go further in the direction of increasing its own means. This would not be done every year, however, and when the customary dividend was paid and no share bonus distributed this should be no reason for disappointment.

In 1954 the capital and reserve fund had been increased by IL.250,000 each, a total of IL.500,000, by the issue of "A" ordinary shares at 200 per cent to the shareholders of the Palestine Corporation Limited, which company the Bank had acquired during the summer.

This acquisition had placed the Bank, inter alia, in control of 50 per cent of the shares in the Union Bank of Israel, which in turn held a controlling interest in the Canada-Israel Central Bank. The other half of the shares in the Union Bank were held by the Palestine Economic Corporation of New York. It was intended to let the Union Bank develop as an independent banking institution.

The balance of net profit amounted to IL.588,122, compared with IL.502,766 last year. The reserve fund being already equal to the amount of the capital, IL.300,000 had been appropriated to contingencies reserve. The total dividend of 12½ per cent for the year would absorb IL.281,250.

Deposits had increased by IL.107,062,217 to IL.144,108,131, i.e., by 35 per cent, during the year, as against an average increase of 29 per cent with all other banks in the country. This favourable development could be ascribed to the service given by the Bank, to the confidence placed in it by the public, and to the expanding network of branches. Six new branches had again been opened in 1954.

The directors' report and accounts were unanimously approved.

THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LIMITED

CHAIRMAN'S STATEMENT

Record fire, accident, and marine premium income of £28,875,088, and record new life business of £9,171,431, were figures given in a statement issued by the chairman, Sir John R. Hobhouse, MC, with the 119th annual report and accounts of the Liverpool & London & Globe Insurance Company Limited.

Total underwriting profit at £1,695,777 (or 5.9 per cent) was the highest in amount yet achieved and the best in ratio since 1950.

Fire premiums showed a modest increase over 1953, and despite the widespread damage caused by the three North American hurricanes, a satisfactory rate of profit was earned. The accident department had a better year than for some time and the record profit of £688,177 showed the best ratio for ten years. A gratifying profit of £196,282 resulted from the closing of the 1953 marine underwriting account.

An increased final dividend of 24s. per share is recommended, making 45s. 6d. for the year against 41s. for 1953.

THE KLABANG RUBBER COMPANY, LIMITED

INCREASED PROFIT

The thirty-fifth annual general meeting of The Klabang Rubber Company, Limited, was held in London on April 26th.

Sir John D. Barlow, Bart, MP, the chairman, in the course of his speech, said: The profit for 1954 was £24,856 compared with £13,442 last year. Taxation requires £12,500. The board propose to transfer £7,000 to replanting reserve and pay a dividend for the year of 5 per cent, less tax, leaving a slightly reduced carry forward of £15,647.

In addition to the 5 per cent dividend, it is also proposed to pay a 5 per cent special capital distribution, which is free of tax. This capital distribution will be made from the capital realisation surplus fund, which will then be £31,288. The dividend and capital distribution will both be paid on April 28, 1955.

The crop harvested during the year—833,000 lb—was 43,000 lb less than the previous year due to a prolonged wintering period; and thus proceeds of sales of rubber were slightly lower than 1953. Estate cost of production was also lower and with the refund of Malayan replanting cess amounting to £10,473, which includes £7,434 for previous years, the profit for the year was £11,400 more than 1953.

REPLANTING

The replanting reserve is now £23,990. This is insufficient to bring to maturity existing replantings, so it is the board's policy to continue to build up this reserve. One hundred and sixty-five acres were replanted in 1954 and the programme for 1955 is 239 acres. The budded fields on the estates again yielded 1,300 lb per acre during the year, which shows how vital it is to replant when the seedling rubber fields on the estates yield only 320 lb per acre.

This summer in Malaya the first Federal Elections are to be held. Fifty-two seats in the Legislative Council are to be contested throughout the country. The remaining 46 seats are to be nominated by the states and settlements, scheduled interests and government. This is a great step forward in the political advancement of the country and the attainment of eventual independence.

Malaya's progress towards self-government will be keenly watched by the rest of the world. There are many difficulties and problems facing its population of nearly 6 million people—half of whom are Malays, there are over 2 million Chinese, 700,000 Indians and 85,000 Eurasians and Europeans. It is to be hoped that this young country, half the population of which is under 21 years old, will work out the type of government that will bring it continued prosperity.

IMPORTANCE OF MALAYA

The importance of Malaya to the sterling area cannot be stressed too often. Malaya produces one third of the world's natural rubber and over one third of the world's tin. Malaya earns nearly 10 per cent of the sterling area's dollar earnings, which is equivalent to 20 per cent of all the United Kingdom's annual exports to the dollar area. Without Malaya's contribution to the sterling area's dollar earnings, our ability to import commodities and goods costing dollars would be considerably reduced.

The recent substantial rise in the price of rubber to 31d. per lb in the middle of February, 1955, shows that the present price of natural rubber is not entirely controlled by the price of synthetic rubber selling at 20d. per lb. Within a month, by the middle of March, 1955, the price of rubber had fallen 6d. per lb to 25d. per lb and with estimates of production and consumption of natural rubber for 1955 nearly the same at 1,830,000 tons, fluctuations in the price must be expected.

The report and accounts and new Articles of Association were adopted.

CONWAY, STEWART AND COMPANY

ANOTHER SUCCESSFUL YEAR

MR S. W. JARVIS ON THE OUTLOOK

The twentieth annual general meeting of Conway, Stewart and Company, Limited, was held on April 27th at the Waldorf Hotel, London, WC, Mr S. W. Jarvis, chairman and managing director, presiding.

The secretary (Mr W. G. F. Nash, ASAA), having read the notice convening the meeting and the auditors' report,

The chairman said: Gentlemen, the accounts and directors' report for the year ended December 31, 1954, have been in your possession for some little time, and with your permission I will take them as read. (Agreed.)

I am pleased once more to be able to present accounts which reflect another successful trading year during 1954. The profit before taxation was £74,009, being £1,095 higher than for 1953, but as taxation took £2,162 more, the net amount was £1,067 lower at £32,160. The accounts do not call for much comment on my part, except to say that the figures of profits came from record sales both at home and abroad. Increasing sales make larger stocks necessary, to cope with urgent demands for prompt delivery

EXPANSION OF SALES

Export business continued to expand despite certain restrictions in some markets, and home sales have improved. I am somewhat disappointed that despite a considerably larger turnover, our profits showed such a small advance, due to increased costs of labour and materials. It is obvious, therefore, that the profit margin on sales was less than for 1953.

You can be sure that your directors will make every endeavour to counter increased costs by improving planning of production, but unfortunately, the vagaries of import restrictions into certain countries make maximum efficiency difficult. You will agree, I am sure, that it is right to continue our policy of giving the public the very best possible value.

BRIGHT PROSPECTS IN JUBILEE YEAR

1955 is our Jubilee year, the company having been started in 1905 and made public in 1935. Prospects for the year appear to be bright, and sales to date are holding up well. The export position is better than we could have anticipated, and home sale prospects are bright. We therefore confidently look forward to being able to present a good balance sheet for this year. I would take this opportunity of paying a very warm tribute to the members of our staff for their continued co-operation and loyal support.

The report and accounts were unanimously adopted; the proposed final dividend of 20 per cent, less tax, making 26 per cent, less tax, for the year and the special Jubilee dividend of 2½ per cent, less tax, were approved; the retiring directors, Mr F. Capper and Mr G. J. Norris, were re-elected and the remuneration of the auditors, Messrs Chalmers Wade and Company, was fixed.

UPSONS LIMITED

(The Dolcis Shoe Company)

INCREASED SALES

The thirty-fifth annual general meeting of Upsons Limited was held on April 21, 1955, in London.

Mr F. J. Stratton, CBE, chairman and managing director, in the course of his speech, said: The trading results of the year showed once more a substantial increase in financial turnover and unit sales. Gross profits were well maintained, and we completed the year with net profit before taxation increased by £14,644 to £611,593. Our stock at £1,827,735 compared with £1,824,734 last year is in excellent condition. Our bank balances and cash in hand at £598,953 are slightly higher than last year, and we are left at the year end in a powerful and satisfactory position well prepared to attack the problems of 1955-56.

STEADY PROGRESS

I hope shareholders will agree that the accounts show that satisfactory and steady progress has been made during the year under review. The fact that this result has been achieved in spite of rather more than the normal seasonal stresses to which the shoe trade is accustomed encourages me to the opinion that we may go forward with a certain amount of optimism. Our company is well equipped and eager to serve the public, and, given normal conditions, we may expect further to improve upon our results.

I referred at our last annual general meeting to the increasing burden of costs of all kinds. The fact that we have succeeded in absorbing increased costs and at the same time producing an improved net profit should not blind us to the fact that these influences are still at work. Your board has had these considerations much in mind during the past year, and has developed further its policy of opening new stores wherever possible and improving the facilities available to our customers in the older stores.

EXPANSION IN CANADA

Our Canadian company has continued to expand; new stores have been opened at Peterborough and Kitchener, in both of which towns we have been well received by the general public. The older stores which have been in existence more than 12 months have continued to develop, and we have a steadily increasing body of satisfied Canadian customers. It is a great pleasure to me to bring these facts to your notice because not only does our Canadian company give us the opportunity of long-term development, which must increase the stability of our organisation as a whole, but it enables us to play our part in earning dollar currency for the home country; we have succeeded in exporting from England a very high percentage of our merchandise which is sold in Canada while increasing at the same time our orders to local suppliers who have served us well. Having secured a good foothold, we are planning to develop further in the Dominion, and we are building at the present time a store in Montreal which when completed will be the biggest single retail outlet for shoes in Canada. It is well placed at what is probably the best Canadian retail site, having the largest pedestrian count of any of the Canadian cities, and we are looking for excellent results when the store opens towards the end of August.

The report and accounts were adopted and approval given to the payment of a final dividend of 14 per cent, making 20 per cent for the year.

THE LONDON AND LANCASHIRE INSURANCE COMPANY LIMITED

THE HONOURABLE R. M. PRESTON'S REVIEW

The annual general meeting of The London and Lancashire Insurance Company Limited will be held on May 18th, at 7, Chancery Lane, London, W.C.

The following is an extract from the statement by the chairman, the Honourable R. M. Preston, DSO:

In the aggregate for our fire, accident, and marine departments, net premium income amounted in 1954 to £27,822,154, which is little different from the figure for 1953.

Profit emerged at £1,011,878, or 3.64 per cent of premiums. This is, he commented, a satisfactory result, although less in amount and in ratio to premiums than was enjoyed in the previous year.

Fire Department.—Premium income for the year stood at £11,200,402 and the profit was £293,362, or 2.62 per cent of premiums, as compared with £786,201, or 7.03 per cent, in 1953.

Accident Department.—Premium income in the accident department amounted in 1954 to £12,662,809, which showed some advance on the premium income of £12,255,095 in 1953. Profit amounted to £218,516, or 1.73 per cent of premium income, as compared with £156,812, or 1.28 per cent.

Marine Department.—Premium income in respect of the 1954 first year account showed some reduction on the previous year at £3,958,943. With the close of the 1952 account a profit of £500,000 was transferred from the balances of 1952 and previous years.

Life Assurance Account.—1954 was the final year of the quinquennium, and there emerged a surplus of £980,717. Bonuses to participating policy holders have been fixed at the rate of 34s. per cent per annum compound and it is to be expected that, with the prospect of continuing good return on the policy moneys, the marked growth in the premium income of the department in recent years will continue.

The interim dividend of 3s. 6d. per £1 stock which was paid last November represented an increase of 3d. upon the corresponding interim dividend of the previous year and it is proposed to increase similarly the final dividend payable in May, thereby increasing the total cost of dividend for the year, at 7s., to the sum of £700,567.

The balance of profit and loss account showed a comparatively insignificant reduction from £4,506,102 at the end of 1953 to £4,482,931 at the end of 1954.

The other important part of our business, he stated, lies in the selection and control of investments and it demands unremitting care and attention.

The market value of investments continued to rise in general during 1954, both here and abroad and by the end of the year the position had been reached where the aggregate market value exceeded by well over 30 per cent the aggregate balance sheet value of investments. Following the rise in bank rate this year, there was naturally some recession in prices in this country, but there was still left the margin of 30 per cent.

The statement closed with a tribute to the vigilance and skill of the general manager, his assistants and the staff of the company at home and abroad.

THE ASSOCIATION OF CERTIFIED AND CORPORATE ACCOUNTANTS

The fiftieth annual general meeting of the Association of Certified and Corporate Accountants was held on April 26, 1955, in London. Mr W. Macfarlane Gray, FACCA, president of the association, was in the chair. He said:

TECHNICAL RESEARCH

Among the growing activities of the association, none has made more progress during the year than that of technical research. This was, in fact, the first full year of operation following the reorganisation of the technical work of the association in 1953 and, while the various committees have certainly not yet reached their full potential, their output during 1954 has been most satisfactory and reflects great credit on all concerned.

The several publications which have been issued have, without exception, received very favourable comment in professional and technical journals and elsewhere.

THE PROFESSION IN GENERAL

A noticeable feature of the profession generally in recent years has been the large and growing number of its members who enter industry, commerce and the nationalised undertakings. While this is, no doubt, partly due to the structural changes flowing from modern industrial and commercial development, it is attributable, I believe, to a far greater degree to a fundamental broadening of the function potential of the accountant, which, it can be fairly said, the profession has quite properly done much to foster.

It is true that this is not without certain disadvantages for those of us in practice wishing to recruit staff, and it is essential that the present steady flow of new entrants to all the recognised bodies should be maintained and enlarged. For, happily, there are as yet no signs of overcrowding in the profession and there are still opportunities in it for everyone of ability and integrity.

The general increase in wages over the last few years, full employment and the great improvement in the standard of living of the majority of the British people—desirable as they all are—have brought with them their own problems of inflation, because they were not accompanied by the one thing that would have justified and counterbalanced them, namely, a sufficient increase, not only in production, but also in productivity.

Our great difficulty has been that because of the heavy burden of taxation neither management nor labour has had much incentive to improve its performance. Increased earnings have only meant increased taxation and have become progressively less attractive.

In spite of that, valuable and impressive advances in production and exports have been achieved over the past few years. But good as they have been, they have not been good enough to counteract the increased volume of money in circulation and the rise in home consumption and imports which that has engendered. The Chancellor has now come forward with incentives which must, I think, by any standards be regarded as encouraging, but since in such circumstances Budget policy must be judged on whether it succeeds in increasing productivity and lowering costs, it can be justified only if it stimulates everyone to greater and better efforts. The Chancellor cannot make us work, but he can make it worth our while to do so, and that is the basis of his concessions.

THE PYRENE COMPANY, LIMITED

LARGER PROFIT AND DIVIDEND

The forty-first annual general meeting of The Pyrene Company, Limited, will be held on May 19th in London.

The following are extracts from the statement by the chairman and managing director, Mr Francis A. J. Harrison, circulated with the report and accounts for the year 1954:

As a consequence of your company's acquisition of the share capital of the Pyrene Manufacturing Company of Canada Limited, early in 1954, this year's accounts include for the first time a consolidated balance sheet and profit and loss account. Your company's consolidated operations in 1954 resulted in a net profit, after tax, amounting to £250,751; therefore, although the trading profit before tax was £532,298 compared with £574,016 in 1953, the group profits after tax show an increase of £59,307 of which the parent company's contribution is £51,766.

Excess profits tax relief has been utilised for the national purpose for which I believe it was intended. It has helped us to meet the increased competitive conditions anticipated in my statement last year. Despite higher wages and increased cost of certain materials there has been no general increase in the selling price of your company's products—in fact in one department it was necessary considerably to reduce the selling price. This policy has assisted our effort to compete in world markets and we have achieved a new record both in total sales and factory output. In addition the directors have felt justified in recommending a moderate increase in dividend. It will be clear that the policy adopted has benefited customers, workpeople, growth of the business and the shareholders.

EXPORTS

The company again made a valuable contribution to export trade which, although not so high as last year, represented 42 per cent of total turnover. Direct shipments were made to 87 territories.

As sales are recorded only in terms of goods shipped and invoiced the total sales orders are even more creditable than the slight increase in shipments billed, because the value of unexecuted orders at December 31, 1954, was 38 per cent higher than at January 1, 1954.

Whilst sales of the Canadian company were only slightly lower than in 1953, profits were lower than anticipated. Both shipments and profits suffered considerably due to damage to inventory caused by flood resulting from the hurricane in October, 1954. There was also a period of excessive competition on certain products. Measures have been taken to improve this situation. There has not been sufficient time to obtain any appreciable volume of additional business from the new products which we are introducing into the Canadian company's operations and which we are confident will produce good results as they are developed in Canada.

The first three months of 1955 have provided a moderate increase in sales over the first quarter of 1954. Unexecuted orders have increased by 16 per cent during the same period. Provided that materials are available, sales and shipments should continue to increase reasonably as the year proceeds.

More and more customers appreciate the facilities afforded by the company's hire and maintenance service under which fire extinguishers and equipment are provided and periodically inspected at an all-in service fee.

COW & GATE LIMITED

HOME AND OVERSEAS SALES EXPANSION

The forty-sixth annual general meeting of Cow & Gate Limited was held on April 22nd at Guildford, Mr W. R. Bramwell St. John Gates (chairman and managing director) presiding.

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

I am pleased to report that we have had another good year with steady and continued expansion in all branches of your business, but there has been a small drop in the net profit.

Sales of our infant foods, probably still the best known of all the Cow & Gate products, show a considerable increase. This is a great tribute to the quality of the product in view of the ever-increasing competition from cheaper foods.

In spite of the difficulties of world trading conditions and the complexity of international currencies and exchange, sales of our infant foods overseas have continued to expand, and because of this we have had to draw upon manufacturing sources outside the United Kingdom for some of these markets. We are sure that the long-term trading agreements which we have made in Australia will prove to be beneficial in due course, particularly in supplying some of the Far Eastern markets.

In Canada the sales of our infant food, known as "Farmer's Wife," are extremely encouraging, and it is becoming universally popular throughout that great land.

Here at home the sales of our dairy products are also making steady progress.

On the retail side of the business the daily gallonage handled continues to grow. Although the retail margin of profit allowed to us is still small, we have been able to maintain our processing and bottling depots at full capacity, thereby helping to keep down operating costs.

PROBLEM OF RISING COSTS

Because of the change from government control in war time and the postwar period to a freer economy, we have had certain difficulties to overcome. Until quite recently a large proportion of our products was made for the Ministry of Food, because, of course, in a time of national emergency we were prepared to play our part. But what was suitable and necessary in those years, no longer obtains today. The renewal of freedom, however, has its teething troubles. For example, we are now having to finance all our own stocks again, because the Ministry of Food is largely out of business, and, whereas the Ministry of Food bought our newly made products, producing an immediate return, we now have to carry the stocks ourselves, and part of the profits will not accrue until next year when stocks in hand have been sold. This has meant a drop of many thousands of pounds in our trading profits for the year under review.

The replacement of transport, plant and machinery costs us very much more than before the war, but this expenditure is essential to keep down operating costs and increase productivity. The building of new depots to cope with the expanding business is a tremendous financial burden. For these reasons I cannot but believe that sooner or later the margin of profit allowed to milk distributors, fixed many years ago, will have to be increased, as under present inflationary conditions it is not enough.

The report was adopted and the dividend of 15 per cent approved.

THE HOFFMANN MANUFACTURING COMPANY

SATISFACTORY LEVEL OF TURNOVER

The annual general meeting of The Hoffmann Manufacturing Company, Limited, was held on April 28th in London, Mr J. W. Garton, JP (chairman and managing director), presiding.

The following is an extract from his circulated statement:

In 1954 the company achieved the same satisfactory level of turnover as in the previous year, notwithstanding the general shortening of the order book during the earlier part of the year. In recent months there has been a marked improvement in the order intake which should ensure a satisfactory level of production in 1955.

The profit of the Hoffmann group for the year 1954 before taxation, but after all other charges, amounts to £1,055,785, and compares with £1,117,024 for the previous year. Income tax and profits tax absorbed £546,505 against income tax, profits tax and excess profits levy for 1953 of £625,017. The net profit of the group for the year after taxation is, therefore, £509,280, and compares with £492,007 for 1953.

The very substantial expenditure over the last few years on new plant and machinery and the advantages of new methods which help to keep down costs has increased productivity and secured these results in the face of keen competition, involving selling prices lower than in the previous year and notwithstanding the higher cost of raw materials and increased wages. We cannot continue to absorb these additional costs.

The directors recommend a final dividend of 12½ per cent (free of tax) which with the 5 per cent (free of tax) interim dividend paid, will represent an increase of 2½ per cent (free of tax) on last year; the special cash bonus of 5 per cent (free of tax) will also be repeated.

SUBSIDIARY AND ASSOCIATED COMPANIES

Hoffmann Gloucester Limited continues to make steady progress and has had a successful year.

Hoffmann Tweedales Limited has had a better year and now has a full order book.

Your directors propose that the sum of £500,000 standing to the credit of the parent company's general reserve be capitalised and distributed amongst the ordinary shareholders in the form of one new ordinary share for every existing ordinary share and application for permission to do this has been made to the Capital Issues Committee. I should like to emphasise that this does not imply any intention to increase the amount distributed to the ordinary shareholders for 1955. In order to improve the marketability of the ordinary shares it is proposed to subdivide them into 5s. shares.

One of the big difficulties today in industry is maintaining a sufficient labour force of the highest skill. We are exploring every channel and encouraging people to come from other districts, but this recruitment only seems to make up for the wastage by sickness and people going to other parts of the country. Wherever possible better machines and better methods are being employed and since the end of the year further capital schemes amounting to £500,000 have been initiated which should show results in the next few years. The report was adopted.

THE RUBBER GROWERS' ASSOCIATION (INCORPORATED)

PROBLEMS FACING THE INDUSTRY

CHAIRMAN'S STATEMENT

The ordinary general meeting of The Rubber Growers' Association (Incorporated) was held on April 27th in London.

Mr K. M. G. Anderson, the chairman, presided and, in the course of his speech, said:

The Malayan government announced yesterday its intention to reduce export duty to 4 per cent *ad valorem* when the price is below 60 cents, adjust the duty above 60 cents until at 80 cents it is the same as at present, and increase it yet again above 80 cents. Combined with these proposals for tax variation, government has announced its willingness to grant to producers who replant limited financial aid spread over eleven years. It can, however, be shown that if the future prices of rubber were to follow for the next eight in the past eight years, government in that time would recoup in increased taxation more than it is proposing to concede in aid for than it is proposing to concede in aid for replanting.

THE PRODUCER AND TAXATION

To illustrate what these rates mean it may be stated that a mediumly efficient (measured by output) producer would, with rubber anywhere between 60 and 80 cents, pay in taxes about 44 per cent of his profit if he were domiciled in Malaya and about 56 per cent (excluding any distribution tax) or over 11s. in the £ if he were domiciled in Britain. Below 60 cents and above 80 cents the rates become higher still. That is a burden which few, if any, industries have to bear and it is certainly a burden which this industry, fighting for its very existence, should not have to bear.

The imposition of a tax on production which is only returnable against proved replanting and the return, in the form of grants to those who replant so designed that the efficient and progressive are penalised, of some part of a rubber producer's income which has been taken away from him by gross over-taxation are devices which ensure that once capital has been invested in rubber production it cannot be withdrawn intact but only under financial penalty. They have the effect of immobilising capital and discouraging its deployment in fields where it can be of most use.

SUCCESSFUL ENTERPRISE PENALISED

In the light of these facts about the treatment by the British and Malayan governments of existing capital in rubber one must draw the conclusion that if one establishes a successful enterprise it is highly likely that an unfair proportion of the rewards will be taken away. Is it so hard to realise the reluctance to invest more funds in Malaya for any purpose?

After drawing attention to the development of plantations in Africa, Mr Anderson finished by pleading that if the countries of South-East Asia wished to prosper—"It is of the greatest importance that everything should be done to restore confidence."

The report was adopted.

Mr J. W. A. Calver was elected chairman and Mr H. T. Karsten, vice-chairman, for the ensuing year.

DERBYSHIRE STONE LIMITED

TRADING DIFFICULTIES SURMOUNTED

The nineteenth annual general meeting of Derbyshire Stone Limited was held on April 28th in London, Mr John Hadfield, MSc, ARIC (chairman and managing director), presiding.

The following is an extract from his circulated statement:

Perhaps the most memorable feature of 1954 was the weather. It was Britain's wettest year for over half a century, and the trading difficulties of 1954 were related more to the inability of customers to utilise our products for out-of-door purposes in bad weather than to our own problems of production, for mechanisation of quarrying activities has made production largely independent of weather conditions except under most adverse circumstances. Derbyshire Stone Limited is a very large producer of powdered limestone and powdered chalk, so necessary for good agriculture. This very important section of the company's business was at times brought to a standstill and certain other outdoor activities were similarly affected. It is pleasant to record, however, that developments in other directions were sufficient to offset the disadvantages I have referred to, with the result that profits were virtually maintained at the level of 1953.

I regard the gross profit of £315,031 as satisfactory in view of the conditions under which the profit was earned. The comparable figure for 1953 was £317,003. Depreciation takes £85,414, taxation absorbs £114,837, and the net profit after all charges is £95,983, as against £91,623 for 1953.

It is recommended that a dividend of 16 per cent be paid on the issued ordinary stock of £450,000. For 1953 a dividend of 17½ per cent was paid on ordinary stock of £337,500.

CAPITAL EXPENDITURE

Capital expenditure in 1954 on the company's properties was £148,284. As a result of this expenditure the company's overall production capacity has been lifted considerably and efficiency has been increased.

For 1955 your directors have approved to date capital expenditure of £168,000 at existing properties of the company. This does not include the capital required during the year for new activities or projects, which may require from £60,000 to £90,000.

In spite of the fact that ice and snow have restricted demand for many of our products in January and February, I do anticipate that we shall have a good year in 1955. The chameleon-like policies of successive Governments on the important question of road construction does not give one confidence about the immediate future of our highways, but it is improbable that a really worthwhile programme can be much longer delayed.

Derbyshire Stone Limited is well equipped to give substantially increased outputs of road materials, and the variety of aggregates offered by the company, basalt, granite, limestone, and blast furnace slag, ensures that in so far as geography permits the company will be able to offer whatever type of coated macadam may be required.

In addition to materials for road and other civil engineering works, your company manufactures a wide range of products for use in other industries, and I anticipate a good balanced demand for these during 1955.

The company is growing in stature, and I look for progressively increasing prosperity.

The report was adopted.

ALBERT E. MALLANDAIN

STEADY DEMAND

The eighteenth annual general meeting of Albert E Mallandain, Limited, was held on April 27th in London, Mr Albert E Mallandain, chairman and managing director, presiding.

The following is an extract from his circulated statement for the year 1954:

During the year there has been a steady and continuous demand for the company's products, both in tonnage and value for the home and export trade, but the net trading profit for the year shows a slight reduction as compared with the results for 1953. The rate of gross profit earned on our turnover has been reduced owing to an increase in the wages rates and in the cost of materials during the year We have not thought it desirable during 1954 to pass on to our customers any part of this increase by raising our selling prices, but since the end of the year we, in common with our competitors, have been forced to increase the price of certain of our commodities.

The aggregate net profit is slightly lower at £72,020, as compared with the figure of £74,467 Taxation again absorbs some 60 per cent of the year's profits. Your board recommend a dividend of 50 per cent, less tax.

Your directors recommend the capitalisation of £100,000 of the company's reserves by the issue on a one-for-one basis of bonus shares to the shareholders.

Present general trade conditions and an order book which has never been fuller support my belief that the company's profits in the current year will be at least maintained.

The report was adopted and at a subsequent extraordinary general meeting the board's capital proposals were approved.

JOHN BARKER & COMPANY LIMITED

REBUILDING SCHEME—ANOTHER MILESTONE REACHED

The sixty-second ordinary general meeting of John Barker & Company Limited, was held on April 22nd in London

Mr Trevor A. Bowen, DL, JP (the chairman), in the course of his speech, said: As regards John Barker & Company Limited, I am able to report a profit before taxation of £725,000. Of this amount taxation takes the lion's share, absorbing £397,281 (or 54.8 per cent), leaving a balance of profit of £327,719.

As part of the general policy of limiting home demand, certain restrictions on credit trading were reimposed in February, but I anticipate that the effect on retailers like ourselves will not be severely felt. We have never favoured a "no deposit" system.

As regards the completion of our rebuilding scheme, this year has marked another milestone in the history of John Barkers, for in it we have resumed our obligation to carry out commitments made many years ago, by agreements which had in view the widening of Kensington High Street.

I might add that the cost of the building so far finished has been financed entirely out of resources provided by prudent reserves previously made, and it is the opinion of your board that the cost of completion estimated at £1 million will be financed out of resources provided by reserves more recently made for this very purpose.

The report was adopted.

ASHANTI GOLDFIELDS CORPORATION

RECORD TONNAGE MILLED

PROSPECTS BETTER THAN FOR YEARS

The fifty-eighth annual general meeting of Ashanti Goldfields Corporation Limited was held on April 27th in London.

Major General Sir Edward L. Spears, Bart, KBE, CB, MC, FInstD (the chairman), presided and, in the course of his speech, said: In the year under review, the process of equipping and developing the mine has continued according to plan. At the same time output has increased by 1,000 tons and a thousand ounces a month over the previous year. Last year's record tonnage was exceeded, and ore reserves substantially increased. The value of gold in the reserves brought in during the year was over £5½ million.

There is still much work to be done during the next two years, and the full benefit will not be obtained until the whole process of re-equipment has been completed. For some time to come we shall have to continue to supplement production from the main mine with lower grade ore from the outside mines. But I can affirm to you with even greater confidence than I did last year that the prospects of Ashanti Mine are better than they have been for years, and as far as we can foresee its future is assured for many years to come.

From the total profit before tax of £785,205, taxation has taken £445,969.

An interim dividend of 9.6d. per unit of stock was paid in November, 1954, and we now recommend a final dividend of the same amount. This will make a total of 1s. 7.2d. for the year, the same as in 1953.

OPERATIONS

I come now to the year's operations on the mine and the results for the first six months of the current year.

I informed you in my speech last year that it was our aim to increase production to 16,000 ounces monthly for 25,000 tons treated This target was duly reached, and, by the end of the year output had risen from 24,000 tons in the earlier months to 26,500 tons.

Gold production was 12,276 ounces more than in the previous year and tonnage treated, 297,690 tons, surpassed last year's record figure by 16,600 tons. In the current year we are planning to increase the proportion of higher grade ore treated and to produce 16,500 ounces monthly from the same tonnage, that is 26,500.

In the first six months of this period, good progress has been made towards this objective. Gold output has averaged 16,292 ounces monthly, and the indications are that further improvement will be achieved in the second half of the year. The figure for March, the latest available, was 16,367 ounces

After referring to the successful efforts to reduce costs from 87s. 9d. per ton mined in the first half of the year to 84s. in the second, and reviewing shaft sinking and development work, the chairman, giving his impressions following a recent visit to the property, said: In conclusion I should like to repeat that we have grounds for satisfaction. But pray do not expect anything but a gradual improvement, though we are bending our every effort to achieving results as rapidly as possible, and what have been really enormous efforts are bearing fruit.

The report was adopted

THE BRITISH VACUUM CLEANER AND ENGINEERING COMPANY

SATISFACTORY TRADING RESULTS

The fifty-first ordinary general meeting of The British Vacuum Cleaner and Engineering Company, Limited, was held on April 22nd at Goblin Works, Leatherhead, Surrey.

Mr J. J. Hambidge (the chairman) presided, and paid a warm tribute to the memory of Mr Hubert Cecil Booth, who had recently died and whose invention of the vacuum cleaner over half a century ago gave birth to the company. He remarked on the valuable contribution Mr Booth had made to the world's work achieving more than any other man relief of household drudgery for which women throughout the world had cause to be grateful.

The negotiations for the sale of the subsidiary, BVC Industrial Constructions, Limited, had been duly completed, realising a profit of £20,000 on the sale of the shares, which sum had been taken to capital reserve account. In addition, £120,000 had been received in respect of services performed, and to be performed, of which sum approximately one-half had been appropriated in the accounts for the year, leaving £59,630 to be carried forward. Certain other revenues amounting to £12,405 had also been received arising from the sale, and it was anticipated that further small sums would be received in the current year.

The chairman went on to say that the turnover for the year created a new record in the company's history. Improved trading conditions had substantially contributed, particularly in the Goblin Electric Appliance section.

Dealing with the balance sheet, he pointed out that the liquid position of the company had again shown marked improvement.

Paying tribute to the facilities provided by the Midland Bank, the chairman went on to remark that for the last fourteen years the company had necessarily to resort to large-scale loan facilities, but as a result of the various steps taken during the last two years the company's finances had been sufficiently improved to enable the heavy loans to be virtually extinguished.

Although inevitably some dislocation of normal operating had been involved in consequence of the sale of the subsidiary, the overall advantages resulting from the considerable liberation of finance and the greater concentration made possible on the Goblin Appliance section was reflected in the accounts. These showed a Group net income for the year of £211,181, of which taxation absorbed £111,916, and after deduction of minority interests left a figure of £98,883 additional to the profit on the sale of the shares of the subsidiary of £20,000, which sum had been transferred to capital reserve. There was a balance of profit and loss account brought forward from last year of £74,346, making a total on the Group accounts of £173,229. After retention in the subsidiaries, a balance of £132,724 remained available on the profit and loss account of the parent company. Of this sum there had been paid preference dividend £4,537, and the directors recommended the payment of a dividend of 30 per cent, less tax at 9s. in the £, absorbing the sum of £24,750, leaving a balance of £103,437 on the profit and loss account of the parent company to be carried forward. (Adjustment will be made to meet the change in the standard rate of tax.)

The chairman referred to the strong position as reflected in the balance sheet, remarking that the Group net assets covered the preference capital six times, and that after deducting preference capital, covered the ordinary capital five times.

Dealing with the prospects, the chairman stated that a further increase in turnover had been recorded in the first months of the current year, but he felt it necessary to sound a warning note on the continued incidence of rising costs and the somewhat uncertain conditions of home trade arising from consumer credit restrictions recently reintroduced, as to which it was too early for a forecast to be made. The organisational plans which the company had adopted, however, should enable the improvement to be sustained subject to there being no general setback in the industry.

The report was adopted.

ARMY & NAVY STORES

CONTINUED EXPANSION

The eighty-third annual general meeting of Army & Navy Stores Limited will be held on May 20th in London.

The following are extracts from the circulated statement by the chairman, Commander S. C. Lyttelton, OBE, DSC, RN, chairman and managing director, for the year ended January 31, 1955:

It has been a good year for the retail trade generally and your company has shared in the general improvement, the autumn and Christmas trade being particularly good. The policy of reorganisation and the redeployment of the company's assets continued. Further redundant properties were sold and there was one addition made to the group by the acquisition of the ordinary shares of Knightsbridge Cellars Limited, a small but prosperous wine and spirit business in London. This should prove a valuable addition to our wine department. Other negotiations which it is hoped will lead to further expansion of the group are in progress.

The group trading profit for 1954/55 is £211,107. The actual trading profits for the past three years, omitting all transfers from reserve, compare as follows: 1952-53 £81,459; 1953-54 £163,237 and 1954-55 £210,131. I think these figures go to show that the policy of expansion which we are pursuing is the right one and bringing beneficial results.

We have now in hand considerable changes in the food and gardening departments. All our subsidiary companies showed improved trading and profit figures for the year.

So far as your business is concerned, I feel that we can face the future with a measure of confidence, as I think the results show that we are progressing, and progressing on the right lines. A great deal, however, has still to be done to complete all the plans which we have in mind, and inevitably some time must elapse before the earning powers of the company are fully developed.

GEORGE MALLINSON & SONS, LIMITED

FURTHER INCREASE IN SALES

The eighteenth annual general meeting of George Mallinson & Sons, Limited, was held on April 28th in London, Mr Wilfred Wagstaff, vice-chairman of the company, presiding.

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

I have pleasure in submitting the eighteenth annual report of the accounts of the company for the 52 weeks to February 19, 1955. For the convenience of shareholders, consolidated accounts are presented along with the accounts of the parent company. These accounts show a net profit (after making full provision for taxation) of £128,273, an increase of £2,624 on the previous year.

The liquid assets exceed current liabilities by £845,350 which I am sure you will consider satisfactory. The directors recommend that the final dividend should be 30 per cent, making a total of 40 per cent for the year, and in addition a bonus of 5 per cent, both less tax.

The increase in sales reported last year has been more than maintained. Wool values have been reasonably stable. The woollen textile trade has now reverted to its prewar practice of seasonal buying. Competition and prices during the past year have been keener, consequently with lower margins of profit. Under these circumstances I am happy to place such satisfactory results before you.

It is too early to forecast what the results of the current year's trading may be, but your company is well placed to meet any ordinary changing conditions, and in the absence of unforeseen circumstances I look forward with a quiet confidence.

Thornton Spinning Company Limited.—To give us the best results for our type of trade, reorganisation of this plant is in process.

The reports and accounts were adopted.

SOCIÉTÉ D'INVESTISSEMENT DU NORD

Paris (France)

SUMMARY OF ANNUAL REPORT

The annual general meeting of the Société d'Investissement du Nord was held on March 25th, Baron Guy de Rothschild (chairman) presiding. The following is a summary of the report presented by the board of directors.

The report covers the company's first complete financial year, to December 31, 1954. Net profits totalled Frs.517,753,372, of which Frs.111,761,598 went towards the previous year's loss, leaving a final net balance of Frs.405,991,779. This balance includes a profit of Frs.124,341,923 upon sales of securities which under the terms of Investment Companies Regulations is not at present available for distribution and, accordingly, will be placed in a special share appreciation account. Income from investments totalled Frs.168,993,607.

After the appropriation of Frs.20,299,589 to the statutory reserve, an amount of Frs.261,350,267 was left available for distribution. The dividend of Frs.360 net per share which the board propose will account for Frs. 144 million, leaving Frs.117,350,267 to be carried forward.

On December 31, 1954, net assets of the company totalled Frs.6,127.7 million, of which holdings at market price amounted to Frs.5,665.3 million, liquid assets to Frs.464.9 million (against current liabilities of Frs.2.5 million). 33.9 per cent of the net assets were invested in mining shares, 16.8 per cent in engineering and electricals, 13.5 per cent in oils, and 10.9 per cent in chemicals.

The capital of this investment company, which was established on March 9, 1953, amounts to Frs.4,000 million, divided in 400,000 shares of Frs.10,000 nominal.

The report and the accounts were adopted.

NORWICH UNION INSURANCE SOCIETIES

ANNUAL MEETINGS

LIFE SOCIETY

Speaking at the 147th annual meeting of the Norwich Union Life Insurance Society, held on April 26th, the President, Sir Robert Bignold, said the Society had once again made excellent progress.

New assurance business of over £61 million (a 16 per cent increase); deferred annuities amounting to nearly £31 million of capital value (against £29 million for 1953); total funds of £115 million (£11 million up) were some of the main features of the year's work.

The expense ratio showed a reduction, whilst the net rate of interest had increased from £4 0s. 9d. per cent to £4 1s. 10d. per cent.

The Society's quinquennial valuation falls due at the end of this year and Sir Robert said he had every hope that when the distribution of bonus was made, the with-profit policyholders would have good reason to be satisfied.

FIRE SOCIETY

At the 157th annual meeting of the Norwich Union Fire Insurance Society Limited, the chairman, Sir Robert Bignold, said the 1954 premium income for fire, accident and marine was £15,151,139, an increase of £516,339.

Fire premiums totalled £6,513,221 (£6,450,300 in 1953), the profit in the fire account being £459,689. Accident premiums advanced to £7,474,167 (against £7,013,296) and the accident account showed a profit of £540,471.

Marine premiums totalled £1,163,751 (£1,171,204 in 1953) and the transfer to profit and loss account was £150,000 against £75,000 in 1953.

Total transfers to profit and loss were £1,150,160. Taxation was £727,291 against £837,181; dividend required £193,600 (same); pension fund received £150,000 and additional reserves £400,000.

Total assets amounted to £22,235,188, an increase of £1,208,944.

The Times FURNISHING (HOLDINGS)

RECORD RESULTS

The seventh ordinary general meeting of The Times Furnishing (Holdings) Limited was held on April 28th in London, Mr Henry Jacobs (*the chairman*) presiding.

The following is an extract from his circulated statement:

The directors' report and accounts show another very satisfactory year's trading of your two operating companies, The Times Furnishing Company Limited and Willerby and Company Limited.

The consolidated profits of the year at *£904,667 constitute a record* in the history of the company, being £116,530 in excess of those of last year.

Towards the end of the year certain freehold and leasehold properties were transferred to a new wholly owned subsidiary of your company, and £800,000 4 per cent guaranteed first mortgage debenture stock was issued on very favourable terms, thus *providing substantial additional working* capital.

During the year three new branches were acquired, while further expansion of both Times Furnishing and Willerbys is proceeding in the current year. The excess of current assets over current liabilities was £2,832,054, an increase of £982,338 on 1953.

A new Hire Purchase Regulation came into force on February 25th this year. This applies only to the furnishing and not to the tailoring business. Times Furnishing in the past required a deposit of 10 per cent of the cash price. The new Regulation requires a minimum deposit of 15 per cent, and the *small increase in the deposit does not so far* appear to be a matter of difficulty to the class of customer dealing with your company.

During the first quarter of the current year turnover of both trading subsidiaries has *been more than maintained.*

The directors acknowledge the excellent service rendered by all staffs in bringing about the year's good results.

The *report* was adopted.

BANQUE FRANÇAISE DU COMMERCE EXTÉRIEUR

(Paris)

The annual general meeting of the Banque Française du Commerce Extérieur *was held on* March 30th.

Monsieur Belin, chairman of the board of directors, presided, and was assisted by Monsieur Assemat, general manager. Government representatives were present.

The following is a summary of the report for 1954 given by the chairman:

The financial year was marked by an increase in French foreign trade. Imports rose in value by 4.5 per cent and exports by 7.5 *per cent.*

The Banque Française du Commerce Extérieur shared in this development, and the growing volume of business transacted helped to counterbalance the considerable fall in prices which occurred during the year. This advance is reflected in the balance sheet total attained at the end of the year, Frs. 161,125,000 million, which represents an *increase of nearly Frs. 50,000 million* compared with the figure for December 31, 1953. This progress was largely due to the financing *of export deliveries.*

Allowing for all charges and provisions as well as for depreciation, net profits amounted to Frs. 395,248,756, *against* Frs. 369,298,525 for the preceding year, an increase of 7 per *cent.*

After making provision for statutory payments to shareholders, staff and social security funds, the board have earmarked Frs. 140 million for the general reserve, and have placed a balance of Frs. 161,102,370 at the disposal of shareholders.

After the accountants' report and the observations of the management committee had been duly read, the accounts were adopted unanimously. Further motions, to distribute a bonus dividend of 5 per cent and to strengthen the general reserve by a supple*mentary appropriation of Frs. 125 million,* were carried.

Apart from provisions and redemption payments, the Bank's reserves have thus been increased by Frs. 255 million compared with the previous year, and now amount to Frs. 1,401 million.

SUEZ CANAL COMPANY

NOTICE IS HEREBY GIVEN that the annual *general meeting of* shareholders will be held at the "Salle d'Iéna," 10 Avenue d'Iéna, Paris 16eme, on Tuesday June 7, 1955, at 2.30 p.m.

Holders of not less than twenty-five shares who are desirous of being present or represented at the meeting must prove at the Head Office of the Company, 1 rue d'Astorg, Paris 8eme, before 2.30 p.m. on Thursday, June 2, 1955, that they have deposited their shares with the Company or with *any of the Company's appointed Agents.*

Shares may be deposited in London with Messrs. N. M. Rothschild & Sons, who will in due course deliver a card of admission for the meeting.

Le Directeur *Général,*
J. Georges-Picot.

GENERAL MANAGER required for a small Engineering Company situated in the Bradford area and enjoying a high reputation in a specialist field. The Company is a member of an expanding Group and at present employs 90 personnel. The post entails responsibility for all aspects of the business to the Parent Board and therefore requires a man of wide commercial and/or industrial experience. Technical or University qualifications helpful but not essential.—Please write, giving details of age, educational background, qualifications and *experience*, to Box 920, quoting "GMB."

OPPORTUNITY with well-known manufacturer for Salesman who has desire and ability to progress to Sales Management. Ideal man should be aged 23-30, good education (university or good grammar school standard), able drive and possess both sales and administrative ability. Lack of opportunity in the past to exercise these will not rule a man out as excellent training given, but *successful* applicant will need to convince us they are there, though dormant.—Fullest possible particulars, background and career to date, should be *sent* in confidence to Box 921.

ALERT young man, 21 to 23 years, of good education and naturally pleasing personality, required for the London office of an old-established Scottish Knitwear Manufacturer. An outstanding opportunity for an intelligent man to be trained by our London Director for a responsible position as a Sales Representative with excellent prospects.

Write, with full details, to the Managing Director, Walter Wilson & Sons (Knitwear) Ltd., Hawick, Scotland.

HARLOW DEVELOPMENT CORPORATION

Applications are invited from graduates in statistics and demography with research experience for appointment as Statistical Assistant in Grade V(a) (£520 x £30 to £580) or Grade V(b) (£565 x £30 to £715) according to age, qualifications and experience.

Applications, supported by two *testimonials or names of two* referees, within seven days, to the General Manager, Terlings, Harlow, Essex.

BEECHAM FOODS LIMITED invite applications for several senior *posts in technical research and development* work. For these executive positions outstanding qualities of initiative, energy, and leadership are required, as well as technical ability and experience.

The company is engaged in various fields of food product manufacture, including fruit beverages, *sugar confectionery* and canned vegetables, *with products which enjoy a high reputation.* Considerable potential exists for product *development* and expansion with new products in these fields.

This provides a splendid opportunity for first-class men, for stimulating, satisfying and increasingly remunerative work.

Applicants should be between 30 and 40 years of age and should have a University degree, preferably in Chemistry, *Chemical Engineering* or a Biological subject. Several years' *experience in* industry is essential. Experience in food technology and/or industrial research would be an advantage.

Commencing salaries will depend on the individual but may be up to £2,000 per annum. Considerable *increases are available for good* progress. Group pension and profit participation schemes are in operation. The pension scheme also provides *substantial life* assurance cover.

Successful applicants will work at the Company Headquarters at Brentford. Some travelling may be involved to factories in the UK and overseas. Applications, which will be treated in strict confidence, should give full details of *past experience* and personal history and be sent to Personnel Director, Beecham Foods Limited, Great West Road, Brentford, Middlesex.

LEADING ADVERTISING AGENCY requires young lady of good education as Secretary/Assistant in Marketing Department. Interesting job; calls for initiative and intelligence and working on own responsibility. Interest in economic and research *problems most* desirable, together with some secretarial experience.—Box 924.

THE CUNARD STEAM-SHIP COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Seventy-Eighth Annual *General Meeting of* The Cunard Steam-Ship Company Limited will be held in Cunard Building (Fifth Floor), Pier Head, Liverpool, on Wednesday, *May 18, 1955*, at eleven o'clock a.m.

(1) To receive and consider the statement of accounts for the year ended December 31, 1954, with the reports of the directors and auditors.

(2) To sanction the declaration of final dividend for the year 1954.

(3) To elect directors in place of those retiring but who, being eligible, offer themselves for re-election. In accordance with the provisions of the Companies Act 1948, special notice has been received of the intention to move at the above meeting a resolution for the re-election as a director of the company of Mr F. A. Bates who at the date of the meeting will be aged 70 years and who retires and offers himself for re-election.

Notice has been received from a stockholder of his intention to put forward a nominee for the Board of Directors.

(4) To confirm re-appointment of auditors and to fix their remuneration.

By Order of the Board,
J. C. TOMLINSON,
Secretary.

Offices: Cunard Building, Liverpool.
April 23, 1955.

Note.—A Member entitled to attend and vote is entitled to appoint *one or more proxies to attend and vote instead of him.* A proxy need not also be a Member.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for:

CHAIR OF ECONOMICS

Salary scale £2,000 x £100 — £2,300 p.a. Superannuation scheme. *Passages* to Salisbury paid for appointee, wife and dependent children on first appointment with allowance for transport of effects. Unfurnished *accommodation* provided at rent of not more than 15 per cent of salary. Applications (eight copies), stating full qualifications and experience, and *naming three referees*, to be received by June 11, 1955, by Secretary, Inter-University Council for Higher Education Overseas, 1 Gordon Square, London, W.C.1, from whom further particulars may be obtained.

B.Sc.(ECONOMICS) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE provides postal tuition for the above Degree (open without residence), which is a valuable qualification for executive appointments in commerce or industry, government or municipal posts. The College founded *1887*, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas, *free from Registrar (60), Burlington House, Cambridge.*

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in *Canada with Limited Liability*).—Canadian Pacific Railway Perpetual 4 per cent Consolidated Debenture Stock. New Brunswick Railway 4 per cent *Debenture Stock. Calgary and Edmonton* Railway 4 per cent Debenture Stock. Atlantic and North-West Railway 4 per cent First Mortgage Redeemable Debenture Stock. In preparation for the payment of the half-yearly interest due July 1, 1955, on the above stocks, the Transfer books will be closed on May 20th and will be re-opened on July 2, 1955.—R. F. Tremayne, Deputy Secretary, 8 *Waterloo Place, Pall Mall, London, S.W.1.* April 22, *1955.*

ECONOMIST *(38), good engineering background*, specialised in market *research, market development and sales* promotion in the *engineering industry (home and export business)* seeks post offering scope and responsibility in progressive organisation. 14 yrs.' administrative and commercial *experience in UK and overseas.*—Box 925.

THE *INTERNATIONAL WOOL SECRETARIAT seeks* a suitable person as Manager of its Branch in the United *Kingdom, with Headquarters in London.*

Applications are invited from persons who must have a *thorough knowledge of promotional and publicity methods*, organising ability, and experience of office administration. A knowledge of the wool textile *industry will be a recommendation.*

The salary offered is £3,000 per annum. There is a superannuation scheme.

Applications, stating age and experience, and marked "Confidential M," must be sent not later than May 15th to: The Secretary, International Wool Secretariat, Dorland House, 18-20 Regent Street, London, S.W.1.

DRIVE YOURSELF IN AN AUTOHALL CAR. Is your business *being hampered by transport* problems? Or are you coming home on leave? Then hire one of our 200 1955 self-drive cars. We *offer* the lowest rates, minimum *formalities, special offers for long* term hire and contract terms. Repurchase scheme and first in *Europe self-drive package tours.—Write for colour brochures and* full details to Autohall, Dept. 2, 302/6 King St., Hammersmith, W.6. *Riverside 2881. Cables, Autohall, London.*

"TRAINING FOR MANAGEMENT."—Pitman Home Study for all *Management and Secretarial Examinations*; also Hospital Administration. Personal tuition. Details of courses from Pitman Correspondence College, 54, *Pitman House, Godalming, Surrey.*

INVESTMENT ASSISTANT required for pension fund work by motor manufacturing organisation of international repute. Previous experience plus degree or qualification in secretaryship or accountancy advantageous. Training given. Age 24-29.—Reply Box 923, quoting reference HIA.

SWISS, 27, with degree of the *Graduate Institute of International* Studies, Geneva, tri-lingual—English, German, French, seeks interesting position with *good possibilities of advancement* in industry, commerce or journalism. 1½ yrs.' experience in international publishing house. *Prepared to undergo specialist training.*—Box 928.

EXECUTIVE (32), public school, single, eight years' experience *Import/Export/Shipping, India/Far East*, seeks active responsible post, preferably overseas. Eastern representation welcomed. Available interview London.—Box 919.

NEW ZEALAND MARKET

A well-established, keen and *experienced importing* firm with first-class trade credentials and offices in Auckland, Wellington and Christchurch desires to expand its activities. We seek exclusive agencies from manufacturers. Can we discuss the sale of your product in New Zealand? References Bank of New South Wales, London. Write direct to Mair and Co. (Importers), Ltd., P.O. Box 1477, Christchurch, N.Z.

LAW GRADUATES

Applications are invited to fill an appointment in the Secretary's Department of large manufacturing company, the principal duties of which will be to assist in the general legal work of the department, with particular responsibility for advising on the applicability of current Acts, Statutory Instruments, local By-laws, etc., to the company's *operations. This* is not a post which requires qualifications as a Solicitor or Barrister, but will probably be filled by a man in the *age range* 26-33 who can offer a good University Law degree followed by commercial or industrial experience analogous to the duties outlined above.—Box 909.

MATHEMATICIAN

MATHEMATICIAN with Honours degree and several years' applied engineering experience is urgently required *for our rapidly expanding* Scientific Instrument division. *Excellent prospects* and substantial salary to a *really first-class man. Apply, Personnel Officer, Louis* Newmark, Ltd., Prefect Works, Purley Way, Croydon.

BRITISH TITAN PRODUCTS COMPANY LIMITED, a rapidly expanding Heavy Chemical Industry, wishes to engage an ECONOMIST/STATISTICIAN for its office at York, to develop a market research section which would be concerned with the world-wide uses and marketing of Titanium Oxide pigments.

Applicants must have good academic qualifications in Economics, *Mathematics or other appropriate main subject* combined with Statistics.

Conditions of work and service are very attractive and there is a contributory superannuation scheme and a non-contributory life insurance scheme, in addition to which a *staff bonus scheme is in* operation.

Assistance in house purchase and removal expenses is available for the successful applicant.

Applications should be made to the Personnel Manager, British Titan Products Company Limited, Coppergate, York, quoting reference S.E.U.

ORGANISATION DEPARTMENT of major motor manufacturing organisation has vacancy for honours graduate (preferably commerce). Should be interested in management and organisation problems and have flair for dealing with people. Previous industrial or other administrative experience advantageous. Age 21-30. Good starting salary. Generous pension scheme.—Reply to Box 917, quoting reference OTW/2.

THE B.Sc.ECON. DEGREE of *London University* is open to all without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services. Wolsey Hall (est. 1894) provides postal tuition of a high order for the three (in some cases two) examinations, at reasonable fees. More than 1,000 Wolsey Hall students have passed London B.Sc.Econ (Final) exams, since 1925.—Prospectus from C. D. Parker, M.A., LL.D., Director of Studies, Dept. P17, WOLSEY HALL, OXFORD.

APPLICATIONS are invited for a senior post in the Purchase Department of a large engineering company in the Midlands. The applicant should be between the ages of 28 and 40 years. Previous experience of buying is not necessarily required, but a sound engineering knowledge is essential. The salary is *commensurate with* the experience of the applicant, and there are opportunities for early promotion at least to the post of Deputy Purchase Manager. Apply, giving age, qualifications and experience, to Box 912.

THE GENERAL STEAM NAVIGATION COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that the REGISTER OF TRANSFERS OF ORDINARY SHARES will be CLOSED *from* May 2nd to May 11, 1955, both dates inclusive.

15 Trinity Square,
London, E.C.3.

A. J. HAILSTONE,
Secretary.

A LONDON Advertising Agency has a vacancy in its Market Research Department for an experienced Executive who seeks increased scope, responsibility and salary. He (or she) must be capable of taking charge of consumer and retailer investigations from the planning stage to the finished report and will be encouraged to take an active part in the expansion of the department. Academic qualifications in statistics are desirable. Salary according to capabilities.

Apply, giving details of experience and qualifications, to Director of Research, Lambe & Robinson Ltd., Sceptre House, 169 Regent Street, W.1.

NEW Luxury Hotel opening Whitsun. First-class cuisine. Every comfort. Californian swimming pool, cinema. Dominating views of sea yachting harbour, Sandbanks. Readers of "The Economist" welcomed.—Greystoke Hotel, Canford Cliffs 77256, Bournemouth.

MARKET ANALYST required for Export Division of Ford Motor Company Ltd., Dagenham. Degree in economics or commerce essential. Must have analytical mind, good knowledge of statistics and sales, long-term forecasting. *Experience of foreign markets* and/or motor industry an asset. Age 23-35.—Reply to Salaried Personnel Department, quoting reference FMA/PP.

EXPERT POSTAL TUITION

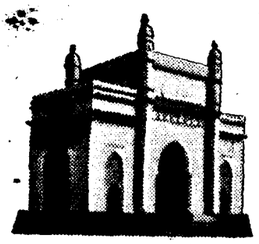
For *Examinations*—B.Sc.Econ., LL.B. and other *external London* University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General *Certificate of Education etc.* Also many non-examination courses in business subjects. —Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4.

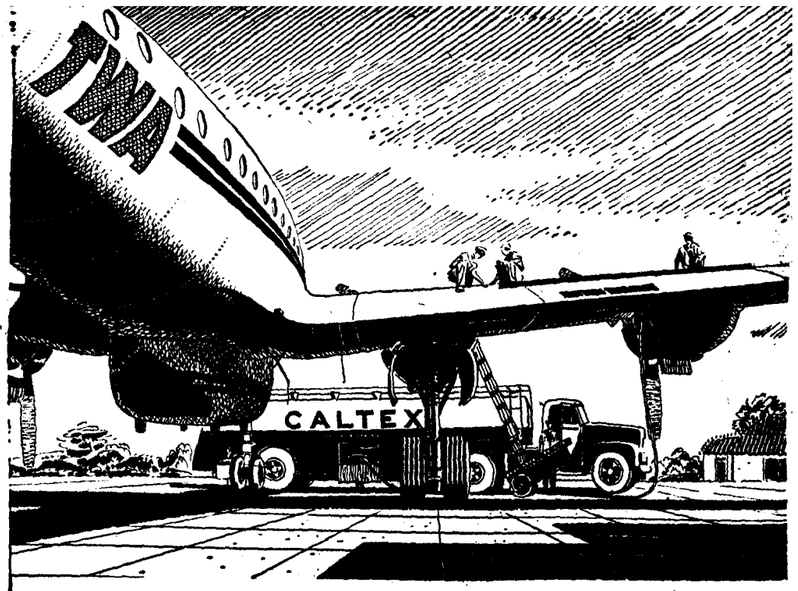
The Economist: Annual Air Subscription Rates

Anglo-Egyptian Sudan: £5.10s.
Australia: £8.5s. (sterling)
Canada: $21.50 or £7.14s.
East Africa: £5.5s
Egypt: £5.5s.
Europe (except Poland): £4.15s.
Gibraltar, Malta: £3.15s.
Hongkong: £7
India & Ceylon: £6
Iran: £6 Iraq: £6
Israel: £6
Japan: £9
Malaya: £6.15s.
New Zealand: £9 (sterling)
Nigeria, Gold Coast: £5.5s.
Pakistan: £6
Rhodesia (N. & S.): £5.10s.
S. America and W. Indies: £7.15s.
Union of S. Africa: £5.10s.
U.S.A.: $21.50 or £7.14s.

Printed in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2. Published weekly by THE ECONOMIST NEWSPAPER, LTD., at 22, Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2d.; Overseas 2½d.—Saturday, April 30, 1955.



INDIA — At Bombay's Santa Cruz Airport, a Caltex crew refuels one of TWA's sleek Constellations, a unit of the world's largest fleet of Connies and Super Constellations. Travelers depend on TWA for speed, comfort and safety . . . just as TWA calls on Caltex for fuels, lubricants and service that assure dependable engine performance and lower maintenance costs.

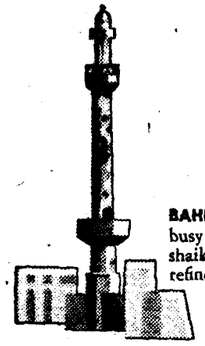


CALTEX serves the people of 67 lands

In 67 lands, across half the world, through such developments as these, Caltex supplies better fuels and lubricants for industry, for agriculture and for motoring millions. These require a continual investment of funds and skills, backed by a faith in a better future for free nations.

Petroleum Products

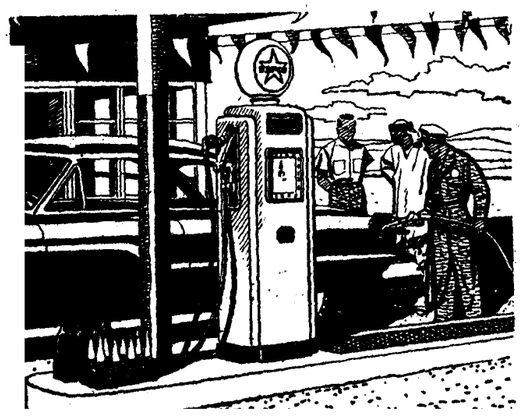
SERVING EUROPE • AFRICA • ASIA • AUSTRALIA • NEW ZEALAND



BAHRAIN — This modern service station is a busy "oasis" in the colorful Persian Gulf shaikhdom of Bahrain. Nearby, the Bapco refinery brings employment to many Bahrainis, assures a brighter economic future, produces petroleum products for markets halfway 'round the world.



ENGLAND — Big Ben is a familiar landmark in the world's largest city. Well known also is the lorry of the Regent Oil Company, Ltd. This Caltex affiliate in the United Kingdom supplies fine petroleum products so essential to progress.





BUILDING SOCIETIES AND HOUSING

Economist

FOUNDED 1843

SECRETARIAT LIBRARY
4 JUN 1955

7, 1955 ONE

Santa Claus's Mandate

Negotiating from Hope

Mao's Home Front

Flexible Money in Action

A Landmark for Liners

THE ELECTION OF 1955: The Hidden Hum
AMERICAN SURVEY: Trading with the Senate
THE WORLD OVERSEAS: Faeroes: Squalls and Heavy Seas
BOOKS: The Tragedy of Harold Laski

Annual Postal Subscriptions: by ordinary mail £3; by air see page 531

THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1

VOLUME CLXXV · NUMBER 5828

VISIBLE CONTROL OF IMPORT/EXPORT

New System Simplifies Paper Work

Because export/import transactions involve such elaborate documentation (licences, letters of credit, shipping documents and the rest) you need the *speediest* possible record system.

Otherwise you will be wasting time and money on *unprofitable* clerical labour—and wasting your own time, too, in "chasing" the facts which should be available AT A GLANCE.

You need VISIBLE records. . . .

Specially designed for your needs, they enable you to *progress* your contracts . . . *co-ordinate* all the negotiations which form part of the complete transaction . . . record *all* details . . . and ultimately calculate your actual profit.

These Shannoleaf records, besides giving you added CONTROL, help you to cut administrative costs in your office.

For the why and how, just jot "Shannoleaf" on your letter-head—details will be sent to you by return.

Special note: Ask also about (a) Customers' Records and (b) Export/Import Stock Records.

SHANNON SYSTEMS

VISIBLY BETTER RECORDS

The Shannon Ltd.

New Malden . Surrey

Now you can have your own

PERSONAL REPRESENTATIVE IN THE U.S.A.

Successful American businessman (now retired) and associates, will serve your interests in the United States—save you time and costly travel, give you expert help on any ethical business or personal matter.

STAFF SERVICES INCLUDE: Analysis of U.S. market for your product. Locating U.S. sources of supply. Securing legal advice and representation. Auditing and accounting. Obtaining qualified personnel. Credit reports. Technical investigations. Advertising and merchandising counsel—and many others.

All services performed faithfully and promptly by experienced personnel on surprisingly low fee basis. Business and financial reference. We invite your inquiry.

C. J. LANDEN COMPANY, INC.

8 Chestnut Pl., Jamaica Plain 30, Boston, Mass., U.S.A.

CABLE LANDENCO, BOSTON

To do their job, advertisements first have to be READ.

ADVERTISEMENTS WORK VERY WELL INDEED ...

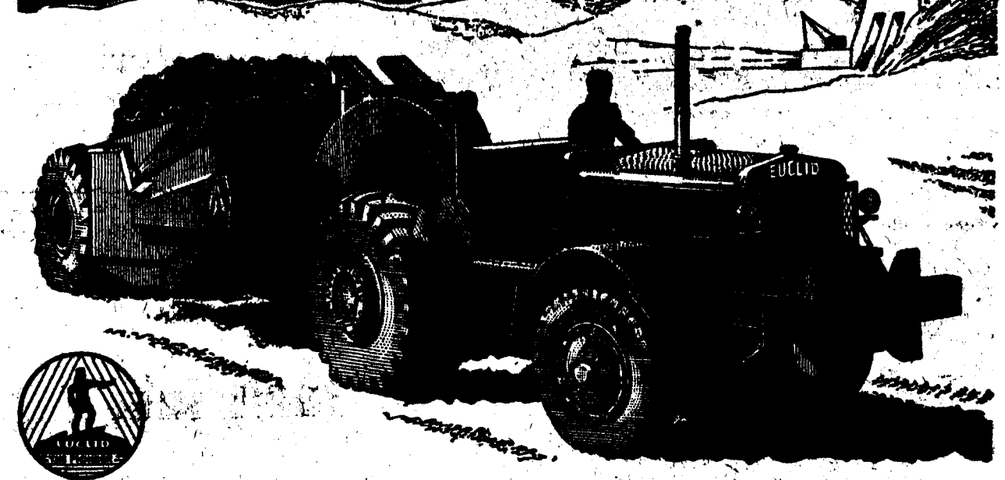
THE READER'S DIGEST

—a magazine strictly for *reading*, which has achieved a *million* sale. This means *several* million readers—responsive and intelligent people, men and women well worth selling to

---

EUCLID

THE EMPIRE BUILDER



Throughout the world, wherever man wrests yet more riches from the reluctant earth EUCLID, the Pioneer of Earthmoving Equipment, eases and speeds his labours.

In South Africa, East Africa, India, Pakistan, Ceylon, Australia, the Rhodesias, Belgian Congo, Burma, Iraq, Spanish and Portuguese territories . . . the giant EUCLID Tractors & Scrapers and Rear-Dump Wagons are working 20 hours a day, 7 days a week for month after month, year after year to bring the amenities of modern living to areas which have for so long been undeveloped.

EUCLID Earthmoving Equipment, available for sterling, is distributed and serviced by

BLACKWOOD HODGE

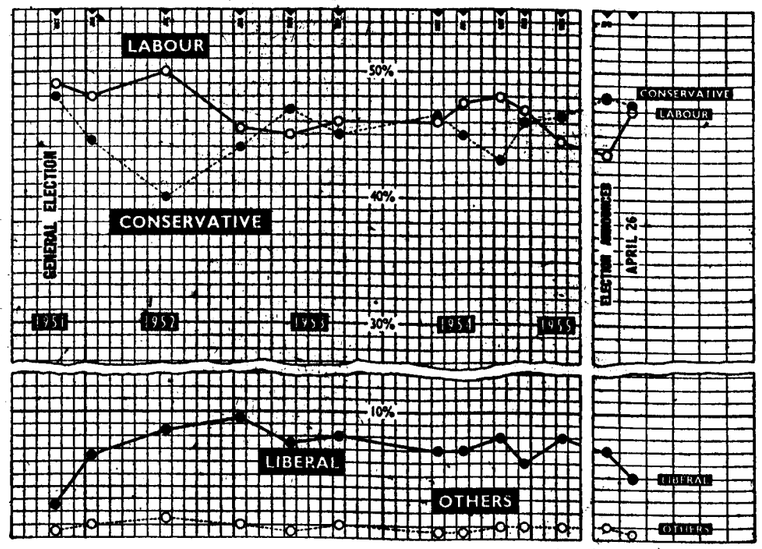
Subsidiary Companies Branches Works and Agencies throughout the World

How Will The Country VOTE?

The Gallup Poll taken just before the General Election was announced gave the Conservatives a considerable lead.

The next Gallup Poll showed a substantial closing of the gap, with the two main parties pretty well all square.

HOW THE POLITICAL PARTIES HAVE STOOD SINCE THE LAST GENERAL ELECTION



THE BRITISH **Gallup Poll**

The British Gallup Poll has the most consistent, accurate record in election forecasting of any polling organisation in the world. Voting in the 3 post-war General Elections has been forecast with an average error of only 1.02%.

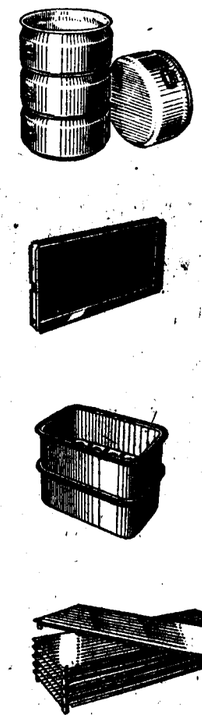
For an accurate picture of the way the country's voting intentions shift between now and the Election watch the frequent **Gallup Poll** figures as they appear exclusively in the

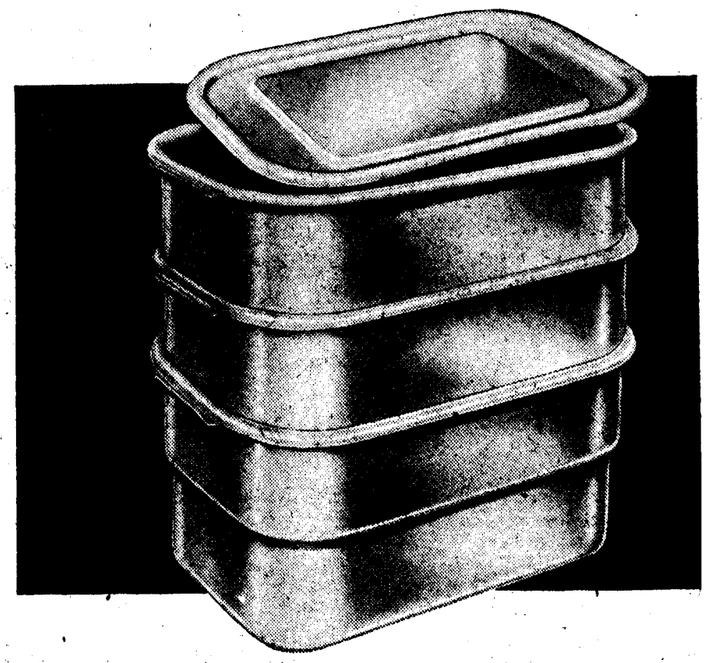
NEWS CHRONICLE

A new 16-page booklet *"Who Will Win?"* explains in detail how the Gallup Poll works and what it shows. Price 6d. from retailers or 7½d. by post from

News Chronicle Book Dept., 1 Bouverie Street, London.

ALUMINIUM Containers pressed in One Piece—





—for Hygiene

Warwick's latest effort—the strongest and largest one-piece deep-drawn aluminium alloy rectangular container for the transport and storage of foodstuffs.

The Warwick Production Co. Ltd., a Member of the Almin Group of Companies, specialises in the production of Aluminium Containers and Food Equipment.

"If it's Aluminium - ask Almin!"

ALMIN LIMITED

ALMIN HOUSE · STOKE POGES · BUCKS · Telephone SLOUGH 25061-4

Costing...

★ expenditure controlled

★ waste eliminated

★ current facts—not past history

★ more detail in less time

the very job for

HOLLERITH REGD.
***Electrical* PUNCHED CARD ACCOUNTING**

Costing may be only one process in accounting but it is always necessary wherever labour is employed and materials consumed. Hollerith takes the whole of accountancy in its stride—but costing is an admirable starting point for an enquiry. It costs nothing to find out what Hollerith might save you.

THE BRITISH TABULATING MACHINE COMPANY LTD
Head Office: 17 Park Lane · London · W.1
Telephone: HYDe Park 8155
Offices in principal cities in Great Britain and Oversea

E/5312/146

The truth about the middle man
IN TEXTILES

THE 'middle man' in textiles is a genuine stock-carrying wholesaler. He selects the pick of the products of scores of factories and holds large stocks from which retailers in all parts of the country order in small economic lots.

Each year some £864,000,000 worth of clothing and household textiles is distributed through the wholesaler. In any system of supplying the public with textiles, the cost and work of selection, breaking bulk and distribution must be undertaken. The textile wholesaler does this in the most economical manner.

This is the FIRST of a series of four announcements describing how the Textile Wholesaler helps the Manufacturer, the Retailer and the Nation.

Issued by
The WHOLESALE TEXTILE ASSOCIATION, 75 Cannon St., London, E.C.4
Tib. 307

-ABDULLA-

MAKE

THE BEST

VIRGINIA

CIGARETTES



Part of the industrial landscape

We and our Associated Companies have a history of 121 years of service to all manner of different industries. Among our activities we dismantle and remove obsolete plant and industrial structures; we collect, and send to the ever-hungry steelworks, great quantities of Scrap Iron and Steel; we supply the building industry with equipment and tools, and keep many concerns, large and small, up to date with mechanical handling equipment of the latest types. We supply industry with a vast range of new machinery, as well as modern reconditioned plant of virtually every kind—and deliver *promptly* from the largest stocks in the country. In short, we are fully equipped to serve many branches of industry and our experience is unrivalled in our own field.

GEORGE THE 600 GROUP OF COMPANIES **COHEN**
SONS AND COMPANY LIMITED
Established 1834

and Associated Companies

K & L STEELFOUNDERS & ENGINEERS LIMITED · T. C. JONES & CO. LIMITED
THE SELSON MACHINE TOOL CO. LIMITED · METALCLAD LIMITED
JONES CRANES LIMITED, CANADA · POLLOCK, BROWN & CO. LIMITED
THE NEW LONDON ELECTRON WORKS LIMITED · SIX HUNDRED LIMITED
WESTBOURNE PARK COAL & IRON CO. LIMITED · SOUTHALL & HAYES
COAL & IRON COMPANY LIMITED · GEORGE COHEN SINTEEL LIMITED
E. H. HEWITT LIMITED · WESTERN METALLURGICAL INDUSTRIES LIMITED
HENRY OSMAN & CO. LIMITED · THE COLCHESTER LATHE CO. LIMITED
THE COLCHESTER LATHE CO. (CANADA) LTD. · L. GAMET PRODUCTS LTD.

The 600 Group Information Department is located at Wood Lane, London, W.12
Telephone: Shepherds Bush 2070. Telegrams: Omniplant, Telex, London



164,000,000
pairs of nylons
made in 1954—
34,000,000
more than in 1953

... it's part of Britain's progress, to which

'ENGLISH ELECTRIC'

contributes, at home and abroad

City store and village shop alike show evidence of Britain's economic progress. In the last 6 years our industrial output has risen by 20%. Plenty of goods and plenty to choose from now.

But Britain must export, too, to prosper. Here again there is a great recovery. Since 1949 our exports are up 42% by value.

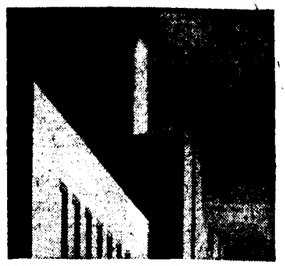
Production needs power. 50 new power stations have been brought into commission by the Central Electricity Authority since April 1948, and ENGLISH ELECTRIC has helped to provide them with turbines and generators, transformers and other equipment. Electricity output is up 60%.

This Company also manufactures motors and other electrical machinery by which Britain's industries *use* energy for production.

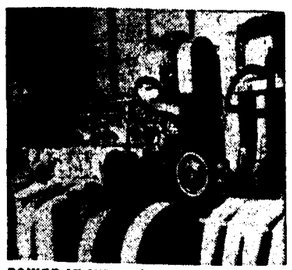
A Vigorous Exporter

In addition, ENGLISH ELECTRIC is an important exporter—of heavy equipment and of engineering skill. Approximately *half its business is overseas.* All over the world ENGLISH ELECTRIC is earning hard and soft currencies for Britain—and a reputation that helps *all* British exports.

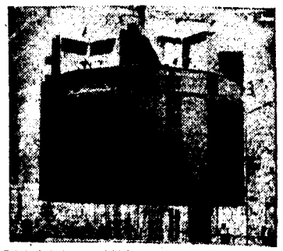
Working on a global scale, the Company faces many varied problems—and acquires the varied, ever-widening *experience* with which to solve them. Thanks to this experience, all the Company's resources are turned to advantage in making their important contribution—at home and abroad—to Britain's progress.



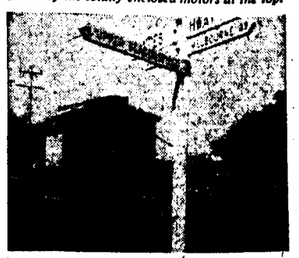
POWER FOR INDUSTRY. ENGLISH ELECTRIC *supplied four 40,000-h.p. steam turbo-alternators to this power station in South Wales—helping to supply Britain's nylon yarn industry.*



POWER IN INDUSTRY. ENGLISH ELECTRIC *motors are used in every branch of the textile industry. These hank reeling machines are being driven by the totally-enclosed motors at the top.*



EARNING MONEY OVERSEAS. *The stator of an* ENGLISH ELECTRIC *alternator is lowered into position in the power station that supplies Canada's new aluminium project.*



DEVELOPING MARKETS OVERSEAS. *This* ENGLISH ELECTRIC *transformer, seen on its way to Yallourn "C" Power Station in Victoria, is the largest yet made for use in Australia.*

bringing you better living



The English Electric Company Limited Queens House, Kingsway, London, W.C.2

The Economist

FOUNDED 1843

MAY 7, 1955

ONE SHILLING

Santa Claus's Mandate 445
Negotiating from Hope 447
Mao's Home Front 449

THE ELECTION OF 1955

The Hidden Hum 451

NOTES OF THE WEEK

Who's Whose in Saigon; Vietnam between Allies; Inglorious Dissolution; Unproductive Session; *Entente* in Bonn; Franco-German Atomic Energy; Death of a Statesman; Strikes Off and On; CDC Pulling Round; The Reluctant Dragon; Pakistan Tries Again; M. Mendès-France's Come-Back; More for State Scholars; Silence on Civil Defence; Kenya in the Red; Information for Inventors; Shorter Notes. 455

LETTERS TO THE EDITOR . . . 464

BOOKS 466

AMERICAN SURVEY

Trading with the Senate 471

Can Talks be Far Behind?; Help for Farmers; Vaccine's Mixed Blessing; Downpayments for Houses; Bigger But Better?; Tinned Politics; Parties in New England; Potatoes Go to Market; Shorter Notes.

THE WORLD OVERSEAS

Faeroes: Squalls and Heavy Seas . 479

Next Step in Uganda; Dutch-Indonesian Difficulties; Fourth Round to Signor Gronchi; Federal and Copperbelt Politics; Spain in Transition—II; Chile's Economic Troubles.

THE BUSINESS WORLD

Flexible Money in Action 489
A Landmark for Liners 491

BUSINESS NOTES

Renewing EPU; Fixed Price Copper; Free Markets on Trial; Lancashire Asks for More; Unilever in Focus; Waterloo for Lorry Sales; Willing the Means; BP Keeps its Promise; New Issues Resumed; Sterling Area's Surplus; No Fun at the Fair; Democracy in Tea; Cheap Coal This Summer; The New Savoyards; Television's Uncertain Timetable; Dunlop Dividend Unchanged; Hire Purchase in April; The First VHF Station; Shorter Notes. 493

COMPANY NOTES AND SECURITY PRICES 505

STATISTICS 508

Building Societies and Housing

FOLLOWING PAGE 484

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

Santa Claus's Mandate

ELECTION manifestos are documents that the wise await with dread. They are not, and in their nature cannot be, scientific *exposés* of what each party would like to do if it were called upon to form Her Majesty's Government; they are hurried essays, drawn up by committees and subcommittees, with the main object of catching votes. As a result, the party that wins the election is liable to come into office with a tail of undesirable commitments clanking like so many tin cans behind it. It is by their success or failure in avoiding the manufacture of such a tail that both "United for Peace and Progress" and "Forward with Labour" primarily deserve to be assessed. After that, and almost as a secondary point, they need to be judged as effective or ineffective pieces of propaganda.

From the first test, but not from the second, the Conservative manifesto emerges fairly well. Its dominant feature is that it says very little, but in far too many words. The burning question before it was issued was whether it would carry the message of the new or the orthodox wing of the party; it turns out to carry both, attempting a compass that is much too wide to be effective. The obvious and heartening Butlerite phrases are there. "A party must not only be judged by what it says. It must be judged even more by what it does. . . . The future beckons to this generation with a golden finger. . . . How, then, shall we invest in success? First, we must believe in it. . . . We offer the nation a programme for prosperity; they (the Socialists) offer a blueprint for disaster. . . . Themselves divided, they would divide the nation. . . . A high destiny and a glorious future." And then, in the midst of these brave battle cries, and adding to the thirty-two pages of unnecessary talk, come the plaintive and protectionist pieces of shrimping after particular votes: "The marketing of home-grown timber is now under review," and "The needs of the fishing industry will have have constant attention." One keeps on expecting to find a plea that the chicory-growers ought, out of gratitude, to vote Conservative, too.

The cost of these Conservative asides in favour of specific interests—in terms of money if not of irritation—should not be exorbitant. The pledges to agriculture are careful and almost realistic; most of the public places where increased investment is promised are places where development schemes have already been announced; the target of re-housing "at least 200,000" people a year from the slums is less expensive than it looks to those who do not remember how many people live in each slum house; and the country will not be made insolvent by the cost of extending the Patent Office Library. In some of the promises of future legislation—about smoky fog, supervision of the conditions of shop and office workers, and the employment of children—there looms again the sad realisation that modern Conservatives prefer to pass laws to stop people doing something, rather than to give them more freedom to do the things they want; even the promise to set up a "strong advisory committee . . . to give practical attention

to . . . problems of administrative law " is merely a sign that Tories in office regard fuss about Crichel Downs as a confounded but easily stifleable nuisance. But on these issues of freedom Labour, as distinct from the Liberals, offers no competition. The conclusion upon the Tory manifesto must be that it is a fairly good menu that has been very badly presented.

*

The Labour manifesto was inevitably awaited with greater nervousness than the Tory one. The burning question before it was issued was how it would paper over the party's cracks ; shortly before publication it became known that it would attempt this by allowing two of the chief cracks to effuse over the paper. Mr Morgan Phillips's original draft is reported to have been sub-edited—and largely re-written—by the two leading Bevanite pamphleteers, Mr T. E. N. Driberg and Mr R. H. S. Crossman.

The document, however, is not as dangerous as this authorship had led some people to fear. As a simple point of internal party tactics it has been much wiser to allow the Bevanites to try to write the party's policy in a way that the right wing could decently swallow, rather than to allow the right wing to write it in a way that the Bevanites would later misinterpret. This is certainly true of the section on foreign affairs. The main planks of the programme—an end to the delay in high level talks, the " neutralisation of Formosa under the United Nations, to enable its inhabitants to make their own choice," and " the re-unification of Germany by means of genuinely free elections "—are expressions of bipartisan longing ; since they are matters of which other countries will dispose, however much Britain may propose, it is not very clear how the British electorate can advance them by voting Labour. The reference to the period of national service—which Labour will " review " after a " searching inquiry " of all problems of defence—is merely an example of how to fish for votes without in any way committing oneself. The distinctively partisan trimmings to foreign policy —" as a first step, we believe that Britain should propose the immediate cessation of H-bomb tests "—are surely destined to tickle rather than to inflame. If Mr Driberg and Mr Crossman could do no worse than this, one suspects that the net effect of their manifesto would merely be to add to the process whereby their party has become a laughing stock, in these last two sorry years, among thinking men from here to China.

The economic proposals in the manifesto are a different matter. The long list of " promised " handouts—fixed guaranteed prices for all the main farm commodities, free teeth and other health service appliances, an annual review of pensions, speedier repayment of postwar credits and so forth—would be very expensive ; they would not be quite as expensive as the £1,500 to £2,000 million a year that the Conservatives currently pretend, but no conceivable increase in production under a Labour Government could enable the country to carry them without wild inflation. In other words, this part of the manifesto—taken in conjunction with the part on the cost of living—is either disingenuous or dishonest ; the most charitable assumption is probably that it is a little bit of both, and that Labour would not really feel itself obliged to do all these things if it could achieve them only at the expense of economic crisis. It is therefore a pity that it has made the mistake—which Dr Evatt made when he lost the general election in Australia last year—of frightening an inflation-conscious electorate by the pretence that it would try. The pieces of paper that small boys put up the chimney at Christmas time are not generally regarded, even in the language of fairyland, as Santa Claus's mandate.

There remain the things in the " mandate " that a Labour Government clearly would try to do, because their implementation would not be impeded by economic stringency. They are the hard " commitments " that Labour would drag with it into office, and therefore the most important features of last week's manifestos. The measures of this kind to which Labour seems ready to give most publicity are the renationalisation of steel and road transport, the nationalisation of parts of the chemical and machine tool industries, the " municipalisation " of many rent-controlled houses, and the establishment of " an alternative public television service, free from advertising " (which, if it is to be introduced in the near future, would have to be financed by an increase in licence charges). None of these changes would bring national bankruptcy, but none can be regarded as particularly exciting.

*

Finally, and most lamentably, the manifesto falls into the principal trap from which all thinking economists in the party were so eager to divert it. Into an atmosphere already polluted by fears of deliberate inflation, the manifesto injects the flat promise that the party will re-impose " price controls on essential goods where necessary." The Tories are quite right in their gleeful propaganda that if this means that Labour is going to turn its back on rationing by price, then it will have to turn its hand to rationing by queue or coupon ; this would be true both of rationing of food in the shops (which would be a nuisance) and of rationing of raw materials for the factories (which would hold up production, and be a national tragedy). This is the issue around which much of the campaign is likely to rage. It is to some extent a bogus issue, but only to the extent that one assumes that here, too, " Forward with Labour " does not mean what it says. The Conservatives, having made such a crashing bore of their own manifesto, must be particularly grateful to the Labour authors for providing such a useful plank in their own one. The interesting thing now will be to see how determinedly the left wing is made to walk it.

Negotiating from Hope

THE western world has finally dragged itself along the weary mile that led to Western European Union. It might be thought an occasion for its representatives to rest their limbs and tackle nothing more energetic than carving their names on the milestone. But, as they gather in Paris this weekend, they are already beset by urgent new preoccupations. Tomorrow the foreign ministers will have before them the advice of the working party of officials who have spent the past week in London considering the whole subject of fresh negotiations with the Soviet Union. The ministers, and their colleagues who will meet them round the table of the Atlantic Council next week, are already aware how widespread—and how vague and various in origin—is the eagerness for " talks with Russia " in the countries they represent. But, although the Paris agreements on Western Union are signed and sealed, although the massive Communist campaign to prevent their ratification has failed, and the western partners can now negotiate from a much less weak position, their experts have no illusions that the task will be either easy or quickly fruitful.

To express any such doubts while public opinion is in its present mood is to invite charges of defeatism, if not of sabotage. Yet the doubts felt by some connoisseurs of east-west diplomacy are not only reasonable but important. They arise not from the prospect of forthcoming negotiations but from the atmosphere that at present surrounds that prospect, and may surround the talks themselves when they come. It is an atmosphere of false fears and equally false hopes, in which the world's true hope of peace is obscured in a desperately dangerous way.

On almost every hand, it seems that the phrase " talks with Russia " at once evokes debate about the concessions that the West should offer, about possible ways of reassuring the Soviet government and helping it to save its face. This is not just the British electoral mood. On the Continent, it is quite commonly suggested that a Western European group ought to interpose itself as a kind of shock absorber between America and the Communist bloc. In the United States itself there are those who argue that concessions to Russia would help to make the Chinese more tractable, that Europe should pay some price to improve matters in Asia. And the idea is accepted in surprisingly wide circles that the West took too rigid a line at the Berlin conference last year.

If western negotiators are hustled by a fretful public opinion into sitting down with the Russians with these ideas filling their heads, the results may be so disastrous as to undo all the patient work of recent years. The point must be grasped that to negotiate with a totalitarian, semi-oriental power is an utterly different business from negotiation among like-minded free nations. It is usual for western democracies to go into a conference with a proposal that is already realistic, in the sense that the other side might quite conceivably accept it as it stands. British negotiators in particular like to offer a compromise straight away, believing that the other side then feels a moral obligation to do likewise. Normally, this is an admirable approach. But reasonableness from the start means that there is scarcely any room for subsequent retreat.

Soviet negotiators have a wholly different tradition. They enter a conference as if entering a prepared battlefield ; the first move is a thrust which takes them as far as the other side will retreat, and if it reveals a weakness in the opposing ranks the thrust will be followed through. The Russians—and other Communist negotiators—normally begin with a proposal far above their minimum target, and if their opponents give ground there follows no reciprocal compromise on the Russian side but a fresh stiffening of attitude.

*

Soviet negotiators undoubtedly set themselves minimum terms too. But they retreat to these only if they realise from the start that early agreement is essential. Otherwise they are prepared to talk for months, or even, as in the case of the Austrian treaty, for years, constantly bringing up new reasons for stalling. No impatient public opinion harasses their rear ; no political opposition assures the Russian public that it could do better than this dilatory government ; no free Soviet press caricatures Mr Molotov as " old iron pants," no matter how long he sits at the conference table. But when the tactical situation changes and the Russians do decide to come to terms, this is presented to the world, no matter how long it has been delayed, as a great victory for peace. Mr Molotov has been known, after weeks of stonewalling, suddenly to announce one morning that " the Soviet delegation has a proposal to make," and to put forward as his own the very formula that western negotiators had been vainly pressing. This technique ensures that any settlement reached seems to be due to Soviet initiative, and a defeat for the " warmongers." And it reveals how little the West need bother about saving the Russians' " face "; they are quite capable of doing that themselves.

The Austrian story perfectly illustrates these tactics. The draft treaty, hammered out in 258 sessions, was virtually complete by 1949, but could not be implemented because the Russians had decided that they did not want a treaty. Already, however, it contained many western concessions. At Berlin Mr Molotov threw in a new demand, and the western ministers were

much criticised for rejecting it ; but a year later Mr Molotov quietly withdrew it. The Austrian Socialists then asked for more, hoping to limit Russia's claims on oil and shipping. Again, those who believe that Moscow should always be conciliated uttered warnings that this should not be demanded because it was unacceptable. But the Russians did accept it, and with hardly a moment's hesitation. They now wanted a "neutral" Austria and were ready to pay a price for it (although it should be noted that so far they have left themselves free to insist on conditions that would throw on the West the odium of seeming to block a settlement). They retreated from their 1954 position, not because the West had conceded anything but, on the contrary, because the West was forging ahead with the Paris agreements on defence.

There are plenty of other examples. The present Iranian government, for instance, has now secured a settlement of frontier and other issues with Russia, a feat which was not achieved by the Mossadegh regime. Reasonable terms were offered this year because the Russians feared that Iran might join the Turkish-Iraqi alliance. Jugoslavia, too, has been reaping a harvest of Soviet concessions, the result of its firm stand during six years of threats and attempted subversion.

*

What does this mean for the western negotiators who will shortly sit down with the Russians ? The Soviet government is now clearly bent on creating a neutral belt in Europe and Asia, a belt which it hopes to extend deep into the territory at present guarded by western alliances. It is ready to pay a price to achieve this. It is thus mistaken and dangerous to argue, as so many do, that Moscow must be offered big concessions in exchange for the reunification of Germany on the ground that it would be abandoning terrain now held by the Red Army. The fact is that the Russians see a demilitarised Germany as the obvious means of achieving their foremost aim—the eviction of all American forces first from Germany and then, as a logical consequence, from Europe. The political loss involved in the sacrifice of the Ulbricht regime might well be accepted by Moscow for the sake of the much greater objective.

But Moscow will make a sacrifice of that sort only if pressed relentlessly. It will certainly not do so if the conference opens with western concessions such as the offer of "not-quite-free" elections in the present Soviet zone. Concessions about freedom of elections would allow the Russians to have their cake and eat it too ; they would secure American withdrawal and open the door to Communist control of a reunited Germany.

Putting together the basic argument about the danger of proffering concessions, and the fact that the coming conference will deal not only with Germany but with wider problems of international security, one reflection becomes obvious. It is the melancholy reflection that the West has perhaps made an irretrievable mistake in previous dealings with the Russians ; that from the moment when it became clear that the Russians were breaking the Yalta and Potsdam agreements which promised political freedom to Czechoslovakia and Poland, the West should have relentlessly pressed the maximum demand for the restoration of that freedom.

*

Is it too late to make good this mistake ? It is all too easy to imagine the outcry that would be raised if free elections for Poles and Czechs were now claimed, on the basis of Yalta, as the price for any German reunion that involved American withdrawal. Such a demand would be derided on the ground that Moscow would never consider it. But Soviet policy is not immutable ; Austria and Jugoslavia have shown that even Mr Molotov will back down, given time ; and who knows what the Russians might not prove willing to pay for their big prize ? The withdrawal of the Red Army from Poland has already been hinted at from the Communist side. Why should the West not press for the more essential concession, political liberty, without which no satellite country could possibly be considered as neutralised, no matter how ostentatiously its rulers tore up their alliances with Russia ?

Russia is undoubtedly interested in obtaining security in the West, in parallel with China's similar aim in the Far East. A Peking commentator recently made some play with the idea that relaxation in the West would lead to relaxation in Asia. In other words, a neutral Germany and the removal of the Americans from Europe would help Mao Tse-tung to secure a neutral Asia and the removal of American bases from Formosa and Japan. The Communists are playing for enormous stakes. They are prepared to play a slow, persistent game, and he who matches them must be equally prepared to stick at a high bid, if necessary for months on end. For in this analysis of Communist negotiating methods there lurks an element of great hope. If western negotiators have the courage to ignore the clamour for quick and specious results, if they match Russian skill and endurance with their own, may it not prove that the decade-long deadlocks on all the great postwar issues are yet soluble ? The Communists have climbed down, abruptly, unexpectedly, and with a bland indifference to the loss of face which is thought so important in the free world, on issues such as Austria, Korea, and Jugoslavia. Is it not possible that some day they will climb down on greater issues, such as world disarmament, and for the same reason—that they reckon the game no longer worth the candle ? And if they are not pressed in this bold but patient way, what chance is there that they will ever abandon their present attitude ? It is indeed in a combination of boldness and patience, and a stern disregard of all clamour for immediate concessions, that the free world's best hope lies.

Mao's Home Front

SINCE the victory of the Communist revolution in China, western attention has been focused, almost without interruption, on the peripheral activity of the new giant. Yet Korea, Tibet, Indo-China, and even Formosa have not been the only, or even the chief preoccupation of the Peking government. Mao Tse-tung and his colleagues must give priority to their huge and scarcely begun task of establishing "socialism" in backward China, of ploughing the ancient Confucian soil with Marxist tools. Normally the internal tensions are hidden from the world by the bamboo curtain, but the recent liquidation of Kao Kang—the most important Communist leader to fall in China yet—revealed cracks in the vaunted party monolith. The meeting which disclosed Kang's disgrace and death also provided unmistakable signs of profound disagreement within the leadership about the "Chinese road to socialism," and more particularly about the pace at which it is possible to advance on it without disaster.

*

When, in 1949, the disintegration of the Kuomintang regime enabled the Communists to transform what at first seemed a peasant *jacquerie* into a fully fledged revolution, only half the task had been carried out. The "proletarian" revolution still lacked a proletariat ; except in Manchuria and Shanghai, there were very few industrial workers in China. In fact, Mr Mao and his fellow leaders of peasant guerrillas had to create a proletariat through industrialisation. Obviously, their most urgent task was to revive the economic life of the country, restore transport and distribution, stabilise finance and get industry back to its modest prewar level. But towards the close of 1952 it was decided that the spade-work was over and that China could begin its "planned" era. Amid trumpet blasts a great historical experiment was proclaimed : the planned industrialisation of a vast country, with nearly 600 million inhabitants and an industrial capacity lower than that of Belgium, with Kao Kang at the head of the newly created planning commission.

Yet, when the echoes of the trumpets died down, the outsider was left without any general picture of Chinese intentions. It was known that the ultimate goal was "large-scale socialist production" ; it was not known how far industry was meant to get by 1957, the last year of the five-year plan. Details continued to be published about individual achievements in the Anshan model steelworks or the Fushun coalmines ; the planned objectives were surrounded with secrecy. The table below has been pieced together from Chou En-lai's estimates for 1954, from various percentages and from targets mentioned not in the Chinese press but in *Pravda* (without specifying whether they applied to 1957 or to two years later, when the Soviet-aided projects are to be completed).

The unreliability of these figures is not only due to lack of trained economists and statisticians, nor is the Communist love of secrecy the only reason for the lack of published targets. The Chinese leaders have not made up their mind. Though the five-year plan is now nearing its half-way mark, it had, at first, apparently been directed on the basis of a draft ; this draft has just been discarded by a party conference, and a new one still has to be elaborated and approved. This certainly is flexible or even fluid planning, but it can hardly be explained merely by Chinese incompetence. The leaders must have actually disagreed on the efforts the Chinese economy could sustain.

China made its start from conditions much more primitive than those of post-revolutionary Russia. It has two compensating advantages: it has not had to enter wholly uncharted terrain, and it can obtain Soviet help. There is no accurate information about the actual amount of Russian aid, but it is known that its flow has increased. After lengthy haggling, the Russians have had to untie their purse strings, particularly since Stalin's death. China's great need for technicians and

TENTATIVE ESTIMATES OF CHINESE PRODUCTION

	1952	1954	1957 or 1959
Coal (mn. tons)	65	82	105
Crude steel (mn. tons)	1·4	2·2	5·5
Electric power (mn. kWh)	7,000	10,800	14,000

for the training of its own cadres—a comparatively small burden for the Soviet economy—must have helped in smoothing the inevitable frictions. Even so, the capital equipment which the Soviet bloc can spare is certainly insufficient to industrialise rapidly the most populous country in the world. Recently published figures show that out of 900 or so factories and plants described as the backbone of China's development plans, only 156 are to be built or rebuilt (in some cases on the basis of former Japanese works stripped by the Russians in 1945) with direct Soviet assistance. Resources for the great bulk of the industrialisation programme must, therefore, be provided by China itself. In other words, ultimately the Chinese countryside must supply the necessary surpluses.

Since collectivisation of farming is the normal Communist method of rapidly extracting surpluses, industrialisation in the towns and collectivisation in the countryside are intimately connected. Here, however,

the Chinese experiment is performed against a different background from that of its Soviet predecessor. Russia had fertile prairie land to spare; in land-hungry China, where only one-tenth of the soil is under cultivation, massive reclamation will have to precede large-scale farming. Apart from the wheat-growing areas in the north and in Manchuria, China is predominantly a rice country with tiny, intensely cultivated and irrigated plots. Its yields, already fairly high by Asian standards, could probably be raised to the Japanese level through better equipment and more scientific methods, but this does not require any tight form of co-operation. Indeed, a Soviet writer just returned from China has been publicly pondering how tractors could be introduced into the "orchard-like" agriculture of the south.

★

These factors in Chinese agriculture, together with the regime's dependence on rural support (collectivisation on the Stalinist model would certainly spell the doom of the present government) may explain why Mao Tse-tung has so far trodden with greater caution in the countryside than Stalin did. Collective farms of the Russian type are rare in China. Producer co-operatives, which now include about 14 per cent of the country's households, are much looser affairs. Their members are still being paid rent for their land by the co-operatives, a fact which greatly puzzled the recent Soviet visitor. Only the loosest type of link between farmers—"mutual aid teams," seasonal or otherwise—is really widespread in China so far. On the other hand, the drive towards collectivisation was intensified last year: the number of producer co-operatives was increased from 14,000 at the close of 1953 to about 600,000 in the spring of this year, while an attempt was also made to raise the share of labour and reduce that of rent—to embark, in fact, on the road towards the Soviet model. The peasant resistance that ensued may well have been decisive in bringing the industrial controversy to a head now. This week's announcement that rationing is to be introduced in some areas of China alleged that many peasants were secretly hoarding their grain supplies.

★

The conflict was over the means, not the end. It could be loosely termed a struggle between the partisans of gradualism and those of shock tactics. The generals, concerned about the morale of their peasant soldiers, and all those who remembered the crucial role played by the peasantry in the civil war, doubtless accused their opponents of endangering the revolution for the sake of formulæ from outworn Marxist textbooks. The orthodox Communists probably replied that the might, the independence and the very survival of the regime could only be insured by rapid industrialisation; that the socialist sector must expand rapidly or perish both in towns and in the countryside.

The Peking propagandists have drawn so many veils over the fall of Kao Kang that it would be rash to identify him as the leader of either school of thought. A year ago the party issued a diatribe against all who, like him, had made themselves masters of vast regional machines, and he may have been purged primarily because of his personal ambitions. But the revelation of his sins and "suicide" has apparently coincided with a serious check to the collectivisation drive. In recent weeks official Communist spokesmen have admitted that in many cases more had been bitten off than could be chewed, that many co-operatives had been established only on paper, others through coercion. Local party bosses have been told to put on the brakes and consolidate; the co-operatives have also been told to pay their rents to the peasants dutifully. At the same time a more modest note has been sounded in propagandist forecasts. The *Peking Daily* article that denounced Kao also admitted that fifty years may be needed to industrialise China. There are no doubts about the dilemma that now faces Mao Tse-tung. If he speeds up collectivisation once again, he courts the risk of a peasant upheaval; if he slows down the march towards the promised goal he may endanger the whole gamble in planned economics. When the new draft plan is finally accepted, some indication of his decision at this stage may emerge. It is a decision that will have a bearing on the fate not only of China but of all Asia.

The State of Morale

The country is not in the frame of mind fitted to meet the emergency before it. It has not risen to the grandeur of the crisis. It is mentally and morally unprepared, to a deplorable extent, for the grave exigencies of the hour. At a moment that calls, if ever moment did call, for the display of every noble sentiment and the suppression of every petty thought; when all fine and generous emotion should stand forward in the front rank, and all mean enmities and selfish vanities should slink away into obscurity and await a safer and a baser time; when all rivalry and censorious jealousy should be hushed in an absorbing sense of the common danger, and the sole thought of public men should be not how to snatch the reins of power, but how to aid and strengthen the hands that hold them; and when it is above all things essential to have, and to keep, clear conceptions as to our purposes in entering upon this struggle, and as to the means by which and the price at which we are resolved those purposes shall be achieved;—at such a moment we look around us,—and what is the spectacle we see? Too undeniably, on the part of more than one section of the nation, a disposition to question whether the object of the war was worth what it has already cost us, and the further contingent expenses and perils in which it may involve us, and whether it would not even now be wise to shuffle out of it as best we may rather than meet the undefined probabilities of its continuance and extension; —and, on the part of nearly all classes, a temper at once exacting, imperious, and impotent, finding fault with everything and giving real aid in nothing.

The Economist

May 5, 1855

The Election of 1955

For the next few weeks comment upon the course of the election campaign, based partly upon despatches from correspondents in the constituencies, will be presented in this special section of *The Economist*.

The Hidden Hum

BY A ROVING CORRESPONDENT

AN election, at least until its final phases, is a singularly invisible operation. It is three weeks since Sir Anthony Eden announced that he was appealing to the country; but, while the press has shown itself mildly conscious—and politicians have shown themselves very conscious—of the fact, there is little public evidence of electoral activity. Within the regional and constituency headquarters of both parties, however, the hum is rising.

Anyone who has travelled about the country in the last two weeks, visiting harassed and friendly agents, must have been struck by the greater smoothness of the hum in Conservative offices and the greater sense of flurry and improvisation in the Labour offices. This is not because the Conservatives had advance warning of the election date—they had little or none—but because the Conservatives have a larger and usually a better-managed organisation. Labour has full-time agents in less than half the 630 constituencies; the Conservatives have them almost everywhere—most of them with secretaries as well. This contrast in manpower is reflected at regional and national headquarters. It was one of the factors that enabled the Conservatives to set to work earlier, for example, in establishing new party organisations in the redistributed seats and in completing their team of candidates.

It is possible, however, that this lack of "professionalism" on the Labour side is going to matter less than in 1951, for electioneering in May is much easier than electioneering in October. Outdoor meetings can often replace indoor meetings, and cost less to arrange both in money and organising time; canvassing is simpler in the longer hours of daylight, and so is getting to the poll; the electoral register—published in February—is more up to date than it would be in October, and so there is less trouble in tracing people who have moved. The various local elections held in the spring also have their advantages; in many areas agents will enter upon their parliamentary battle with the allegiance of most voters recorded on their registers. The two chief countervailing snags of a May election, from the agents' point of view, are that holidays and summer distractions may keep some voters and even party workers away from their duties—a factor that particularly worries the Conservatives; and that local and national elections in one month may cause some people's enthusiasm to flag—a factor that particularly worries Labour.

Both sides are equally in doubt about the turn-out, and both agree that it is the key to the election. No one, they accept, is converted by the campaign; they are merely induced to go to the voting booth to record their existing preferences. At the moment the general expectation seems to be that the proportion voting will be slightly lower than the 82.5 per cent of 1951. Against the more up-to-date register and the more favourable weather must be set the lower level of interest in politics of recent years, especially in the summer. Some Conservatives pin their hopes on a substantial body of abstentions by working-class people who "could never vote Tory," but who are reluctant to endanger their unprecedented prosperity by a change of government. "Tell me the turn-out and I'll tell you the result," said one Conservative agent, "On a 70 per cent poll we'll romp home." But there are few who believe that the drop in the turn-out will be as substantial as that.

★

Another Conservative agent was troubled by a more technical consideration. "I don't like this fresh register. The older the register, the more the removals who are qualified for the postal vote—and who can hardly vote without it. We're much better at organising the postal vote than the other side." It certainly seems expected that the number of postal votes will fall below the 750,000 recorded in 1951; and there is no doubt that hitherto the Conservatives have been the principal beneficiaries of the postal vote.

Agents of all parties are conservative people who like to fight elections in the traditional ways. They are uneasy about the impact of television. Some will make few concessions to it, but most regretfully admit that

they will have to adapt their meetings and their canvassing to a new age. Meetings, of course, were on the wane as the main instruments of electoral persuasion long before the advent of the monopolising screen. But it is only now that one finds agents and candidates frankly conceding defeat. Those agents who are quite unremitting in the struggle for live audiences are almost apologetic. One of them, weary but conscientious, observed : " Few people will come, I know, but I've got to exhibit my candidate to anyone who wants to hear him talk or to ask him a question. So I'm having the full round of meetings I always had."

Canvassing also is discouraged by television. The viewer hates to be interrupted when watching his favourite show and, at such a time, the party worker who knocks on his door may get short shrift. It takes only a few snubs to dishearten the doughtiest canvasser. One agent reported that he was trying to get all his canvassing done between 6.30 and 8 p.m. and on Sunday mornings to avoid viewing hours. But another refused to consider this. " People don't like canvassing," he said ; " and they'll always find an excuse not to. Television is the current excuse." But, whatever the excuse, it seems there may be some reduction in the amount of canvassing accomplished in the 1955 campaign, compared to that of 1951.

★

At this early stage, it is hard to say what issues will take most hold in the constituencies. There is certainly little evidence of local grievances that will affect the result in particular areas ; Lancashire is a possible, but not certain, exception. The general expectation seems to be that the Conservatives will stress " Prosperity," " The Peace of Eden," and " Do you want the ration-book back ? " ; while Labour will stress " The High Cost of Living," " Fair Shares," and " The Menace of the H-Bomb." The Conservatives will also make play with Mr Bevan and the divisions in the Labour party—although one Tory official remarked, emphatically : " There's not a vote in it." Certainly on the Labour side there is incredibly little evidence now visible at the constituency level of the Bevanite struggle.

The Conservatives are most troubled by the way in which the issue of the hydrogen bomb and its genetic effects may be handled. They have an uneasy fear of what the more unscrupulous Labour candidates may do with it. One Conservative worker observed : " People are worried about it, very worried. There's plenty of tinder for the irresponsible to ignite." But, so far, most party professionals have seemed oddly unconcerned with the issues ; they have been like staff officers hastily preparing detailed administrative plans for the battle, and quite unconcerned with larger strategy.

What do they expect to be the outcome ? Ten days ago there seemed to be a singular consensus among many of the shrewder people on both sides: a Conservative majority of from twenty to fifty was generally anticipated. But the Gallup poll published in the *News Chronicle* on April 28th had a remarkable effect. The Conservatives became visibly disturbed ; they still believed they would win, but they had ceased to be certain. The Labour reaction was epitomised by the MP who said: " Is it true ? Is it true ? Good Heavens, then I believe we *can* win. I never thought so before. Why, I believe we *shall* win." Whether his optimism is well-based or not, it is likely to prove infectious in the constituencies.

Polls and Prospects

LABOUR spokesmen have spent the last few days exaggerating the significance of last week's Gallup poll, while Conservatives have spent them exaggerating the margin of error that the poll is admittedly liable to contain. It seems fairly clear—and early canvassing returns in several constituencies confirm this—that some traditional, if testy, Labour supporters are more ready to own up to their real loyalties now that the election is approaching ; but this may well be a once-for-all return of a few faithful to the fold rather than a continuing swing. Certainly that is the suggestion of the latest Gallup poll, which was published in the *News Chronicle* on Thursday. The only real change that it shows from last week is that most of the Liberals who are not going to get a chance to vote Liberal now confess the fact to the pollsters. As had been expected, this has served to push up the prospective Conservative vote—according to the Gallup poll by half a point, so that the Tories are now said to have a lead of one point if one excludes the " Don't knows," and to be exactly level with Labour if one takes account of the " Don't knows' " half-formulated preferences. By contrast, if one pays regard to the question " Which party do you think is the best for people like yourselves ? " Labour's lead over the Conservatives is actually said to have increased from 1½ to 3½ points in the past week ; the answer to this question provided the most accurate guide to the results in 1951, but 8 per cent of the electorate still thinks that the Liberals are best for them (while only 2 to 3 per cent is likely to get a chance to vote Liberal).

Nevertheless, the three weeks of the election campaign proper are now opening with the result quite obviously hanging in the balance. Labour has probably not improved its chances by its performance in the last week of the old Parliament, when some members made the mistake of turning their fire from the general to the personal—and on at least two occasions appeared not merely muddle-headed but unscrupulous. On the other hand, the Tories made the mistake of advertising in unduly rosy colours their last minute gifts to Lancashire—which happily do not include what would be the indefensible step of imposing import quotas on cheap cottons from abroad. The *Manchester Guardian*, in a surprising article which will be quoted from many Labour platforms during this campaign, called the bright colours of Sir Anthony's statement " a swindle." The very high-powered textile pressure-group in Lancashire is finding it convenient to call it a swindle, too.

Local *Hors D'Oeuvre*

LABOUR has some reason to be cheered by the results of this week's town council elections in Scotland. It was contesting seats that it had won in the Conservatives' " minor slump " year of 1952, and it showed net losses of only thirteen of them. It will be interesting to see if the same pattern is shown in the Scottish county council elections on Tuesday.

Next week the tide of local elections will also turn back to England and Wales. Elections will be going on throughout the week for district and parish councils ; they will almost certainly show some Conservative gains compared with 1952. More interesting, however, will be the annual elections for a third of the 9,600-odd seats in the 395 non-London borough councils ; they take place on Thursday, and the seats fought over will be those last contested in 1952. In those elections in 1952 Labour had a net gain of just over 600 borough council seats. It has been estimated that if the state of public opinion is the same as it was at the time of the general election of 1951, then the Conservatives and their allies should recover between 200 and 300 of these borough council seats ; any gain below 200 should be regarded as a Tory bear point for May 26th and any gain significantly above 300 should be regarded as a Tory bull point. The number of councils that change hands is not likely to be a very significant indicator, and in particular the Tories should not be too cheered if they mark up some successes in West Yorkshire and Lancashire, where they did particularly badly in 1952.

Split Votes

WITH the result of the election so uneasily poised, more interest than ever attaches to the question of in which constituencies which party's votes are going to be split. The Liberals issued a second list of party candidates this week, bringing their total so far up to 104. The only interesting features of the new list are that a Liberal will re-appear in Mr Michael Foot's constituency of Plymouth-Devonport (which, thanks partly to re-distribution, Mr Foot might otherwise have lost if there was even a fractional swing to the right), and that another will re-appear in Sir Ian Horobin's constituency of Oldham East. Oldham East is one of the vital seventeen seats that the Conservatives gained in 1951, after Labour had held it when a Liberal split the vote in 1950 ; for what it is worth, however, the swing to the right in Oldham as a whole between 1950 and 1951 suggested that Sir Ian would have gained the seat even if the vote had been split again. If one makes the assumption—the purely simplifying assumption—of no swing at all between 1951 and 1955, it is therefore probably still true to say that Liberal interventions so far would take only three seats from the Tories: they are Battersea South, Stroud and Thornbury, and Chislehurst.

On the other hand, it is noteworthy that no Liberal has yet appeared in eight of the fourteen seats that Labour held on a split vote in 1951 (although there is now to be a divided anti-Labour front in Merioneth). If one assumes that candidateless Liberals split their votes between three-to-two and two-to-one in favour of the Tories (an assumption for which there is some statistical justification) then Watford is the only Labour seat that would definitely have been lost in 1951 through these Liberal disappearances ; but there are three others that would hover on the margin. It also seems quite probable that the Tories may gain Gravesend on a split vote. The boundary commission's abstraction of a solidly Labour ward with 6,000 votes from this constituency already threatened to cut Sir Richard Acland's majority down from 5,755 to between 1,000 and 2,000 ; he himself is reported to have said that it would have cut it to a few hundreds. Sir Richard seems likely to take this margin away from the official Labour candidate this time ; and thus to present the seat to the Tories, unless there is a general swing to the left.

The Conservatives also have some hope of picking up two or three constituencies in Northern Ireland now that Sinn Fein may split the anti-partitionist vote ; against this the intervention of Welsh Nationalists could help Labour in two Welsh constituencies (one of them a Liberal seat). In general, however, if, by peculiar chance, the country did vote in exactly the same way as in 1951, the gains or losses of seats due to the changing pattern of candidates so far announced should almost exactly cancel out as between the main parties. The only change would probably be a very small increase in the Tory majority as a result of boundary revisions.

Who Goes Home?

FOR Labour as a whole the past week has been a period of continuing hope. For some individual Labour MPs it has been a period of continuing anxiety. The pre-election preliminaries have been enlivened by the sight of a number of distinguished displaced persons from the Opposition front bench wandering over the face of England in search of new constituencies. Dr Summerskill has at length found a safe political home in Warrington—it would have been curious if the party chairman had been left without a seat—but a number of her right-wing colleagues have been less fortunate. Mr Woodrow Wyatt, twice spurned by left-wing constituency parties in Birmingham, has come to rest in Grantham, where he will have to oust a sitting Tory with a majority of 2,172 if he wants to get back to Westminster. Another of the bright hopes of the Labour Right, Mr Anthony Crosland, has had a safe Gloucestershire division redistributed away from him, and he has had to go to Southampton (Test)—a Labour seat, but only by a 465 majority in 1951. It, too, has suffered from boundary revisions against Labour ; and, although a Liberal is standing here, Mr Crosland will need a swing to the left to save it.

But nothing can match the bizarre experience of Sir Frank Soskice. He is a former Law Officer, a member of the " Shadow Cabinet," and a man who has been for so long a dark horse for the future leadership that by now he must be quite high in the betting. Here surely was a man any constituency party would be proud to pick as its candi-

date, and Transport House clearly expected that the Gorton division of Manchester would respectfully and eagerly welcome him. Gorton, however, had different ideas; it spurned Sir Frank and chose Mr Konni Zilliacus, who was expelled from the Labour party for crypto-Communist deviationism on foreign policy in 1949, and was not reinstated until crypto-Titoist-redeviationism brought him back into the fold in 1952.

The effects of one Labour split vote, however, have probably been exaggerated. This is the uncivil war at Liverpool (Exchange), where Transport House has bludgeoned the local party into re-adopting Mrs Braddock, but at the cost of a rival Labour candidate deciding to stand. There was, however, an independent Labour candidate at the last election; he polled only 381 votes, and Mrs Braddock sailed back with a 5,342 majority. The Tories have not much hope of winning the Treble Chance Empire.

Fair Play

THERE are two quite separate points at issue in the controversy that Mrs Barbara Castle has stirred up around the attempts by some Conservative organisations to contact, through local doctors, incapacitated people who could only cast their ballot through a postal vote. The first is that the British Medical Association believes that compliance with some of these attempts (as in some cases worded) would offend against the ruling that a doctor must not give information about a patient without the patient's consent; this is a matter for doctors themselves to decide, and laymen should not pass judgment on it. The second point is that it is the duty of political parties—a duty that is the essence of democracy—to contact all their supporters they can. This applies to attempts to contact postal voters in National Service hostels as well as postal voters who are incapacitated, and Mr Macleod was quite wrong to say that the comments in *The Labour Organiser* on this subject were "disgraceful." In fact, these words "disgraceful" and "shame" have been incontinently bandied about this week. The real shame lies on those—of all parties—who have so misinterpreted the old catchword of fair play, as between organisations of differing administrative efficiency, that they are willing to argue that it should abet the accidental disfranchisement of certain sections of the separated, the sick, halt and blind. Let those, whom this cap fits, wear it.

Radio and Television

THE main battle on the BBC starts today, and in the two weeks between now and May 21st there will be nine party political broadcasts and seven party political telecasts. As there are now more than 4½ million television sets in operation, and as the parties believe (on rather shaky evidence) that there will be an average of some three or four people looking at each set, politicians are reckoning that they can reach on this medium between half and two-thirds of the 25 to 30 million people who will vote on May 26th. This will be the biggest captive (or nearly captive) audience in British electoral history. For this reason, both the main headquarters believe that it is on the air waves that the election may be fought and won. Do the preliminary canters in the past two weeks bear out this contention, and which party seems to be riding the new technique best?

The preliminaries began, both on sound and in sight, between Mr Butler and Mr Gaitskell immediately after the budget. On radio Mr Gaitskell ran out a clear victor; he seemed moderate and winning, while Mr Butler sounded a little smug. On television Mr Butler again appeared rather aloof, and suffered from the cruel tendency of the television camera to make even the slightly balding look Prussian; while Mr Gaitskell (the quote is from a chronic viewer) "seemed as clever as a cartload of monkeys." For this very reason, however, it is doubtful if he won as many votes as he may have done on sound radio; accustomed viewers, unlike more kindly occasionals, are used to practised actors on their screen, and the cleverest unpractised actor is greeted with tolerance but not with acclaim.

While the Butler-Gaitskell tussle on television raised a doubt whether a screen appearance can win many votes, the Liberal programme last week confirmed the cruel suspicion that it may be able to lose them. Before the election of 1951 the Liberals were criticised for wasting part of their television ration by devoting it to a speech that was read out before the cameras by the octogenarian Lord Samuel. This time they went to the opposite extreme, and paraded three of their younger candidates, trailing the atmosphere of their university debating unions behind them. The effect on anybody older than these candidates was probably disastrous. One wished these nice young people well, much as one wishes Pakistan well in a Test match series, but one did not feel inclined to regard—or elect—them as serious contenders for participation in the government of this country. This was an advertisement not to waste your vote.

★

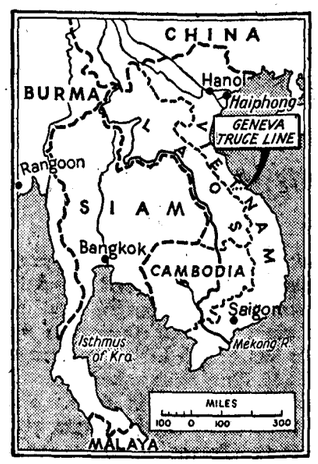
The final exchange of the week took place on radio, and between the main parties. Here Mr Morgan Phillips deployed the tactics that his party had used with such success, especially when dealing with the groundnuts scheme, in 1951. He launched a bitter attack on two subjects—housing and education—on which the ordinary voter would not think that Labour had a very good case; and he thus tried to force future Tory broadcasts on these pet subjects into the cramping pattern of a reply instead of a pæan. Mr Phillips, however, made the mistake of devoting the first three minutes of his talk to a worthy homily on the civic duty to vote; it was so worthy that one could almost hear the radios clicking over to Radio Luxemburg from all over Britain. The Tories' reply came last weekend from Mr Walter Elliot, the man with the Scots accent that English voters find so attractive. This was a generally successful broadcast, in a gently chiding tone; but it may have been too gentle to have any shock effect.

The general conclusion from all this argument must be one that may surprise those who are making such frantic preparations for the fortnight ahead. Despite possible Labour gains from the first Gaitskell broadcast, and probable Liberal losses from their own telecast, one doubts whether this preliminary ogling at the mass audience has yet made one marginal seat's difference.

Notes of the Week

Who's Whose in Saigon

AT the time of writing, Mr Diem is still prime minister in Saigon. The rebellious troops of the Binh Xuyen, which is more accurately described as a large-scale racket than as a religious sect, have again been given a bloody nose. But they are far from crushed, and meanwhile Mr Diem has apparently got at cross purposes with the "revolutionary committee" which he himself sponsored last weekend. By resuming correspondence, and contact through emissaries, with Bao Dai—who has also backed down abruptly from his attempt to oust the prime minister—Mr Diem has tacitly disavowed the committee's "deposition" of the nominal head of the Vietnamese state. The committee has set up its own headquarters in Saigon in what appears to be an essay in parallel government. Several of its members have thoroughly dubious backgrounds; its secretary and a vice-chairman are both former followers of Ho Chi Minh, while others have an unsavoury record of responsibility for terrorism. And, while the committee's relationship to Mr Diem is now obscure, what is known is that all but three of his ministers have resigned.



The prime minister's temporary repulse of the Binh Xuyen has, therefore, brought him no closer to achieving the broad basis of support which is now the crying need in Saigon. But the case now made out for his displacement would be a stronger one if there was any sign of an alternative leader who could do better. As yet there is none. Generals Hinh and Vy were forced to seek refuge at Dalat despite the authority they bore from Bao Dai. Bao Dai himself has not emerged well from the manœuvring of the past few days. There are a good many nominal candidates for Mr Diem's shoes. But although several of them might succeed in casting their political net wider than he has done—this would not be difficult, for Mr Diem has relied to a disastrous extent upon his relations and his indefatigable self—not one has any ready-made claim to broad public support; and, perhaps decisively, not one has Mr Diem's ability to attract the continued American aid which even his opponents often concede to be vital to the chaotic southern state.

Vietnam between Allies

SOME of the most disturbing implications of the Saigon crisis have passed almost unnoticed in the London press. The whole conflict has been given a fiercely anti-French twist; violently worded tracts have circulated blaming the French for the Binh Xuyen rebellion and threatening them with death, while "anti-colonial" outbursts in Saigon's controlled press have reached new heights of hysteria. Individual Frenchmen may have encouraged the rebels, but there has been no French official or logistic support for them, and it is clearly too much to suggest that the French should have given unreserved support to the Vietnamese army while violence against French nationals was being incited so freely.

The most passionate Vietnamese nationalist should accept the logic of the fact that if the 90,000 men of the French Union army were now withdrawn, as the Diem government apparently wishes, a vacuum would be left which the Viet Minh would readily fill. Any American move to fill the vacuum could provoke an immediate entry of Chinese troops into Vietnam. There is, in any case, no suggestion that the United States would consider sending in any forces.

This being so, the French have long argued, and with some reason, that Washington should urgently bring its influence to bear on Mr Diem to take a less immoderate attitude, to broaden his government instead of letting it narrow down, and, in the last resort, to stand aside in favour of a new regime. The British for their part have felt for some time that Mr Diem is a failure simply because he cannot keep a team of ministers together. The American Administration's dilemma is unenviable. Congress seems unlikely to abandon its insistence that economic aid shall be available only to a government headed by Mr Diem; his outspoken anti-French attitude strikes vibrant anti-colonial chords on Capitol Hill, his personal integrity contrasts appealingly with the morals of many of his rivals, and he has also the simpler advantage over them that his name is known in the outside world. Yet the fatal logic of unconditional American support for Mr Diem and for him alone is plain.

The differences between the western allies over Vietnam are now having such serious consequences that the earliest opportunity should be taken to resolve them. The subject is not formally on the agenda of the foreign ministers as

they meet this weekend, but it appears that it may at last be tackled. British mediation would evidently be helpful in resolving the Franco-American dispute, and the Americans now seem to have overcome their reluctance to accept it. The tragic tangle in Saigon cannot be allowed to go on impairing the unity of the allies and jeopardising their common objectives.

Inglorious Dissolution

PARLIAMENT stands dissolved, and few people who had to attend it in its last few days can feel particularly sorry. The timetable dictated that it should end with the Opposition on the attack. With four supply days and two days on the Appropriation Bill having to be fitted into the last fortnight, Labour had six days on which it could choose the topics for debate. This should have provided a golden opportunity for an effective pre-election build-up of its case against the Government, but the chance was muffed, either through lack of a case, or through poor tactics. One after another the Labour hobby-horses were paraded—national service, the development areas, agriculture and the social services—but even where the Tory case was weak, Labour's was no improvement. And at the end, when the Labour leaders clearly wanted to find some overseas topic, they chose to raise the problems of Cyprus and Northern Ireland. For a party that hopes to campaign on a peace programme, this revealed a singularly unimpressive parochialism.

One of the troubles that afflicted Labour during these last days was the obvious fact that the majority of Labour members had no intention of wasting time at Westminster when there were precious votes to be canvassed in their constituencies. This put the party in a ridiculous position at the end of the debate on national service. Labour had put down a motion demanding an inquiry, and the demand had been strongly pressed in debate. The Prime Minister rejected it completely, but when the vote was called, the Labour benches were three-quarters empty and the motion was defeated without a murmur of Labour protest. Its loudest protest was reserved for Tuesday, when the Prime Minister came to the despatch box to throw his last-minute sop to Lancashire. The Tories behind him had the grace to look slightly shame-faced; after Lancashire's churlish reception of the gift they are also feeling more than slightly unhappy.

Unproductive Session

SO ended the fourth and last session of the Parliament of 1951-4. It was a session that was not very productive of legislation but that earned at least two permanent niches in history: through the decision to make the H-bomb, and Sir Winston Churchill's retirement. Most things that happened after that retirement, and much that happened immediately before it, will deserve to be forgotten; once the great statesman had gone, the two front benches were quickly converted into hustings. Indeed, critics could claim that the Government had the hustings up from the beginning of the session. The two main legislative moves were designed to raise pensions and cut taxes; and hardly a week went by without some Minister either throwing a small present to a pressure group or casting a beam of pale sunshine across the ballot boxes. The only jarring notes in a smooth election build-up were numerous sad statements from Sir Walter Monckton (or his deputy) about the various strikes, or strike threats, and the Chancellor's deliberately blood-chilling announcement of his mild credit squeeze in February. This was the one action that gave any point to the series of otherwise anæmic votes of censure that the Opposition put down in between its bouts of wrangling over Mr Bevan.

Only a few minor Acts managed to reach the Statute Book. During the session Parliament legislated to ban horror comics, end the requisitioning of houses, help the crofters and herring fishers, provide more funds for colonial development and new towns, and control oil pollution. In addition, although it was not to anyone's credit, the House of Commons refused to abolish hanging and spent a lot of time tinkering with Parliamentary boundaries. And, at the end, the most complicated measure of all—the Road Traffic Bill—could not be finished. It had passed through the Lords, and been given a second reading in the Commons, but there was no time to take it further. The new Parliament, if it wishes, will be able to revive the Bill, and rush it through to the point it had reached in the old Parliament. On this measure, as on the postponed legislation to deal with smog, further study and consultation will do no harm.

Entente in Bonn

A CERTAIN scepticism is justified when two statesmen meet for a few hours and announce that they have reached complete agreement on subjects ranging from the way to settle European affairs with the Russians to the ownership of a steelworks and French lessons in German schools. Dr Adenauer and M. Pinay claim to have achieved this feat at their meeting last weekend in Bonn. The Franco-German *entente*, as M. Pinay called it, began with an agreement that German reunification in freedom and a "general security system" can be the basis of a lasting peace. Dr Adenauer is always careful not to speak of a "European security system" because he understands the danger of any settlement that would leave America on the outside. It is the champions of a "third force," manœuvring between the United States and the Soviet Union, who usually propose a "European security system." The results of the Bonn talks are to be welcomed if they increase the chance that the question of German reunification will be embedded in any programme that the western powers draw up for an offer of a security arrangement with Moscow.

The two statesmen also agreed on common proposals for application of the Saar Statute, and will ask the council of the Western European Union to consider them when it meets next week in Paris. Methods for carrying out and

controlling the referendum by a sub-committee of the WEU council were agreed, and a German spokesman afterwards suggested that they might be a model for all-German elections. The rights of the future Saar commissioner were discussed, and Dr Adenauer won a point in this round. Nothing concrete was said about the part of the Saar agreement of last October which promised a bigger share for Germany in Saar trade. The Germans think that the bilateral agreement the French have concluded with the Hoffmann government has prejudiced the forthcoming triangular negotiations on the subject. The French, however, were not able to make progress in Bonn on their biggest outstanding claim, that a canal shall be built out of the Moselle to cheapen the cost of Ruhr coal for Lorraine. German and French views and estimates diverge so widely on this project that it had to be shelved.

Fortunately, agreement was reached on the future of the Völklingen steelworks, which threatened to hold up the whole of Western European Union. The Röchling family is to sell the entire plant for 200 million Swiss francs, half each to the French and German governments, which are then to re-sell to private industry. This solution seems like a concession on the French part, as they claimed that they already owned 60 per cent of the works. But the matter is not so simple, and it is easy to foresee more trouble in the future. The French have not cancelled their claim for reparations. This liability, and a demand for compensation for investments made in the plant while under French sequester, are to be taken over by the future owners of the works. And the French seem to have made a provision that will ensure that they continue to administer the company *sine die*. Neither the Saar government nor the Völklingen workers are happy at the thought that now only one Saarland steelworks will not be controlled by foreigners, and the *Bundestag* will doubtless challenge France's legal right to reparations. What might be an interesting experiment in international collaboration of private capital in the Saar will continue to be troubled by politicians.

Franco-German Atomic Energy

BRASS tacks at Völklingen contrasted sharply with the nebulous agreement on "integration" of European resources which Dr Adenauer and M. Pinay said they had examined last Saturday. True, the two statesmen declared that they discussed the practical possibilities for joint enterprises. But there was little to show that French ideas of a "Ruhr behind the Atlas mountains" or a "Lorraine in French Equatorial Africa" have been brought any nearer to reality. In the last few months there have been several conferences between French and German bodies on the subject which have not been taken very seriously by most German industrialists. They have ideas of their own on how to collaborate in arms manufacture with the French nearer home. So far, it seems, only one big German firm is interested enough to agree to make a joint investigation of the possibilities in Africa.

The fields of joint enterprise which the two statesmen discussed were aircraft production, transport (including air services) and atomic energy. No suggestion was made in the communiqué that the coal-steel community should be multiplied to cover these fields, and electric energy was not included. Experts are now examining the possibilities of co-operation in West European transport, and some practical results may emerge in due course.

Both the French and Germans regard co-operation in atomic energy as vitally important. German industrialists have recently woken up to the facts of atomic life in the economic sphere, and they are now urging the absolute necessity for Germany not to be left behind in the production of this new source of industrial power.

Death of a Statesman

ARTHUR DEAKIN'S death last week was a blow rather than a surprise to a nation that owes him much. His collapse in the middle of a speech was the death-in-harness that he seemed to be courting. Although he had known for the last year that his health was precarious he had gone on working with his usual vigour.

Mr Deakin was a notable example of the type of trade union leader that has emerged in the last two decades. His socialism and his fighting qualities were kindled by the South Wales blast furnaces where he worked as a boy; but he was not afraid to modify his outlook when circumstances changed. By the time he officially took over the general secretaryship of the Transport and General Workers' Union from his friend and leader Ernest Bevin, much of what he had fought for had been achieved, and Mr Attlee's government had just taken office. He was deeply conscious of the responsibilities of a powerful trade union movement towards the nation, and of his own responsibility at the head of the vast union which he had helped Ernest Bevin to build. This led him to support the unpopular policy of wage restraint and to oppose wholesale nationalisation. It also caused him to castigate his opponents with all the fervour of an Old Testament prophet. There are those who say that he displayed this fervour—and particularly his belief that there were constant Communist "plots" in his union—not wisely but too well. The answer to this is that much of the criticism comes from people who foolishly write down the deliberate Communist assault upon the TGWU as too little. It was to his credit that he saw what the Communists were doing at a time when many still regarded them as comrades and brothers, and his forceful oratory cleared the minds of some who might otherwise have fallen for Bevanite subtleties.

He is thought of as a lesser Ernest Bevin. Admittedly he had not Bevin's intellectual power, but he had his strength and his integrity. He had not, as Bevin had, the advantage of rowing with the tide. His was the unpopular task of holding back a rank and file that was conscious of new power, but that was not conscious that extremist exercise of it would destroy the foundations on which the workers' gains were based. He dies at a moment when there may be renewed doubts whether Britain can solve the great economic problem of the post-Keynesian age: the problem of maintaining the fullest possible production and fullest possible employment, without the inflation and labour irresponsibility that would eventually undermine both

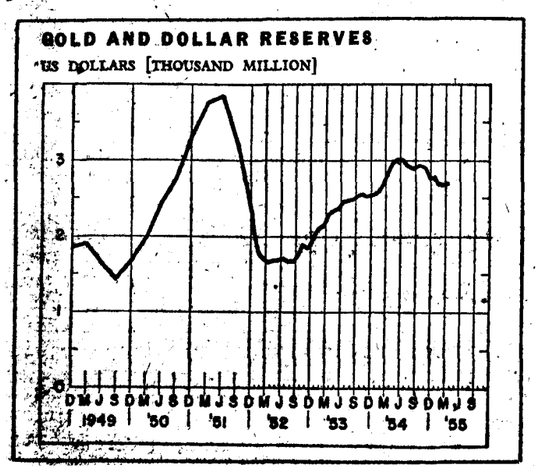
production and employment. But the fact that there is doubt about this rather than despair, the fact that there is hope which current troubles threaten rather than destroy, is due, as much as to any other factor, to the courage and clear sight of a handful of trade union leaders during the 1940's and 1950's. And it is this still-abiding hope which serves as Arthur Deakin's monument.

Strikes Off and On

THE strike of locomotive men was averted, as is the way of strikes, at the eleventh hour. The executive of their union agreed to ask its members to "continue at work," (they emphasised that this was not at all the same as calling off the strike) on condition that there were immediate talks about differentials with the Transport Commission. These were substantially the terms that the union had rejected only forty-eight hours before, and there can be no doubt that it was strong peace-making—and political—pressure from the Trades Union Congress that induced the footplatemen to climb down. Contrary to the footplatemen's original demand, these talks about differentials will take place in the presence of the National Union of Railwaymen, with whom they are at daggers drawn. A strong lead and much tact will be needed from the Transport Commission.

Hardly had this strike been averted—or at any rate postponed—when London was faced with a strike of busmen at thirty-four of its sixty-three garages. This was decided on at sparsely attended meetings, in protest against new summer schedules, which required an extra 700 crews to work on Sundays. Remembering that last October they were on strike against overtime, it might be assumed that this latest strike was a protest against this violation of the Sabbath and further inroad into their leisure. But not at all. This time they were on strike because fewer extra crews are required on Sundays than were required last summer, so that pay at "time-and-a-half" will be less easy to earn. Fewer extra crews are required because fewer people travel on Sunday now that fares have been put up to pay the busmen higher wages. The men apparently wanted empty buses run to enable them to work overtime. Fortunately all the men went back on Thursday after the Transport and General Workers' Union had persuaded them not to be so silly. They had been drifting back in any case when they realised how few of their number were responsible for calling the strike.

The remaining strike is that of 8,000 miners in fifty Yorkshire pits, in protest against piece-rates for fillers, which they say are out of date and inadequate; and in consequence another 70,000 are idle because coal is not being loaded on the conveyor belts. The Coal Board is introducing experimental new piece-rates into the area; and its officials, together with those of the National Union of Mineworkers, urge the men to wait and see. That has not prevented the strike from spreading to four of the very pits where the scheme is being tried out.



CDC Pulling Round

AT the present rate of reorganisation it is possible to foresee a time when the Colonial Development Corporation will make a profit. The latest report—for 1954—shows that the losses for the year carried to the balance sheet amounted to £511,108, compared with £1,279,059 for 1953. The loss before servicing loans from the Colonial Office was down to £85,946 against £403,334 in 1953. The losses "eligible" for capital write-off in a special account now total £6.3 million; but the cumulative loss shown in the balance sheet is now about £10.2 million. The accounts suggest, however, that Lord Reith's efforts to economise and consolidate on the more hopeful schemes are bearing fruit. Five more schemes have been retrenched or reorganised, including the Bechuanaland cattle ranch; the shape of the accounts for 1955 will depend on the success of the measures taken to deal with this group, which lost £500,000 last year. The most profitable ventures are the group of trading schemes and the corporation's loans to private and public enterprises. Chilanga cement and the Federal and Colonial Building Society between them accounted for three-quarters of the trading profits. The report makes the point that it is not always possible to turn to private enterprise for efficient management—"there is no complete alternative to the hard way of training up one's own staff."

The corporation now feels that it can begin to look forward again, with a corresponding tonic to its staff; it again feels capable, "in association with authority and private enterprise, of contributing fully to the planning and execution of large development projects." Such language is certainly a welcome contrast with the approach to large-scale development shown under the previous regime, though until there is more experience of colonial development the word "large" will be slightly suspect. CDC rightly insists that its projects have to bear heavy public utility expenditure in roads, "unproductive housing," hospitals and other overheads which affect the return on its capital; but this is, in one sense, the essence of its special function as a government organisation operating on public money. It is also true that many expatriate companies operating in

THE
ALUMINIUM
CENTENARY
EXHIBITION

FESTIVAL HALL SOUTH BANK LONDON

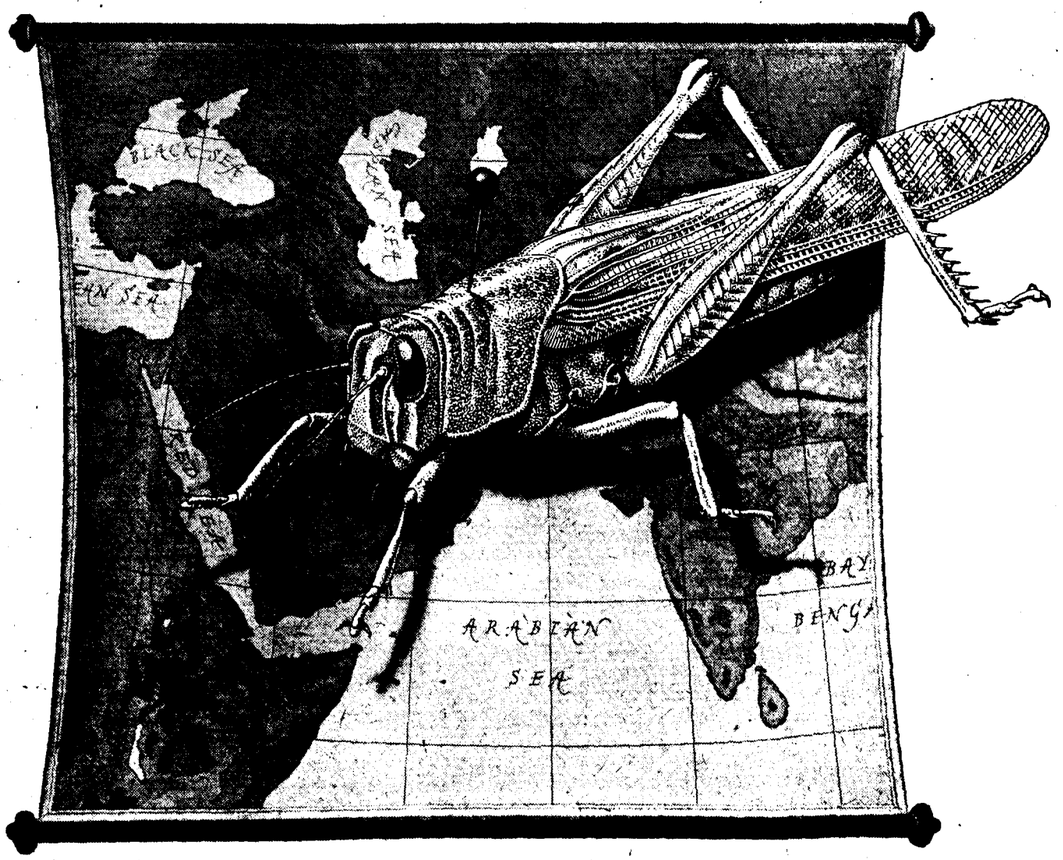
June 1st–10th 1955

Organised by The Aluminium Development Association, this Exhibition marks the Centenary of Aluminium and illustrates its progress from a semi-precious metal into second place in volume of world consumption amongst industrial metals.
The Exhibition is designed to illustrate the many and varied applications for aluminium in industry today. Admission tickets are available on application to The Aluminium Development Association, 33 Grosvenor Street, London, W.1.

The British Aluminium Company, a member of The Aluminium Development Association, was founded in 1894. It pioneered both the electrolytic production and the fabrication of aluminium in the United Kingdom, and from the outset has played a leading role in the commercial development of the metal in this country and many other parts of the world.
In addition to the service available through the Aluminium Development Association, the Company's Development and Technical Service Departments are freely available for consultation.

THE British Aluminium CO LTD

NORFOLK HOUSE ST JAMES'S SQUARE LONDON SW1



The case of *Schistocerca gregaria* . . .

One desert locust in the few months of its life eats about 30 times its own mature weight. That means about 2 ozs. of food. But locusts move in millions, not ones and twos, stripping all vegetation in the path of the migration. A big swarm may devour many thousands of *tons* of precious crops to satisfy its appetite.

Locust control — so vital that it is organised internationally — has been much advanced recently by the development of aldrin. This Shell insecticide has been outstandingly successful as a locust killer in all the main areas of migration, right through the Middle East to India and Pakistan. Aerial spraying with aldrin emulsion is now widely used alongside traditional methods such as baiting.

Dieldrin, exceptionally persistent, is another Shell insecticide making locust news in the newly developed technique of egg bed spraying, which kills the hoppers on hatching.

Aldrin or dieldrin — just a few ounces per acre, according to the conditions — means certain death to locusts within a few hours.

Aldrin and dieldrin tackle insect pests with unrivalled effect and economy. Their surer kill is achieved with lower dosages. Their wider range includes many pests never before dealt with satisfactorily. Aldrin is fast becoming recognised as the best of all soil insecticides; dieldrin as the best control for weevils, beetles, flies, etc., on foliage. It is also extensively used as a residual spray against disease-carrying insects.

Have you a stubborn pest problem to be solved?

aldrin & dieldrin

aldrin and dieldrin are SHELL insecticides for world-wide use

For further information apply to your Shell Company.

Issued by The Shell Petroleum Company Limited, London, E.C.3, England

the colonies do as much and make a satisfactory profit. The list of new projects, however, suggest a careful investment approach rather than a confident entrepreneurial one. This, perhaps, is as well—at least until a great deal more is known about how to operate profitably so wide a range of enterprises whose sole common denominator is that they are located in, and designed for the good of, the British colonial empire.

The Reluctant Dragon

A STRANGE delusion seems to have arisen, in the past few days, to confuse thinking in the West on the subject of Formosa. It is suggested in various quarters that the Chinese Communists are in a mood to set aside their claims, at least for the time being; that when Chou En-lai, at Bandoeng, insisted on China's "sovereign right to liberate Formosa," he was merely concerned not to prejudice Peking's ultimate title to the island; and, even more precisely, that the Communists are now visibly ready to discuss a cease-fire. Yet there is no evidence whatever to that effect so far.

None of Peking's spokesmen has yet said, or even hinted, that their government is willing to negotiate a cease-fire. At Bandoeng, Mr Chou put into explicit terms his readiness to sit down with the Americans, but not with the Nationalists; and this was not altogether a surprise to those who recall the pleasure with which the Chinese accepted an invitation to Geneva a year ago. Each time that Mr Chou meets the Americans on equal terms while the Nationalists rage impotently on the sidelines, Peking draws a stage nearer to the full recognition that it seeks, and Chiang Kai-shek loses more face. But Mr Chou has made it abundantly clear that when he sits down he will discuss not a cease-fire but the withdrawal of American protection from Formosa. Given even the prospect of an American withdrawal, the Communists, who this week stepped up their special broadcasts to Formosa to twelve hours a day, are sure that a good many rats would quickly desert the sinking island.

It is only fair to Peking to point out that it is not always deliberately trying to confuse the outside world. When its May Day banners displayed in juxtaposition the two aims "... to liberate Formosa, to safeguard world peace ..." they merely conformed to the Communist government's often repeated dogma that Formosa is a purely domestic affair. Mao Tse-tung would, of course, prefer the rich island to fall intact into his lap; but if he must fight for it, he follows many Communist precedents in insisting that other people have no right to bother about the internal holocausts of a sovereign state.

Pakistan Tries Again

IF the new Constituent Convention now in process of formation is permitted to proceed with its task, Pakistan is likely to get its long overdue constitution without much further delay or difficulty. If it is legally condemned the result may well be much the same, but it will be reached by a road which, in more senses than one, will be highly unconventional.

Pakistan's future as a law abiding democracy now depends on the Federal Court, whose decisions will soon be known on the vital questions whether the Governor-General acted legally or not in dissolving the Constituent Assembly last October, and whether the Convention which he is now setting up in its place is legally competent to approve a constitution. If the court's decision favours the government, all is plain sailing. Most of the controversy that has exercised the country during these seven years and caused so much disunity and heartburning has by now been settled, and even most of the detail has been filled in. The Convention will be reasonably representative of the people of the country, due weight having been given in its membership to all the provinces. Even the querulous East Pakistanis can hardly complain on that score, and the whole nation will be profoundly relieved when it has a settled and workable constitution.

On the other hand, if the court rules against the Governor-General, the government will face an appalling dilemma. It will have to choose between flouting the highest court in the land, and thus cutting at the roots of its traditions as a country governed by law, or handing the supreme power back to the old Constituent Assembly. The latter course would seem unthinkable, if only because the East Pakistan Muslim members of that body have been unequivocally rejected by their own province; and it is doubtful whether either the people in general, or the army in particular, would stand for it. Of the two evils, the former would evidently be the lesser—assuming, as it seems safe to do, that the present leaders of the country would restore a democratic regime as soon as the new constitution had been passed and general elections held.

M. Mendès-France's Come-Back

THE extraordinary congress of the French Radical party —extraordinary in more senses than one—has marked the return of M. Mendès-France to the political scene. There was nothing timid about his re-entry; it was a fighting come-back culminating in the *coup de théâtre* by which M. Mendès-France and his colleagues, not bothering too much about procedural niceties, gained control of the party machine. Its supreme manipulator, M. Martinaud-Deplat, was voted out of the office of administrative chairman and replaced by a commission of seven consisting of M. Mendès-France and his men. France's dashing ex-premier thus left no doubt that last February's parliamentary defeat did not mark the end of his career. He intends to play out his political role and this victory within his own party is only the first step in his campaign. He wants to lead his Radical troops leftwards and prepare a broader coalition which could gain a majority for the "centre-left" in next year's elections. Then M. Mendès-France might become a premier with real parliamentary backing instead of a rickety, crumbling majority.

The showdown within the Radical party has been inevitable since February. M. Mendès-France was then brought down largely because of the defection of his Radical colleagues. His betrayal by MM. Mayer and Martinaud-Deplat and their right-wing companions caused immediate

indignation in the party's ranks. But the old guard used every possible device to defend its fortress. It wanted to avoid holding a congress at all, and only a threat of resignation by M. Herriot, the honorary president of the party, forced its hand. During the riotous congress itself the old-guard's ingenuity proved of little avail; it was outmanœuvred and outfought by M. Mendès-France and his younger men.

Will M. Mendès-France manage to keep control of a party, which has always been regarded as a "club" and whose very strength lay in the vagueness of its programme? The looseness of their party ties has made the Radicals masters of many contradictory electoral alliances—here on the left, there on the right. M. Martinaud-Deplat tried to warn the delegates that the Mendès road leads to a popular front. But the "threat of Prague" is no longer very effective in France. M. Mendès-France has won the first battle of his new campaign in spectacular fashion. The progress of his crusade may have a decisive effect on France's political fate.

More for State Scholars

THE Ministry of Education has now announced the new scales of grants to university students which Sir David Eccles heralded in last week's parliamentary debate; they can be studied by parents in the Ministry's new "Administrative Memorandum No. 502." The changes (which will cost about £290,000 in a full year) are mainly these:

(1) The maximum maintenance grants payable by the Ministry are to be modestly increased—for Oxford and Cambridge colleges, for example, the full grant is to be £283, instead of £263, with tutorial and lecture fees bringing the total to about £400.

(2) The means test of parental income is to be relaxed on incomes of over £900 a year. The ceiling (basically £2,200), above which no grant is paid, is abolished; instead parents with incomes of over £2,300 a year will pay a contribution of £30 for every £100 of "scale" income—i.e., gross income after various deductions.

(3) The honorarium of £30 a year, which all state scholars draw whatever their parents' means, is to be raised to £50. Prizes of up to £100 may be kept without deduction from the grant.

(4) In assessing parents' contributions, bigger allowances are to be made for their other children. Both the maximum allowance for a dependent child and the maximum for school fees, for example, are to be raised from £100 to £150. The two allowances together can thus add up to £300, which is now a fairly typical figure for public school fees.

The biggest concessions are thus directed where the main hardship lies—with the families of some university students rather than with the students themselves. It is true that some holders of county, as opposed to state, scholarships are more than usually hard-up, since some authorities are less generous than others. The Minister of Education, therefore, has this week asked local authorities to bring their awards and means tests into line with those for state scholarships. The Labour party, however, has a different plan for securing uniform and adequate grants. Its election manifesto promises that "every student admitted to a university will be entitled, in case of need, to a state scholarship." Does this mean that it would abolish local authority awards altogether?

Silence on Civil Defence

FIELD MARSHAL MONTGOMERY has once again made a forceful reference to the "gross neglect" of civil defence among the Nato countries; he spoke strongly on the subject last July. Undoubtedly the absence of civil defence planning imparts an air of unreality to the growing commitment of the Nato countries to fight a war with nuclear weapons from the outset. But the reasons are clear enough. Last July, British civil defence plans were more advanced—on paper—than they are now; they have been put back into the melting pot by the coming of the H-bomb. Quite apart from the multiplication of the destructive power of the bomb, the problem of the "fall-out" has added a new dimension to the task of civil defence, which is still training in terms of fire and blast; and the plain fact is that civil defence headquarters has not yet been able to develop an intelligible policy to meet the new complications. The civil defence organisation, however, continues anxiously to await some guidance, and meanwhile its existing exercises lack verisimilitude. This is not good for morale—either of civil defence workers, or of the local authorities whose duty it is to make preparations. All of which applies equally now to all Britain's partners in Nato; the advent of the H-bomb has had as one of its first effects the levelling out of the good and the bad as regards the various allies' civil defence plans.

Lord Montgomery must know this quite well. He must know the magnitude of the problem, which makes his observation that "collapse on the home front could lose a war as surely as defeat in battle" strangely anachronistic. For it is clear that when the joint departmental committee which plans home defence in Britain does work out the size of the problem, and the measures needed to meet it, it will have to ask the Government of the day to plan a drastic educational programme for the people as a whole, rather than a revised set of standing orders to the civil defence organisation. This is hardly the time for that.

Meanwhile, two things are clear. The more the authorities work on the problem the more difficult and daunting they find it, so that recommendations will take time to frame and will have to be provisional even then. Secondly, existing civil defence training, though unrealistic, at least keeps a trained body of men and women with some idea of the problem in being, and this is not to be despised. Even the Saints thought their training would probably fall far short of the requirements of Judgment Day.

Kenya in the Red

BRIGHTER hopes of an end to the Emergency this year can alone console the members of the Kenya Legislative Council for the budget which it was the thankless duty of Mr E. A. Vasey, the Finance Minister, to place before them last week. Expenditure for the current year, owing to the rising cost of combatting Mau Mau both in the forests and in the detention camps, was some £10.3 million more than was expected—£40 million against an estimated £29.8 million. Since revenue could produce only £24.8 million, there is a deficit of some £15 million. This, of course, was in part anticipated by subventions from Britain—by the grant-in-aid of £6 million and the interest-free loan of £3 million voted by the House of Commons in December, 1953. Mr Vasey starts his financial year 1955-56 with an accumulated deficit of £6¼ million and an estimated expenditure of £40.9 million (excluding appropriations in aid, £38.7 million) to cover. By raising customs, excise and the special tax on the Kikuyu, Embu and Meru tribes, Mr Vasey hopes to push up Kenya's revenue to £25.3 million in the coming year—which leaves him with some £19.6 million to find. Britain has promised £14 million in grants and loans; there are some other funds available amounting to about £2 million, and as to the rest: "It will be necessary, before the end of the year, to approach Her Majesty's Government for assistance for the April to June quarter of 1956."

Since the cost of the Emergency was estimated at £16 million to Kenya in 1954-55 and £14 million in 1955-56, it will be seen that the whole financial burden is, in fact, falling on the British taxpayer, and to the cost of British troops in Kenya must be added further expenses falling on the War Department and the Air Ministry. Kenya's revenue and internal loan resources, in fact, do little more than cover ordinary expenditure and the start being made on the new—and necessary—development plan. How long will British aid on this scale be needed? Though General Erskine was hopeful about the fighting, the costs of the Emergency include those of detention and screening which will continue far longer. Mr Vasey indicated that he intended to launch an economy drive. The fact remains that in the prosecution of the fighting he can only meet the bills presented by the military; he has no power to interfere. These bills are running at £325,000 a month for the Army and no less than £100,000 a month for the RAF. Perhaps it is time for the British Treasury to look into them, as Mr Vasey cannot.

Information for Inventors

THE promise in the Conservative manifesto to expand the Patent Office Library into a "National Reference Library of Science and Invention" seems a rather surprising minnow to put on display in an exhibition that is usually reserved for very big fish; but it fits well into the general electoral theme of setting the nation's creative genius free to double the standard of living in 25 years. The Advisory Council for Scientific Policy has for some time been pressing for a scheme of this kind, and it in turn took the campaign over from proposals made in 1948 by the Scientific Information Conference of the Royal Society.

The aim of the proposal is admirable; the only question is whether the Patent Office Library is necessarily the best organisation to achieve it. At present the library—which celebrates its centenary this year—acts as the place of publication of patents and "patents applied for." All accepted patent specifications are deposited with the library and there indexed; and the applications for patents are also published there to be opposed by anyone who considers the claim of the inventor to novelty to be false. It was to facilitate search into such claims that the library originally started to subscribe to both British and foreign technical journals (as well as technical and scientific books), of which it now has unrivalled past files, of immeasurable value for reference purposes.

The library, however, is located in London, and the proposal to create a lending library and a bureau for information would involve a great increase in its resources and staff. Clearly information needs to be made easier to obtain, and decentralised; but the difficulty is not the supply of books and publications—though the task of assembling these would be a big job anywhere—but the supply of a really discriminating reference and search system, with the trained staff in the numbers that this might need. Some people believe that these tasks should be tackled piecemeal and by specialised agencies; there are already many organisations and consultants who offer such services—doubtless relying on the Patent Library for much basic information. Some of them could be considerably improved. The best course will clearly be to press on with improvement of the Patent Office Library itself and then to see whether the improvement of these other organisations follows in its wake.

SHORTER NOTES

The annual report of the National Dock Labour Board shows that in 1954 715,000 man days were lost through disputes in the docks—more than in any other year since the dock labour scheme was instituted in 1947. Nine-tenths of this time was lost through the strikes that sprang from the ban on overtime started by the stevedores' union. The report complains of the impossibility of using the disciplinary machinery in such cases of mass indiscipline. On the other hand, it can record a welcome fall in the amount of surplus labour at the docks, owing to booming trade, to a standstill in recruitment (now lifted) and to the use of temporary registers to meet labour needs during holiday periods, and so on. These are some of the questions that will shortly be reviewed by a committee of inquiry which the Minister of Labour has decided to appoint to consider the working of the dock labour scheme.

In the House of Lords this week, the National Insurance (No. 2) Bill passed through all its stages. This implements the recommendations of the National Insurance Advisory Committee on a person's liability to pay contributions if his income is below a certain limit. These recommendations were discussed in a Note last week, but it appears that one criticism of them was unfounded. Lord Selkirk pointed out that, according to the first schedule of the Act of 1946, the provision by the employer of board and lodging was taken into account when determining whether a person was earning 30s. a week or not. Now that this limit is raised to £3, a living-in domestic help will, therefore, still be liable to pay the full amount of an employed person's contribution.

Letters to the Editor

The Economic Issues

SIR—In your issue of April 30th you remark: "The only way in which sense can be made of the issue of 'Fairer Shares' is after defining carefully which of two things that slogan is supposed to mean." You add: "One thing it (the slogan) may mean is that the ordinary workers of this country should enjoy a higher standard of living," and "It should be obvious that there can be no significant contribution to this aim by further levelling down." Later you say: "The second thing that the slogan 'Fairer Shares' can mean is that more should be done to make real poverty impossible."

May I suggest that "the slogan" ought surely to mean both of these things? There will be, I imagine, general agreement that the scope for "further levelling down" is small. But surely this does not necessarily mean either that there are no important cases in which it has not happened but ought to do so or that the possible consequences would not be a "significant contribution"? It is glaringly obvious that by various devices some inhabitants of this island are still contriving to be excessively rich. The aggregate may be small; but might not its stoppage be part at least of the answer to two questions asked by *The Economist* in July, 1953: "How shall we make the British people determined to be prosperous and how does a nation set about changing its own frame of mind?"

Is it unreasonable to suggest that in too many private enterprises there is at present gross unfairness in the sharing of earnings between on the one hand those who save and lend or have principal managerial power, and on the other hand those who are managed, including subordinate managers of all kinds? If this sharing became fairer, there might be such a change of frame of mind as you desire to see and, moreover, an important improvement in the quality and, above all, in the zeal of the subordinate management, the foremen and others.—Yours faithfully,

J. SPEDAN LEWIS
John Lewis Partnership, W.1

Modified Raptures

SIR—Your correspondent Mr Spencer Soper falls into two fundamental errors in his analysis of the Budget reliefs. First (and this cannot be said too often), the Chancellor is not "distributing" his surplus: he is deciding not to take as much as he took before. How can you not take so much from those from whom you are taking nothing already?

Second, Mr Soper is quite wrong to suggest that the increases in allowances can be divorced from the alterations in the standard and reduced rates. His apparent paradox (which is not real, for it is founded upon a false premise) arises out of the reduction from £100 to £60 in the amount of income chargeable to tax at the lowest rate. This provision, as Mr Henry Brooke made quite clear in Parliament, was a necessary concomitant to the increases in allowances. The increases in allowances were designed to relieve about 2¼ million people from paying tax altogether, i.e. those at the very bottom of the taxpaying scale. Mr Brooke said: "If one simply made those increases in the personal allowances and made no difference at all in the bands, the benefit which the Chancellor was desiring to concentrate on the small people now paying quite small amounts of tax would have gone right up through all the taxpayers at the higher levels." (Weekly Hansard, No. 322, col. 631.)

That is to say, without the reduction from £100 to £60 in the lowest rate-band, it would have been impossible to free altogether so many people from tax. The increases in the allowances could not have been as great as they were unless some part of the relief given by the increases was withheld from those still liable to tax. How a Socialist can cavil at such an obviously fair solution utterly defeats me.—Yours faithfully,

London, E.C.4 PATRICK JENKIN

India Tackles Social Equality

SIR—Your Indian correspondent's statement in your issue of April 30th that "In India no great importance is attached to the rule that the thrifty, inventive and hard working deserve to be better off" is a very fair sample of the kind of generalisation which gives a wholly misleading picture of a people and a country. Are we to assume that in India thrift, inventiveness and hard work are regarded as ends in themselves and that the highly developed Indian money sense is just another manifestation of the national addiction to the multiplication table? The doctrine of *Karma*, according to which a man's status in this (and in succeeding incarnations) is determined by his actions in the here and now, is basic to the whole Hindu philosophy, and to pretend that Indians, unlike other people, expect to reap no reward for thrift, inventiveness or hard work is the sheerest nonsense.

Indeed, the facts are very much otherwise, as anyone who has lived close to the Indian people knows. In the majority of cases thrift may do no more than keep a man and his dependants solvent; but that is quite something in a country where an unsecured credit is only obtainable at fantastic rates of interest and family obligations are numerous. Only inventiveness and hard work enable the Indian peasant to win a living out of the impoverished surface soil of his country. In fact, for Indians more than for most people, how to be just a fraction "better off" is their most pressing problem. As they have no welfare state—yet—at least 360 million of them must perforce continue to attach great importance to thrift, inventiveness and hard work.—Yours faithfully,

GEOFFREY TYSON
London, W.2

Council of Asia

SIR—Although old-fashioned colonialism is on the wane, any anti-western harangues at Bandoeng should not be lightheartedly dismissed (your article of April 16th). The Afro-Asian nations still have their genuine grievances.

The odd division of China left the 1,700 million-strong non-white population of the world with practically no representation at the Security Council. India, the second largest nation in the world, has just as much voice at the United Nations as Luxemburg or Costa Rica; Japan—the third largest nation in Asia—not even that.

While there were praiseworthy efforts to resettle the European refugee—and surplus—population in other parts of the world, no such measures were taken regarding the over-populated areas of Asia. When the Asiatics try to alleviate their economic difficulties with desperate export-drives, large sections of western public opinion clamour for a customs-barrier against the products of "coolie labour." The long procrastination over Japan's admission into Gatt must have been also resented. It is, therefore, understandable that Asiatics, prevented from paying their own way, deplore their continued dependence on foreign aid which often has strings attached to it.—Yours faithfully,

GEORGE A. FLORIS
London, N.W.1

Next Year's Civil Spending

SIR—In your issue of February 26th last you said that "the fall in the housing vote presumably reflects the Government's determination that in future more houses should be built by private enterprise and fewer by local authorities." But this presumption, even if it were true, would lead not to a fall in the central government's total subsidy bill, but only to a reduction in its rate of increase. The recently published Civil Estimates, Class V, confirm this. They show that for Great Britain, while the total housing vote for 1955-56 is £7 million less than the previous year, subsidies on permanent housing are £6 million more. The fall in the total vote is due to the tailing off of subsidies on prefabs.

There is only one way of reducing the total of "permanent" subsidies, and that is by building no more council houses and selling off the existing ones.

Yours faithfully, SILVAN JONES
Llanfairfechan

Housewives' Choice

SIR—The same phenomenon that you notice in your article of April 2, 1955, is known in the United States as well. Professors Warren and Pearson in their book "The Agricultural Situation" (1924) wrote as follows:

"When there is full employment . . . very abnormal demands develop. . . . The choicer grades of food sell for high prices while poorer grades may be almost unsaleable."—Yours faithfully,

Cornell University FRANK MEISSNER

The Southern Sudan and Egypt's Water

SIR—Your correspondent's article of April 16th calls for comment. The Equatorial Nile project is not an essential prerequisite of the economic development of overyear storage on the Main Nile. It can function by itself. Whether it should have the form and scope now proposed by Egypt for the "High Dam" above Aswan is another matter. It should, of course, be planned to fit in with all other projects in the scheme of Nile development, so as to provide the largest benefits, with the least disadvantages, all round. For climatic reasons, storage on the Main Nile greatly increases evaporation losses; storage in the Equatorial Lakes or Lake Tana hardly increases them at all. From this aspect the right policy is to use the lakes to the utmost, and provide on the Main Nile no more capacity than is really necessary there. Egypt sees in its proposals for the "High Dam" the quickest means of obtaining, for itself, more water, with much electric power, close at hand. But the implications of its proposals for the other countries in the Nile Basin must also be fully considered.

I have no doubt that by agreement with the Sudan and the East African territories, the Equatorial Nile Project, from Owen Falls Dam to the Jonglei Canal, will be completed sooner or later; no other project can replace its contributions. And if it is worked in the way which has been proposed by the Sudan's "Jonglei Investigation Team," the Nilotics' grazing can be maintained, and the inevitable changes in their traditional way of living can be minimised and made gradual. Whether a settlement can be reached at present between Egypt and the Sudan on their respective shares of Nile waters is still, as your correspondent says, an open question.—Yours faithfully,

W. N. ALLAN
East Grinstead

Burnt Diamonds

SIR—Your paragraph of April 23rd calls to mind a similar search for diamonds which it fell to my lot to organise some years ago.

In the summer of 1943 an aircraft crashed when taking off from Khartoum Airport, and was completely burnt out. Had it not been for the enterprise of a well-known London solicitor, it is likely that the diamonds would have been lying there to this day. He deduced that some diamonds, which had disappeared without trace, might have been consigned by this aircraft. A flying visit to Khartoum and a preliminary search of the site yielded one or two diamonds to confirm his theory, and after consultation it was arranged that the Khartoum Province Authorities should undertake the work of recovery.

Hundreds of bags of sand were collected from the site, and over a period of months this sand was sifted through and through again, eventually with the aid of an improvised grease table. The harvest was a rich one. Thousands of diamonds were recovered and subsequently handed over to BOAC as carriers for delivery to the underwriters, who had already paid up on the missing consignment but must have recovered a large percentage of it. These diamonds were all cut stones, and so far as I can remember they did not seem to have suffered any damage from the intense heat to which they must have been subjected.—Yours faithfully,

Kirkcaldy H. A. NICHOLSON

*

SIR—Our firm has wide experience in repairing diamonds damaged by fire or otherwise. It is only the outside of a diamond which is affected by fire or great heat. It becomes slightly carbonised and completely dull, and may also have a slightly pitted surface. The centre of the diamond, however, remains unaffected, and after repolishing its lustre is completely restored with only a small loss of weight.—Yours faithfully,

F. L. COPPERMAN
Aardewerk (Diamonds) Ltd., E.C.1

The Tale of Simpkin Marshall

SIR—One of the main reasons why booksellers use wholesalers is that it saves a considerable amount in postage and carriage. Instead of the postage on several parcels from separate publishers the bookseller has to pay the charge on one from the wholesaler. Even with the lower discount allowed by wholesalers this system shows a profit. For several years booksellers have requested that the burden of postage and carriage be removed. The Tale of Simpkin Marshall may prove that it might have been cheaper for the publishers to have agreed a few years ago to the booksellers' request.—Yours faithfully,

JOHN PAXTON
Bridgwater

'The Oxford Dictionary says . . .'
These words crop up constantly in newspapers and periodicals, for an Oxford Dictionary is the obvious and authoritative source to which people turn for a definition. Scholarly and beautifully produced, Oxford Dictionaries cost from 5s. to £50

Oxford English Dictionary
Twelve volumes, £50. Supplement, £5.5s.

The Shorter Oxford English Dictionary
A new impression, with completely revised and reset Addenda, bound in *one* volume only, has just been issued. £5.5s.

The Concise Oxford Dictionary
15s.

The Pocket Oxford Dictionary
8s. 6d.

The Little Oxford Dictionary
5s.

All prices are net

OXFORD UNIVERSITY PRESS

VERY PRIVATE ENTERPRISE

An anatomy of Fraud and High Finance

AYLMER VALLANCE

'The book is lifted high above the usual "rogues gallery" level by the skill with which Mr. Vallance preserves his synthesis, by the fullness of his reference and by most agreeable writing. All in all, an entertaining and instructive book.'
SUNDAY TIMES

Just Published
15s.

THAMES & HUDSON

Books & Publications

The Tragedy of Harold Laski

THE POLITICAL IDEAS OF HAROLD J. LASKI.
By Herbert A. Deane.
Columbia University Press (London: *Geoffrey Cumberlege*). 370 pages. 45s.

HAROLD LASKI's death, five years ago, was the occasion of many personal tributes and obituary appraisals of his contribution to political life and thought; and a full-length biography by his friend and associate, Mr Kingsley Martin, has since provided a memorable, but necessarily partial, portrait. Now comes a scholarly and dispassionate analysis of Laski's basic ideas and their development; a book which Laski himself, incapable of meanness towards an intellectual adversary, would have applauded despite every disagreement.

Professor Deane tackles his subject chronologically, in five sections and a conclusion: 1914-1924, 1925-1931, 1932-1939, 1940-1945, 1946-1950. Within each section he analyses Laski's thought, as expressed during that period, on the nature of the state and political power; on obedience, liberty, equality and natural rights; and on economic and political change, with a special heading for Marxism and Leninism. Thus he gives both a succession of "stills," as it were, of a system of thought whose self-consistency and relevance to current facts can be evaluated, and a moving picture of that system's development over time, of the growth or decline in importance, the mutual reinforcement or contradiction, of its various elements.

"System," perhaps, is the wrong word. Even the early, eagerly libertarian Laski, the pluralist maintaining against the mystical notion of the absolute state the claims of spontaneous association, individual conscience and judgment, rejecting Marxism in the name of freedom, has his inconsistencies. Between the pluralist and the Fabian, relying on an efficient centralised state which is "the final legal depository of the social will," rejecting any definition of freedom which relates to individual spontaneity, there is already a difference too wide for any single system to contain. Between either of these and the post-1931 Marxist, contemptuous of minority rights, denying the possibility of fundamental tolerance, repudiating the essential democratic belief in the power of truth to persuade, there is not merely a difference but a gulf. Patiently, self-effacingly, working as far as possible by quotation, reference and summary, Mr Deane confronts and compares, relates and evaluates, and sets the whole process against its historical background. It is a devastating performance; but never unsympathetic. For Laski was, and Mr Deane feels him to be, a tragic figure.

In him two allegiances were at war: the reformer's allegiance to the cause of the oppressed; the thinker's allegiance to an uncompromising intellectual integrity. In the end, intellectual integrity went by the board. He ceased to analyse, interpret and relate the facts of the real world and became a mere manipulator of stereotypes; he constructed around himself an imaginary universe peopled now with Curragh mutineers and sinister palace intrigues, now with hard-faced men supplying the arsenals of Fascist gangsters for a counter-revolutionary struggle against the unanimously and passionately Socialist masses; a universe of ever more intolerable poverty under an inevitably contracting capitalism, of hope and expansive opportunity under Communism; a universe whose clocks had stopped in 1931. In that fact-proof, argument-proof universe, writing, lecturing, orating, counselling, performing prodigies of doublethink and double-talk, he proceeded with the utmost self-abnegation to work himself to death; at once a martyr to the cause, as he saw it, of humanity and the very type of the *trahison des clercs*, the intellectual's sin against the Holy Ghost, Logos, Reason. It would take the Laski of 1929 to deal adequately with the Laski of the 1940s.

And yet the last word must always be, as it is indeed in Mr Deane's book, different from this. No ignoble rancour nor zest for self-advancement motivated Laski's sophistries and distortions. He was one of those

> To whom the giant agony of the world
> Is agony, and will not let them rest—

and that agony, in the dark 1930s, was too much for him. There had to be an identifiable, satanic cause, an identifiable, simple, Messianic cure; any other supposition would have been intolerable. Marxism gave him cause and cure; nothing, thereafter, could be permitted to shake his certainty. It is not for the thicker-skinned and less compassionate, however impeccable their intellectual record, to look down on Harold Laski.

Antagonists

AMERICANS AND CHINESE.
By Francis L. K. Hsu.
Cresset Press. 476 pages. 30s.

ANY attempt to narrow or explain the gulf between Washington and Peking, which worries everybody, is laudable, and this book is perhaps to be classed as an effort in that direction. It does not, however, deal with the hostile, rival political centres that generate the political electric storms, but instead dissects and analyses ordinary Americans and Chinese. The treatment is amiable enough, yet somehow always remains generic and abstract rather than personal. In a strange way it fails to convince one that the real root of the trouble lies in the people.

Chinese-born and raised but American-educated, Professor Hsu has a foot in both camps, but finds it impossible to reconcile two opposite ideologies. In fact, he finds more differences to emphasise than similarities. One difficulty the reader may encounter is that the author tends to deal with two Chinas, using whichever is more appropriate to his case. The two are not Communist and Nationalist China; the latter is largely ignored—indeed, political affairs in general are ignored. Mr Hsu's two Chinas appear to be the old and the new, yet one is sometimes left in doubt about which of these is being contrasted with the United States at any given moment. The duality is perhaps inescapable in a changing China, but it needs careful handling. The vital factor of Chinese Communism itself is not discussed in detail until the final two chapters of the sixteen. Even then one wonders if Communism in China is being probed by an impartial analyst, or shrouded by one reluctant to introduce a political element into an anthropological study.

Mr Hsu's main concern is with the characteristics of the two races, traced through family, school, marriage, government, religion and economy. Americans, it is asserted, are individuality-centred, emotional, sex-concerned, restless, self-expressive, self-reliant, competitive, insecure, hero-worshippers and social crusaders. Chinese, one is told, are situation-centred, unemotional, more indifferent to sex (a disputable point), calm (except when bargaining?), group-inclined in studies, mutually dependent, devoted throughout life to the parent-child relationship, slow to worship heroes (including Father Mao?), and opposed to social crusades. "Sweep the snow in front of your own dwelling," is a Chinese maxim quoted by the author, "but don't bother about the frost on the roof of other homes." To many Americans, it doubtless seems that today's Chinese bother too much about frost on other people's roofs—in Korea, Formosa, Indo-China, even in Malaya and Hongkong.

Such generalisations may fail to satisfy Americans who have reversed Professor Hsu's course and studied in the Far East. Others can quibble with his claim that China is not inclined to Communisation and that therefore the process will take generations; or with the suggestion that the United States would be easier to Communise because it has already been penetrated; or that China is dynamic while the West is confused, which may be true if you fancy monolithic politics and diplomacy but is certainly disputable otherwise.

The explanation for Communism's success in China remains strangely unclarified by a discussion of Chinese traits. The implication that Communisation will take so long to digest China that it will be Chinese rather than Communist in the end is belied by the speed and depth of change already noted behind the bamboo curtain in less than a decade. And Chinese trained in Moscow are reported to have made astonishing strides in breaking the family-community relationships on which the author, trained in America, places reliance.

The History of Fraud

VERY PRIVATE ENTERPRISE.
By Aylmer Vallance.
Thames and Hudson. 210 pages. 15s.

THIS is a book of famous crimes—but not bloody crimes. Here are no young ladies dismembered and buried in the Eastbourne shingle; no elderly spinsters plunged into acid baths; no Crippens, Armstrongs, Smiths or Heaths; none of the familiar stories that are hashed up so regularly to make another book of crimes. This is something much more interesting. It tells the tale of seventeen financial crimes from the South Sea Bubble in 1720 via Jabez Balfour, Whitaker Wright and others to the Cotswold Cider fraud in 1945.

Mr Vallance must have worked very hard in getting his material together and the narration is always concentrated—so tightly concentrated sometimes as to impair its clarity; but the interest never flags even when the trail of the criminal's finance is a little hard to follow. And, after all, the technique of most of these financial swindlers was to get their accounts into a muddle, and a little obscurity in the mind of the reader is only a compliment to their professional efficiency.

The best chapters in the book are those on Farrow of Farrow's Bank, who was an out and out rascal, on Lord Kylsant who was no rascal and did not deserve his sentence, on Kreuger whom was probably mad, and on Hatry whom Mr Vallance treats very gently. Mr Vallance met Hatry on his discharge from Maidstone Gaol where he had spent eight or nine years—part of them at least weeding the paths and pushing a wheelbarrow round the grounds. The two men obviously liked each other and one cannot but respect the human charity of Mr Vallance's judgment. But the fact stands out that of all the crimes recorded in this book Hatry's was the most deliberate. The other men usually slipped into crime. Hatry, yielding to sudden temptation, dived into it. His was an appalling fraud.

The only criminal of the lot who was tried and found not guilty was Insull, the American king of public utilities; and his manipulations strangely enough caused greater loss than all the rest put together. Born in England and educated at Oxford—but not at the University—Insull went to New York and became Edison's secretary. That post got him started in the business of electric power in its earliest days and in course of time he founded the Middle West Utilities Company, which was the basis of his subsequent operations. After a fantastic career spent in inflating values and watering capital he collapsed. When the crash came the value of his company's shares fell from $576 to $1.25; the resulting losses were anything up to $3,000,000,000; and Insull himself died in a French railway station with twenty cents in his pocket.

Mr Vallance is not only a historian. He is also a left-wing propagandist; and he often stops to point out that the true villain of the piece is Acquisitive Capitalism. An individualist, as he reads the book with excitement, feels rather like a sceptic following a Salvation Army band. He enjoys the music but knows that its purpose is to lead him to the penitent form.

The Diplomat

THE FOREIGN OFFICE.
By Lord Strang and other members of the Foreign Service.
Allen and Unwin. 226 pages. 15s.

IN his foreword, Lord Strang describes this volume in the "New Whitehall Series" as a book about the Foreign Service by the Foreign Service. Though he supervised its production, it is the work of several hands; and it deals with the work of the Foreign Service as a whole, not merely with the Foreign Office. As anyone who knows that service would expect, it is admirably written, with clarity and wit; and it shows no internal evidence of having more than one author. As a description of the work and organisation of the service, it is authoritative (though it might have been improved by a few more facts and figures). But there is much more than description in it. It is an apologia for the diplomat in the modern world, and for the service as it is now constituted. With quiet insistence, it defends the present (but not the past) state of things. It admits to faults, but, except for the excessive load of work on the Foreign Secretary, it does not specify any important ones that have survived the reforms of 1943.

It might have been wiser to describe more and argue less: partly because the principles of diplomacy have been analysed excellently elsewhere, but more because the reader who does not know the service, exposed to a constant stream of skilled persuasion, may think that this is just what he expects from diplomats, who are always covering something up. If he thinks that, he will be wrong; for it is an honest book, and the service has good reason to be proud of its work. In any event, all who take interest in foreign affairs will gain by learning how a skilled and devoted service defines its aims and methods.

However much one welcomes the book, one cannot help regretting that the Royal Institute of Public Administration, which sponsors this series, has missed the opportunity of bringing academic

Fiction

JOYCE
CARY
NOT HONOUR MORE
"His finest achievement, the fruit of his maturity" ELSPETH HUXLEY (*Time & Tide*) 12/6

JOHN
MASTERS
COROMANDEL!
Every bit as exciting as *Bhowani Junction*. "A fast and vivid adventure" J. W. LAMBERT (*S. Times*) 12/6

MAX
MURRAY
ROYAL BED FOR A CORPSE
Another 'corpse' thriller, in which "detection is so cunningly allied to humour" G. W. BISHOP (*D. Telegraph*) 10/6

GLADYS
MITCHELL
WATSON'S CHOICE
"She not only regains her best form but even improves on it" FRANCIS ILES (*S. Times*) 10/6

Non-Fiction

TOM & LYDIA
DAVIS
DOCTOR TO THE ISLANDS
The adventures of a doctor and his wife in Polynesia. "A reviewer's delight" LORD STANLEY OF ALDERLEY (*Time & Tide*) *Illus.* 15/-

GAME
SHOOTING
ROBERT CHURCHILL
"Theory, science and practice are very skilfully blended" SPORT & COUNTRY *Illus.* 42/-

EAGLES
LESLIE BROWN
An authoritative new book by the author of *Birds and I*; a 'must' for every bird lover.
Illus. 18/-

MICHAEL JOSEPH

standards more deeply into the study of British Government today. Valuable as these books are, they are official productions which might just as well have been sponsored by Her Majesty's Stationery Office. If the institute had used the goodwill which it enjoys in Whitehall to produce a series of works by outside authorities, working in close contact with the offices studied, something of greater value might have emerged. Lord Strang, speaking of the defects of the service, says:—

> For a really sound diagnosis, two things are probably required: first, a thorough understanding of what the Service is today; and second, a perspective such as the outsider alone can enjoy. Clearly these two things are almost incompatible in practice.

Almost—but not quite; and this is the opportunity which the institute has missed. In the meantime, we can be thankful for a half-loaf of the very best bread.

Modern Wage Theory

THE THEORY OF WAGES.
By K. W. Rothschild.
Blackwell. 186 pages. 18s.

IT would probably be true to say that since the consolidation of mass trades unionism in the interwar period, wage-theory has ceased either to form a satisfying component of general economic doctrine for economists themselves, or to carry conviction among such practical people as looked to it for guidance.

Since that time, new thought on wages has mainly appeared by way of scattered adjuncts to other developments of economic analysis. Mr Rothschild has written a useful and intelligent book, in which these later developments of wage-theory are summarised and related to an exposition of traditional doctrine. His study is also remarkable for its modesty—displayed in a repeated emphasis on the extent to which economic analysis provides, in situations clearly recognisable as realistic, no determinate solutions. Even at its starting point—an assumed perfect competition in the labour and product markets—the special qualities of labour as a commodity mean that "equilibrium" may equally be found at very different levels of employment and real wages. Once competition in product markets ceases to be perfect, and the possibility of effective combinations of workers and employers is accepted, the range of indeterminacy becomes still greater. And in the last stage of his theoretical sketch, which deals with the effects of bargaining-power, Mr Rothschild largely abandons the conventional analytical structure for a discussion of the practical possibility of reducing the consumption of non-wage earners by collective action. "The whole field of the purely ecorlomic analysis of wages (he concluded) is . . . only concerned with the minor adjustments that follow within the framework of a politically-determined situation."

Some may think this judgment overdone. Social or political policies may themselves be influenced by an analysis of their economic consequences: Mr Rothschild himself illustrates the continuing value of economic theory, in his very interesting application of it to working hours and conditions. Not all economists would accept a mainly negative role for economic factors in the determination of wages, and the conciseness of Mr Rothschild's account (which is carried to a point barely short of inadequacy in one section—on the share of wages in the national income) gives an impression of greater unanimity than is perhaps justified.

One may ease the difficulty, however, by setting contemporary wage-theory in its historical context—a procedure which Mr Rothschild admirably applies to its ancestors, the "subsistence" and "wage-fund" doctrines. Many of the propositions he sets out were evolved against the interwar background of general unemployment, in which collective controls of wages were significant but not yet dominant. Theory, unfortunately, usually follows events. It is the modern situation, of continued (and to some extent artificial) full employment and overwhelmingly-collective bargaining, that analysis has not yet absorbed—which accounts for the comparative ineffectiveness of its contribution to recent problems of wage-policy. It may well be, as Mr Rothschild suggests, that to interpret this situation theory must . . . "break down the . . . barrier between economics and sociology." His review at least carries one to the threshold of such a development.

Water Works

THE MOVING WATERS.
By John Stewart Collis.
Hart-Davis. 246 pages. 15s.

THIS is a book about the changes made in the land masses of the globe by the ubiquitous action and reaction of water in its various forms throughout the ages. It follows the cycle of evaporation, cloud formation, condensation, rain, snow, hail, streams, glaciers, icebergs, rivers, back to the sea again. It is packed with amazing and intriguing information and colourful statistics; it is overloaded with quotation, interspersed with maddeningly specious moralising and pompous hyperbole; and, yet, it is a fascinating book, rescued from continually threatened banality by the author's unaffected capacity for wonder and gratitude in the face of the marvels of natural science. This sense of the miraculous is infectious, and the reader who catches it is made free of a new dimension and startled into awareness of ever-present creation.

There is also a formidable repertory for the collector of bizarre facts. For instance, a pilot who gets into difficulties inside an apparently peaceful cumulo-nimbus cloud on a summer day, and takes to parachute, may find himself trapped in a whirling chaos of frightful force, and go blasting upwards at 200 miles an hour amid hailstones and lightning, falling vertiginously and rising dizzily, until by good fortune he succeeds in dropping through the floor of the cloud. Or, at the opposite extreme, a speleologist may descend to the terrifying depth of underground chasms and explore subterranean rivers and waterfalls, braving catholes and siphons, to discover vast stalagmite cathedrals, crystalline palaces and gardens, or petrified seas and cataracts chiselled by the action of water on the hidden rocks of the earth. Erosion has removed 29,000 ft. from the Welsh mountains; the daily silt carried seaward by the Mississippi would fill 900 trains each drawing fifty twenty-five ton cars; there are thousands of perfect shells in one cubic inch of chalk; and Dr Irving P. Krick made a million dollars in three years by sowing clouds with silver iodide to induce rain.

So it goes on, as Mr Collis hymns the geological saga, exuberantly piling metaphor upon simile; clouds are "floating fleeces, precious with the gold of heaven," snow flakes are "these starry gems, these floating flowers of aerial ice," and water is "the bricklayer of the walls of Albion." Indeed, he shocks even himself into misgiving at a certain passage, and admits that he wondered whether it might not be best to leave it out. Regretfully it must be admitted that it might.

Shorter Notice

AMERICAN GOVERNMENT.
By Richard H. Pear.
MacGibbon & Kee. 215 pages. 15s.

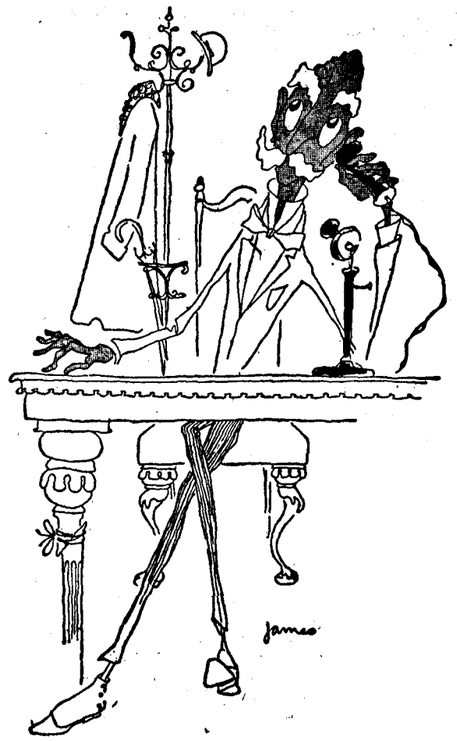
Mr Pear's book does not aspire to compete with the vast number of detailed and scholarly studies of American government and politics that are readily available to the more serious students of the English-speaking countries. The justification for still another book on this subject is that it offers to the specifically British reader, who may not have the time or the inclination to examine the literature of the last half-century, a very brief (150 pages of text) but a very accurate and readable explanation of the theory and practice of American government. The essential elements of American government—the constitution, the parties, the President, the administration, the courts and local government—are given the careful and adequate attention which they merit. On the other hand, many other features of the American political scene have had to be sacrificed to the goal of brevity, and the British reader might well have endured a somewhat longer text in order to be given an evaluation of such significant problems of American government as pressure groups and lobbyists, the growth of executive powers, the conduct of foreign relations and the curtailment of civil rights.

Books Received

BANKERS ALMANAC AND YEAR BOOK, 1954-55.
Thomas Skinner and Co. 1,564 pages. £4 5s. $22.

LA REGION DU NORD.
By Rene Gendarme.
Centre d'Etudes Economiques. *Librairie Armand Colin.* 305 pages. 1,000 frs.

THE AGE OF SHAKESPEARE: Volume II of A Guide to English Literature.
Edited by Boris Ford. A Pelican Book.
Penguin Books. 479 pages. 5s.



May we give your old Mahogany a new lease of life

Vintage furniture, like vintage wine, is good only when it's properly kept. Many a favourite desk, table, cabinet or chair can be restored to all its glory. Catesbys Contracts have craftsmen who've spent the best part of a lifetime at this sort of thing. They can work wonders on furniture that was good in the first place—and save your capital into the bargain. Why not let Catesbys Contracts have one or two of your favourite pieces and see how beautifully they do this work!

Catesbys

CONTRACTS & EXPORT LIMITED

TOTTENHAM COURT ROAD · LONDON W1 · MUSEUM 7777

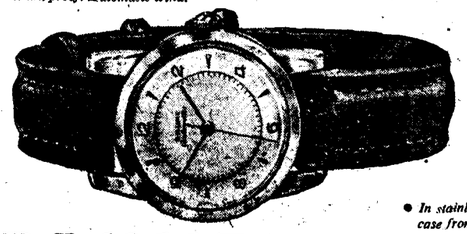
LET CATESBYS PUT A NEW FACE ON THE PLACE



The watch in his life...

He's frantically busy. Only by the strictest deployment of his time is he able to get through everything. A man like this *has* to have a good watch. If he bought the Baume watch illustrated here he could forget about it. He wouldn't even have to wind it . . . seldom have to re-set it . . . probably never, throughout its long life, have to take it to a watchmaker for anything more than a yearly oiling. It's very robust and pleasant to look at.

Ref. 423. 17 jewels. Shock absorbent. Anti-magnetic. Waterproof. Automatic wind.



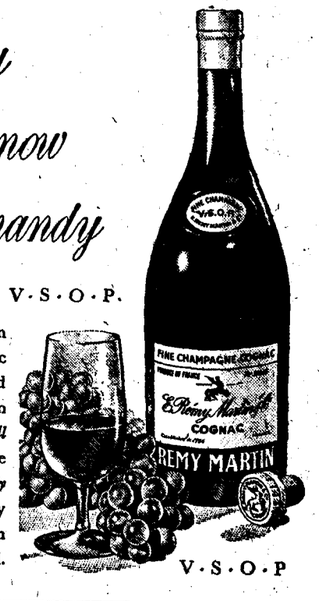
• *In stainless steel case from £19.*

BAUME *the good watch*

BAUME & CO. LTD. (ESTABLISHED 1834) LONDON AND LA CHAUX-DE-FONDS

What you should know about Brandy

V·S·O·P.



The best brandy comes from Cognac. The finest Cognac comes from the Grande and Petite Champagne districts in the centre of Cognac. *All* Remy Martin Cognac is made from grapes grown *exclusively* in these two areas. That is why people ask for Remy Martin and are never disappointed.

V·S·O·P

REMY MARTIN

Pride of Cognac



African Adventure

One of the most interesting and exciting films ever made by the J. Arthur Rank Organisation is SIMBA. It sets the Kenya problem in its own surroundings, and examines it in simple and sincere terms. Film critics have welcomed it with such phrases as:

'A story that packs thrill upon thrill' —SUNDAY DISPATCH

'A fine, horribly exciting film' —SUNDAY EXPRESS

'Powerful, intelligent, and intensely moving' —SUNDAY EMPIRE NEWS

'Ninety-nine nerve-shaking minutes' —LONDON'S EVENING STANDARD

A POWER TO BE RECKONED WITH

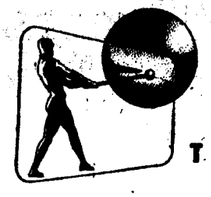
SIMBA is splendid entertainment. It is also a film whose values emerge naturally—without the help of propaganda—because it is made with sincerity and understanding.

Many such outstanding films have been made by the Rank Group; and because of this responsible approach to picture-making, British films have become more than first-class entertainment. They have become as vital a means of communication as the Press and radio.

Films like THE CRUEL SEA, MANDY, MALTA STORY and SIMBA are seen and enjoyed by millions, not only for the dramatic stories they tell, but for the ideas and ideals expressed within them.

Their effect is so far-reaching that it can never be accurately assessed.

So this Group takes its responsibilities seriously—and is proud to have the resources to make such pictures and show them to the world.



'MALTA STORY'

'The atmosphere is terrific . . . the film grips till it hurts'

SUNDAY DISPATCH



'MANDY'

'No-one has suggested so powerfully the bewilderment, fears and angry rebellion of a child imprisoned by silence in a frightened private world'

DAILY TELEGRAPH



'THE CRUEL SEA'

'A film which will thrill the world and of which Britain can be very proud'

SUNDAY PICTORIAL



THE J. ARTHUR RANK ORGANISATION LIMITED

American Survey

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

Trading with the Senate

Washington, D. C.

THE story of the Administration's trade and tariff Bill in the Senate Finance Committee is a story of "what might have been." During the final afternoon, ten days ago, when, after nearly a month of closed sessions, the limits of the possible had at last become clear, the faces of the protectionists hovering in the corridors were long. They had come dangerously close to some important triumphs—triumphs which, by adding all manner of new restrictions on imports, would have more than nullified the modest liberal aspirations of the Bill. Administration faces, on the other hand, were tired but bright; this was only, however, because so much trouble had threatened the Bill in recent weeks. In the exultation of what finally did emerge from the Finance Committee, it was nearly forgotten that everything the committee had done to the Bill was "bad" from the liberal point of view, and that some of the new provisions could scarcely be termed minor.

The concern of both sides with the Senate Finance Committee was fully justified—not only because it has somewhat protective leanings, but also because, where tax and tariff Bills are concerned, it has enough power and prestige to ensure that the final legislation is almost exactly what it wants. This was proved in the Senate this week when, after only two days' debate, the foreign trade Bill was passed by a large majority. The Senate version has still to be reconciled with that passed by the House of Representatives, but it is a fairly safe prediction that the conference committee will accept the Senate amendments and that the world—for the next three years—will have to live with an American tariff policy shaped within their confines.

*

What, then, are those confines and how did the Finance Committee narrow them? The Bill as approved by the lower house gave the President three types of moderate tariff-cutting authority: to reduce any tariff by 5 per cent of the present level every year for three years; to reduce any tariff that is higher than 50 per cent *ad valorem* to 50 per cent; and to cut in half the tariff on any item not hitherto imported, or imported in only negligible quantities. The committee removed the last of these powers—largely on the plea of the textile industry which regaled it with mournful tales of the effects of Japanese competition, while arguing at the same time that imports of many textile items were "negligible." The original Bill contained a special provision for Japan, with which the United States is only now conducting its first trade negotiations; it would have allowed that harassed country the benefit of reductions possible under the existing law and the new law as well. The committee found this to be "double jeopardy" for the domestic textile industry and limited the Japanese to the benefits of the existing law, under which tariffs can be reduced to 50 per cent of the rates prevailing at the beginning of 1945.

To begin with, the Bill said nothing about the notorious "escape clause," under which a tariff, once lowered, can be raised again if a domestic industry proves that it has been injured by the reduction. But by two changes in definitions, the committee has made it far easier for a domestic industry to "demonstrate" to the Tariff Commission that it has suffered as a result of imports. Fortunately, the committee did not change in any way the power of the President to reject the findings and recommendations of the commission. The original Bill did not mention import quotas; the committee approved a compromise, acceptable to the Administration, authorising the President to use quotas or any other type of restriction at his discretion in cases where imports were threatening an industry deemed essential to national security.

*

It was the emergence of this last-named provision that led, ironically, to the exultation of the liberal side at the final outcome of the Finance Committee's work. For weeks "commodity amendments" had poured into the committee, led by the powerfully-backed proposal to clamp a severe quota on imports of crude and residual fuel oil. The belief of most observers was that if the oil quota amendment were to pass, then the dam would be broken and Senators would begin "log-rolling" various other special amendments into the Bill. For days it had been plain that the oil amendment, if put to a vote, would be settled 8 to 7 one way or the other. At the last minute, its sponsors realized that they lacked the necessary eighth vote, and they were forced to accept the compromise on import quotas as a substitute for all the commodity amendments. This compromise was acceptable to the Administration because it was not mandatory and because the President was thought to have the power to get quotas in any case; but it will add enormously to the pressures on the President to relieve the distress—real or imagined—of the countless industries which, in a modern economy, can claim that they are "essential" to national defence.

Indeed, while the Bill can unquestionably be regarded with some satisfaction by those, in the United States and abroad, who have hoped for a liberal American commercial policy, this quota amendment and, even more, the escape clause amendment cannot be shrugged off. The three years of supposed "stability" in American policy, with modest moves in the direction of lowering import barriers, will have their full share of protectionist-inspired claims for relief for the watch, or the oil, or the bicycle industry—and on some of these the President is certainly going to have to take a step backward. It is true, no doubt, that more tariffs will be lowered than raised, but the international trading community might as well count on constant harassment.

The surprising amount of trouble which the Bill has encountered has been, in important measure, due to a brilliantly organised campaign by the protectionists. The strategists from the relatively few, relatively small and thoroughly localized industries which actually do have something to fear from imports made an important discovery: the textile industry had been in something of a slump for almost two years, and now the Administration was proposing to negotiate on textiles with the "awful" Japanese. Little more was needed. The strategy was to strike fear of the imminent "flood" of imports from Japan into the hearts of both workers and management in the textile industry—with the result that the "flood" took the form of letters and protests descending upon scores of members of Congress. For there is no American Lancashire; in the United States textiles are a widely-spread industry. This unusually intelligent campaign very nearly succeeded.

That it failed reflects the clear majority of public opinion generally in favour of more liberal trade; this was reinforced by the position of the President, and by the awareness of at least some Congressmen that the United States simply cannot conduct its foreign affairs without a "steady-to-liberal" commercial policy. Yet the near success of the protectionists contains its obvious lesson: the United States cannot be expected to take more than the most cautious steps towards liberalism for foreign trade in the predictable future.

Can Talks be Far Behind?

ACCORDING to the latest Gallup Poll, three out of four Americans favour direct negotiations with Russia and Communist China over a peaceful settlement of the Formosa issue. In Republican ranks also, supporters of the President's policy of watchful optimism and readiness to negotiate are gaining strength and "Formosa firsters" are becoming a stubborn minority. This means that the drive behind what has now become the Republican Administration's policy will no longer be supplied solely by the Democrats, and particularly by Mr Adlai Stevenson and Senator George, the august chairman of the Senate Foreign Relations Committee.

Twelve Republican Senators, led by Mr Clifford Case of New Jersey, have endorsed a policy of negotiation, and only two of them have added the qualification that Nationalist China must be represented. Ten days ago, such a distinction would not have been necessary, but carefully-worded statements by President Eisenhower and Mr Dulles have indicated that bilateral talks with Peking are conceivable on questions broader than a mere cease-fire. Such a stand is bound to emphasise the divisions within Republican ranks. Senator Knowland, leader of the party in the upper house, strongly denounced the new policy of "surrender on the instalment plan" and brands Mr Chou En-lai's proposals as patently insincere. Mr Knowland has even hinted that separate negotiations with red China might lead to his resignation as majority leader. Most of his Republican colleagues would deplore this step; Mr Knowland's integrity is unquestioned and his resignation would seriously weaken the party on the eve of an election year.

Spurred on by their disagreements over foreign policy with the President, right-wing Republicans are once again trying to curtail the treaty-making powers of the executive branch of the government. An amendment to the Constitution, sponsored by Senator John Bricker of Ohio and backed by extremist groups throughout the country, would make the ratification of treaties subject to approval by state legislatures. Last year this amendment, in a modified form, was narrowly defeated. President Eisenhower has once again stated that such a measure would hopelessly impair the foreign policies of the United States. In view of the Administration's strong stand and of a Democratic majority in Congress, it is unlikely that the Bricker amendment will get very far. A more dangerous threat to the President's flexible approach to the Formosa problem would be any evidence that Peking is not sincere.

Help for Farmers

WHATEVER the outcome of this week's attempt in the House of Representatives to restore high and rigid supports for farm prices, it is improbable that the Administration will in fact be made to reverse its policy of flexible supports, designed to relate supplies of agricultural products more directly to demand than has been the case recently. The Senate is not expected to act this year on the Bill now being considered by the House, and in any case it is one which the President would be sure to veto. But this does not mean that the Senate is any less concerned than is the House about the troubles of American farmers. The continued fall in agricultural incomes is underlined by the rising prosperity in the rest of the economy, and the renewed drought in Colorado and the neighbouring plains has added urgency to the problem.

Congress has just been expressing its dissatisfaction by forcing more money, for direct aid to farmers, on the Secretary of Agriculture than he had asked for. Nothing the Republican Secretary does for the farmers is, of course, likely to satisfy a Democratic Congress. Another demonstration of this is the unfavourable reaction to his proposals—certainly not very inspiring—for special aid for those farm families whose cash incomes average less than $1,000 a year. There are 1,500,000 such families, about one quarter of the total on farms, mainly in the South, and it makes little difference to them whether price supports are high or low, rigid or flexible. Most of them live on land that is hardly worth farming, and what they need is some means of raising their standard of living. The obvious solution, however, that they should give up agriculture altogether and move elsewhere, is usually impractical, for social as well as for political reasons.

The intractability of this problem has long been realised, and the Department of Agriculture has for years been helping these low-income farm families to improve their living conditions and agricultural practices, with advice and loans, and has also been trying to find non-farm jobs for them in the off-season. The Democrats accuse the present Administration of having cut down on such activities, and claim that the new programme is only an intensification of measures which they have been condemned for sponsoring in the past. Certainly it seems to promise little, in the immediate future at least, beyond a co-ordination of the present schemes and an effort to make sure that they are concentrated on those farms where they can do the most good.

Vaccine's Mixed Blessing

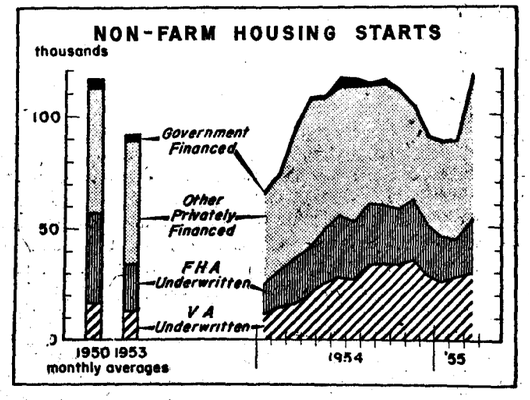
IT is difficult to see how the problems arising from the release of the anti-polio vaccine developed by Dr Salk can be solved without a dose of that "socialised medicine" which is so repellent to most Americans. The first jarring note came when twenty-six children, out of several million already inoculated, developed the disease. It was immediately pointed out that an effectiveness of only ninety per cent is claimed for the vaccine, and that the children might have been infected with the polio virus before being inoculated. Nevertheless, because twenty-five of the doses came from the Cutter Laboratories in California, that firm's entire output has been withdrawn for investigation.

This emergency action revealed that a black market in the vaccine was already starting up. With only five pharmaceutical companies now producing it, there is not enough to go around and parents, frantically anxious to immunise their children before the summer polio season gets fully under way, are prepared to pay fantastic prices to unscrupulous suppliers or physicians. To meet this threat, the New York Board of Health has required registration of all vaccine and made possession by anyone except physicians unlawful. In Washington, the Administration maintains that supplies should be allocated on a basis of voluntary co-operation. Under this system, all children between one and nine years old are to be vaccinated by August 1st, and all children up to nineteen by December 1st. Local health officials and school authorities are responsible for the just allocation of supplies and inoculations are to be free of charge in most communities.

Many observers, however, feel that the situation is already out of hand and that voluntary measures will not suffice. In a powerful editorial, the *New York Herald Tribune* has called on the government to regulate the production, distribution and use of the vaccine and to impose harsh penalties on anyone caught in possession of illicit supplies. Bills to this effect have been introduced in both Houses of Congress. The President has now promised that if it appears that poor children are being put at a disadvantage, the government will immediately buy up the entire output of vaccine and distribute it free of charge.

Downpayments for Houses

THE slight increase in restrictions on credit for the purchase of stocks and shares has been followed by an even slighter, but almost as significant, tightening of credit for the purchase of houses. The housing and stock markets are the two sections of the economy where there have been signs that the boom might be getting out of control. Since the beginning of the year, bankers and others have been drawing attention to the danger that overbuilding, based on a plentiful supply of mortgage money on unduly easy terms, might lead to a saturation of the demand for houses, followed by a collapse. The recent tendency for interest rates in general to rise, coupled with a decrease in the amount of money available for mortgages, has lessened this danger. Now the Veterans Administration and the Federal Housing Administration, the two



government agencies which guarantee or insure loans made by private concerns to ex-servicemen and others who want to buy houses, have curbed the most notorious example of excessively easy credit.

This is the "no-no loan," in which the borrower not only does not have to make any down payment for a house, but does not even have to cover the settlement costs—charges for documents, surveys and so on—which can come to as much as $500. Such loans have not in fact been very frequent, but now both the FHA and the VA are refusing to underwrite mortgages if the buyer does not cover these costs. The FHA has always required a down payment in cash, although it is satisfied with 5 per cent, but the VA has not required one at all, and still does not. The FHA still has power, if it becomes necessary, to insist on higher interest rates and shorter maturities for loans which it underwrites.

Whether or not the demand for new houses will really keep up with the number being built—the annual rate is at present running at a record rate of 1.4 million—it is certain that there is a scarcity of houses for the low-income slum dwellers who cannot afford economic rents. Last year Congress reluctantly allowed the Administration to give financial backing to a token programme of 35,000 public housing units, but accompanied this by regulations which have, as it was feared they would, made the pro-

gramme almost meaningless. The President has now asked Congress to remove these restrictions, to extend last year's programme and to authorise the building of another 70,000 public housing units in the next three years. With the Democrats in control of Congress, the forecast for this legislation is brighter then it was in 1954, but by no means set fair, especially when opposition in the House of Representatives is considered.

Bigger But Better?

WHILE committees of both houses of Congress are considering whether the anti-trust laws are adequate, the Department of Justice is making good use of the laws as they are at present. Presumably it hopes in the process to counter the Democratic charge that the present Administration is "soft" to big business. Both branches of the government are particularly concerned with the rash of mergers which has broken out on American corporations in recent months. Mr Stanley Barnes, head of the department's Anti-trust Division, has given notice that the government will seek an injunction against the proposed merger between two of the country's biggest steel undertakings, the Bethlehem Steel Corporation and the Youngstown Steel and Tube Company, should it actually materialise. Mr Barnes argues that this combination would reduce "the vigour of competition" in the American steel industry. In the meanwhile, his department has filed an anti-trust suit against the Hilton Hotel Corporation and is also preparing to indict the American Newspaper Publishers' Association and a number of advertising groups.

The Hilton chain, which is the largest hotel business in the world, last October acquired ten hotels formerly owned by the Statler Corporation. The government contends that this purchase—involving $111 million—effectively curtails competition, particularly in New York, Washington, St Louis and Los Angeles. It points out that the Hilton interests now virtually monopolize the leasing of hotel-space for industrial and political conventions. The Department of Justice hopes to force the Hilton chain to dispose of some of its hotels and financial participations so as to "restore competitive conditions" in the industry. The proceedings against the ANPA—which includes ninety per cent of American newspapers—are based on the contention that publishers are preventing fair competition among advertisement agencies by what is know as the "recognition system." Members of the ANPA will only accept those advertisers who are prepared to deal with agencies receiving a fifteen per cent commission. Agencies willing to charge less simply do not gain "recognition"; this appears to constitute a *prima facie* restriction on free competition.

The ANPA's counsel is confident that his clients will win if the case actually goes to court, Mr Conrad Hilton has announced that he will fight the suit against his company and there is evidence that the two steel concerns are prepared to take the risk of legal battle. The last two cases may do something to clarify exactly what is meant by the Clayton Act's restrictions on mergers which "lessen competition or tend to create a monopoly." Spokesmen for the new financial leviathans have developed a theory of "megalopolistic competition," intended to prove that mergers make competition keener and ultimately benefit the consumer. And in spite of the intensive propaganda from small business men's organisations, there is a widespread feeling in the United States that bigger business is often better business.

Tinned Politics

New York

SPURRED on by Senator Lyndon Johnson of Texas, the Democratic leader, the Senate, preferring politics to economics, has decided unanimously that the Texas City tin smelter should continue in operation for another year. The United States is the world's largest single consumer of tin; it depends on foreign sources for its entire supply; the government-operated Texas City smelter, the largest in the world, is the only one in America. It can use the low-grade tin concentrates from the only significant source of tin in the Western Hemisphere—Bolivia. These facts, considered in the light of the political situation in the Far East and in Bolivia, whose political stability is assumed to be dependent on an assured market for half of its tin in the United States, were enough to convince the Senate that the substantial cost to the Treasury of operating the smelter is justified.

A Senate committee report claims that the continued operation of the smelter is required as a protection against "price gouging" by the "foreign tin cartel" which allegedly "engineered a price rise of almost 200 per cent within an eight-month period," after the outbreak of the Korean war. But the significance of the decision to keep the smelter in operation is precisely that it will help to keep up the world price of tin. It means that the United States will continue to buy half of Bolivia's tin concentrates, and will probably also renew the contract with Indonesia, since the low-grade Bolivian tin must be "sweetened" by richer ores. It is also assumed that the entire output of the smelter, now running at about 2,400 tons a month, will be added, as it has been so far, to the government's strategic stockpile—thus keeping a burdensome surplus of tin off the market. The stockpile is now believed to amount to over 300,000 tons—equal to roughly five years' normal consumption in the United States. But the Senate committee considers this adequate only for the "unpredictable short run" and reports (without giving figures) that the government has tin in stock and on order in excess of its minimum objective for the stockpile, but is still short of its long term objective, which was conveniently revised upwards as recently as last March.

Now that the Senate has set the course, a companion Bill is expected to pass the House of Representatives without difficulty. The Administration, which has taken a back seat this year, after being rebuffed in 1954 when Congress forced it to keep the smelter in operation, is called on to recommend by next March the most feasible method of maintaining a domestic tin-smelting industry in the United States, and to study the possibilities of leasing or selling the smelter to a private undertaking. The House Bill, in its present form, would also have the executive study whether the smelter is essential to national defence, a decision for which the responsibility has so far been assumed by Congress.

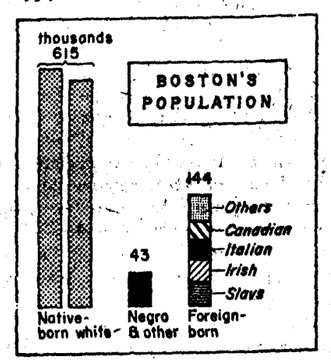
Parties in New England

FROM A CORRESPONDENT IN BOSTON

SINCE the turn of the century, elective offices in New England have been held, in general, either by the Yankee descendants of the original settlers in the area or by the politically-conscious Irish whose ancestral ties with New England date back to the middle of the nineteenth century. The Yankees, customarily working through the Republican party, dominated the region until the Roosevelt era, when the Democratic party, the traditional voice of the more recent arrivals on American shores, became a recognised power in New England. Today, the increasing political activity of several other groups, previously quiescent, is gradually forcing the region to readjust its entire outlook. Moreover, there is a growing number of people in New England with a foreign background, and, as they acquire roots, they also acquire a wish for a voice in government.

Until recently, neither the Republican Yankees nor the Democratic Irish had been very willing to give other than minor party appointments to those whose ancestry differed from their own. The exact turning point is not easy to date because the change in party attitudes has been gradual and differs in extent in the various New England states. But the chief reason for the change is the steady diminution of Republican votes in New England. This shift from Republican to Democratic control is the result of the gradual exodus from the small towns and rural areas which are the traditional Republican strongholds. Meanwhile, the cities, usually Democratic, have gained in population.

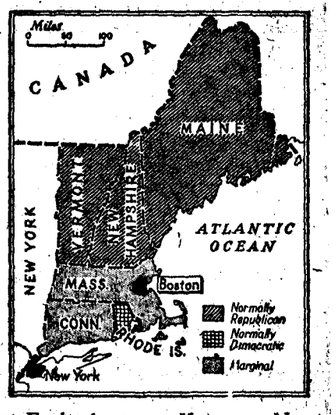
The rise in the power of new racial and national groups is most easily seen in Massachusetts, Connecticut and Rhode Island which make up the southern, and by far more populous, half of New England. Once a Republican bastion, Massachusetts has progressively leaned more and more heavily toward the Democrats; the Republicans now admit that they have to find especially outstanding candidates if they are to win elections for state and national offices there. Senator Leverett Saltonstall and Governor Christian Herter, both of whom have national reputations, did the trick in 1954.



But Massachusetts Republicans are fighting the Democratic trend mainly by broadening the base of their electoral appeal. Until four years ago, Yankee Republicans were always the party's candidates for the six offices, including the governorship and the lieutenant-governorship, which are elected by the voters of the whole state. Then the Republicans became alarmed by the frequent Democratic victories—usually with candidates of pure Irish extraction—and deliberately added Irish, Italian and Jewish candidates to their lists. The initial stages of this manœuvre have not resulted in sweeping gains for the Republicans, although it is generally conceded that voters will respond to the move if they conclude that it is both sincere and permanent. Significantly, Mr. George Fingold, a Republican, who became state attorney-general in 1952, was re-elected in 1954. He is the first Jew to hold such an office in the state.

Italians have, by and large, congregated under the Democratic banner in Massachusetts and frequently complain that Irish Democratic leaders shut them out of the high positions. This grievance has increasing significance as the Italian bloc grows in strength, and the Irish Democrats frankly admit they will have to fight the Italian faction one day if they hope to maintain their dominance of the party. Some Democratic leaders made a serious effort in 1954 to appease the Italian voters by nominating Mr Foster Furcolo, whose father is Italian and whose mother is Irish, to run against Senator Saltonstall. Mr Furcolo lost by a narrow margin, and some observers blame his misfortune on the "sitdown" of Irish voters who were reluctant to see a man with an Italian name nominated for so high an office.

In Connecticut, the second most populous New England state, a Democratic Governor is in power after twenty years of see-sawing battles between the two major parties. Governor Abraham Ribicoff's victory last November was due in part to a split in the Republican ranks. However, Democratic victories in this state are not unusual. Connecticut, which, like Massachusetts, is heavily industrialised, does not always fit into the New England political, economic and social picture; it looks to New York City while the rest of New England centres its affairs around Boston. But the rise of minority groups can be distinctly felt. Governor Ribicoff is the first Jew to occupy the Governor's chair, and the relative absence of anti-Semitism in the campaign was a source of satisfaction to both parties.



In tiny, neighbouring Rhode Island, voters bade goodbye to Republicanism about twenty years ago, and since then have had only a fleeting association with it. Political leadership is divided between those of Italian and Irish extraction and, as in Massachusetts, the Italian share of the vote is gaining. The state now has an Italian and an Irish Senator.

The remaining New England states, Vermont, New Hampshire and Maine, are farm areas where the power of the Republicans habitually goes unquestioned. This basic situation thus makes the most recent Vermont and Maine elections rather startling. Well aware of their handicaps, in 1954 Democrats in these two states selected candidates with a more than average appeal to floating voters. Usually Democrats in Vermont pick someone from a town near the Canadian border where they have support among the French-Canadian population, but last year their candidate for Governor, Mr Frank Brannon, was a farmer. He came within 5,000 votes of defeating the Republican incumbent,

Mr Joseph Johnson, an industrialist. Previously, the closest any Democrat had got to a Republican was too little by 18,000 votes, in 1952.

In Maine, in 1954, Mr Edmund Muskie became the first Democratic Governor in two decades. He is both personable and intelligent, and he easily charmed "State of Mainers," proud of their old-fashioned independence. But his ancestry is Polish, and his election makes it even more probable that the present trend towards candidates with varying backgrounds will be intensified in New England.

Potatoes Go to Market

FROM A CORRESPONDENT IN CALIFORNIA

FIVE years ago potatoes were providing an early and notorious example of the waste of the taxpayers' money which could result from the government's agricultural price support policy, especially when it was applied to perishable commodities. Now potatoes are providing a test of the present Administration's favourite alternative: that farmers should stabilise their markets by voluntary co-operation with little or no government aid. Potato farmers are turning to "marketing orders"—agreements among producers, enforced by legal sanctions, which are becoming increasingly popular for many commodities. These orders have been adopted in Maine and Idaho, the major producers of late potatoes (harvested in August and September and stored for winter and early spring consumption) as well as in California, which participates in both the early and late markets. The details of the orders are drafted by industry conferences, voted upon every few years by all the producers and dealers affected, and administered by an elected advisory board of industry members. In general, schemes for potatoes establish minimum standards of quality, size and maturity for all those moving directly into retail markets.

California adopted its order after a disastrous price collapse in the early potato market in 1953, brought about by serious overplanting. Although improved yields per acre and sizeable stocks caused total supply to exceed normal requirements for consumption, the average price obtained for early potatoes rose from an unprofitable 85 cents a bushel in 1953 to a comfortable $1.65 in 1954. Confident that the strength of last year's market was largely the result, not of a voluntary reduction of 30 per cent in acreage, but of their marketing order, the Californians have this year posed an acid test: a strengthened order accompanied by plantings 22 per cent above 1954 and only 16 per cent below 1953, with the result that a surplus of 3 million bushels a month is in prospect for their season, which ends in July.

Under the California marketing order, an assessment of 4 cents levied on each hundredweight of potatoes finances not only the administration of the order and the elaborate inspection operation but also an increasingly popular feature of marketing orders—the advertising and promotion of the product. Although producers of other commodities (most notably apple growers in Washington State and Hawaiian pineapple producers) have long used advertising, with varying success, potato growers feel they have a particularly challenging field: consumption of potatoes in the United States dropped steadily from 180 pounds a head in 1900 to 99 pounds in 1952.

The California potato group will spend $100,000 this year not only on a conventional programme of signboards, radio jingles and displays in grocery stores, but also on a longer-range campaign to make the public more receptive to potatoes. A famed Hollywood cosmetician will intimate how important potatoes are to the beauty of movie and television stars; popular dieticians will point out that potatoes contain "no more calories than an apple, half the Vitamin C of an orange"; doctors will comment in the press on the possible correlation of the high consumption of potatoes and the low incidence of heart disease in some nations, and fiction writers will introduce potato-eating heroes. It is questionable, of course, whether even such a carefully-contrived campaign can appreciably affect "underconsumption" of any commodity, particularly when rival products all adopt competing and conflicting programmes.

More important, since the marketing orders usually do not attempt to limit production, they may not cure the basic trouble: sharp fluctuations in price and production coupled with a relatively inelastic demand. Thus, some long-established marketing orders are already encouraging increased plantings and consequently larger and larger "diversions" from immediate markets to such secondary channels as animal-food manufacturers. These may become overcrowded "dumping" grounds, with the result that income from the total crop does not meet costs of production.

For potatoes, the 1954 performance was encouraging in its effect on prices, and preliminary estimates indicate an increase in consumption, to 105 pounds a head. But there are some danger signals. Besides the increased plantings in California and the other states producing early potatoes, there is the possibility that, just as in 1954, the late-marketing states, chiefly Maine and Idaho (which do their planting in May, at the height of the early potato market), may increase their acreage because early potato prices are good.

SHORTER NOTES

In its latest re-financing operation, which is expected to be the last one before this fiscal year finishes at the end of June, the Treasury has offered $6.4 billion worth of a single 15-month note at 2 per cent. The failure to offer an alternative longer-term security, as has been usual recently, is explained by the present shortage of lendable funds, which would have made such an option unattractive.

★

Although the aged chairman, Mr Sewell Avery, managed to retain control of Montgomery Ward and Company, his flamboyant challenger, Mr Louis Wolfson, won a minority of the nine seats on the board of directors of the famous mail order house. Mr Wolfson promises to make things difficult for Mr Avery during the coming year, and to use the hitherto unpublished information which he will obtain at the board meetings to improve his position when he repeats his challenge next year.

★

The President has now asked Congress to approve United States participation in the new International Finance Corporation, which it is hoped will help to increase American private investment in other countries.

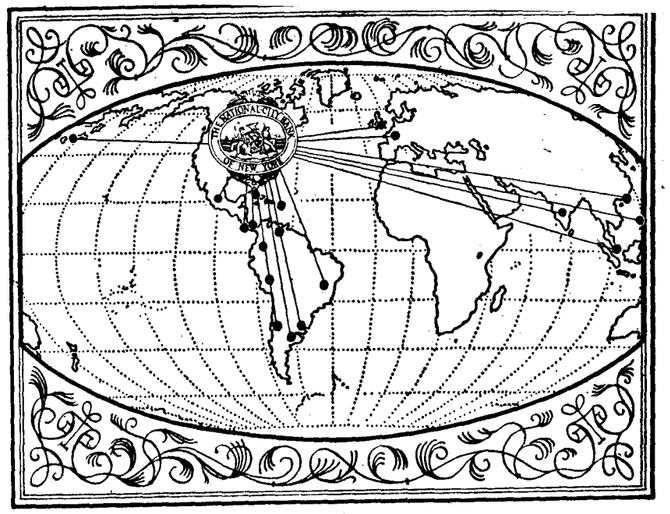
A BANK WITH BRANCHES ALL OVER THE WORLD

For over forty years The National City Bank of New York has been developing a global network of overseas branches.

There are now fifty-eight of these branches in twenty different countries throughout the world. In addition, nearly one thousand banking correspondents—reporting from every commercially important city of the globe—are in constant touch with Head Office in New York.

The National City Bank can, therefore, offer businessmen with international interests—and particularly those engaged in the vitally important trade with dollar areas—the substantial benefits and invaluable local market knowledge of such a system.

The specially qualified staff of the London office will be glad to place at your disposal the long experience, resources and facilities of the organization. Wherever your interests lie and whatever they may be, The National City Bank is anxious to help.



THE NATIONAL CITY BANK OF NEW YORK

ESTABLISHED 1812

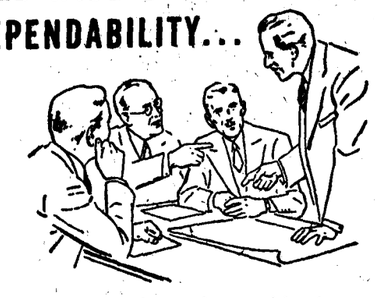
Incorporated with limited liability under the National Bank Act of the U.S.A.

Head Office: 55 WALL STREET, NEW YORK

London Offices—City: 117 OLD BROAD STREET, E.C.2 *West End:* 11 WATERLOO PLACE, S.W.1

FIRST IN WORLD-WIDE BANKING

WORLD-WIDE BANKING DEPENDABILITY...



Many people throughout the world rely on The Hanover's complete banking facilities when doing business or traveling in foreign countries.

THE HANOVER BANK

(Incorporated with Limited Liability in U. S. A.)

LONDON . . . 7 Princes Street, E. C. 2 / 15 Carlos Place, W. 1

NEW YORK . . . 70 Broadway

AT NO EXTRA COST

Fly to Bermuda

ON YOUR TRIP TO NEW YORK

At no extra cost you can fly to Bermuda, via any international airline, on your first class fare to New York.

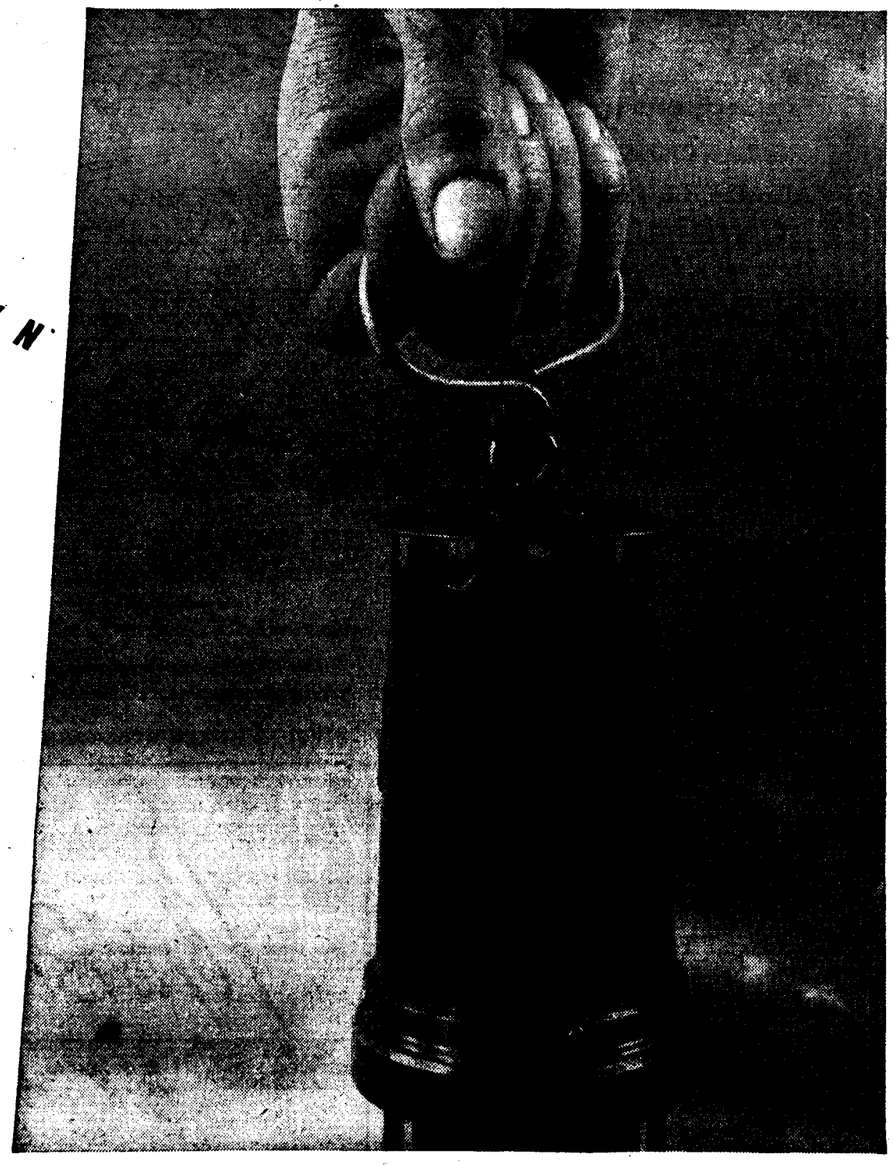
So when business is over in New York, enjoy a holiday in Bermuda. You can travel light—buy clothes, even rent or buy sports equipment in Bermuda. Remember, you'll be in the sterling area. Bermuda is only three hours from New York, and there are frequent daily flights. Bermuda's sunny days, sandy beaches for loafing, sports and pleasant social life will do wonders for you.

For Complete Information See Your Travel Agent or

BERMUDA TRAVEL INFORMATION OFFICE

Rex House, 4-12 Lower Regent Street, London S.W.1

DAWN



Who can challenge the value to Britain of the miner? Dunlop contributes to the safety and efficiency of his work by the production of fire-resisting conveyor belting, coal cutting and pneumatic tool hose, power transmission belts, truck and trolley tyres, safety boots, knee and elbow pads. This service is typical of the part played by Dunlop in promoting efficiency and the well-being of workers in many spheres of industry.

DUNLOP
makes things better for everyone

DUNLOP RUBBER COMPANY LIMITED · ST. JAMES'S HOUSE · ST. JAMES'S STREET · LONDON, S.W.1

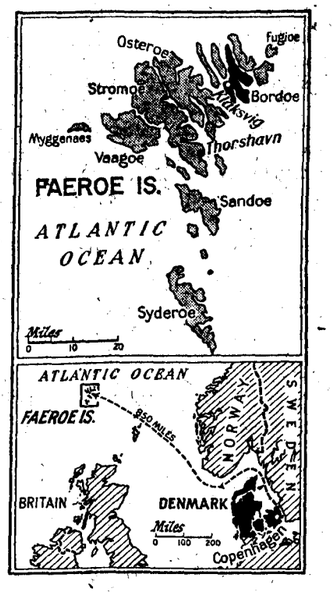
PRE. 5C

The World Overseas

Faeroes: Squalls and Heavy Seas

FROM OUR CORRESPONDENT IN COPENHAGEN

THE immediate threat of serious bloodshed in the Faeroe Islands has been averted. An uneasy lull has succeeded the confused and explosive events of last week. At Klaksvig, the trouble centre, tempers have cooled, and obstructions have been removed from the harbour. The general strike proclaimed at Thorshavn, the Faeroese capital, proved none too popular at the height of the fishing season, and was called off after five days. This *détente* represents a setback for Hr Heinesen, the harbour-master at Klaksvig and the ringleader of the rebels, and for Hr Patursson, the strike's prime mover and leader of the radical Separatists in the islands (who hold six of the *Lagting's* 27 seats). The main issue, however — the continued presence at Klaksvig of the controversial Dr Halvorsen, whose removal had been ordered by the local judge—remains unresolved.



The storm that blew up so violently in the Faeroes this April had been brewing for over two years. Dr Halvorsen, a former close associate of Denmark's detested quisling, Frits Clausen, was arraigned by the Danish Medical Association after the war for "national misconduct" during the occupation. He refused to pay the costs of the action and was expelled. Later, he was placed temporarily in charge of the Klaksvig hospital. A permanent successor, Dr Neilsen, was appointed in April, 1953. Dr Halvorsen maintains his willingness to leave Klaksvig if properly relieved, with prospects of alternative employment. Local animosity against the newcomer, however, and Dr Halvorsen's own undoubted popularity have prevented Dr Neilsen from setting foot ashore.

There the matter rested until last month, when the Faeroese *Lagting* passed a resolution urging the three-man *Landsstyre* (provincial government) to take action. The local police force being microscopic, the *Landsstyre* appealed to the Danish government, which despatched 120 Danish police by sea to Thorshavn. Their embarkation proceeded in a blaze of publicity so that Klaksvig had ample time to plant explosive charges in the harbour, and assemble its illegal arsenal of rifles and machine-guns. The arrival of Danish police in Faeroese waters rekindled old animosities, even among moderates who dissociate themselves from the Klaksvig rebels. The latter now demanded arbitration by a Scandinavian tribunal, excluding Denmark—a proposal equally unacceptable in Thorshavn and in Copenhagen. Meanwhile, the Danish government got cold feet at the violence of the Faeroese reaction to its belated intervention. It ordered the suspension of police action, and dispatched the finance minister, Hr Kampmann, by Catalina post-haste to the islands. Both moves were made over the Faeroese government's head.

The 32,000 Faeroese, descended from Norsemen, are a strange and unruly race. The nineteen remote and inhospitable "Islands of Sheep," former Norwegian dependencies, passed to the Danish crown in 1814. Danish rule was never popular and in its early period it was also heavy-handed: the ancient *Lagting* was abolished by decree, and teaching and preaching in Faeroese were forbidden. Later, conditions were liberalised, but the islanders have long memories. The islands prospered under British occupation during the war, and the Danish link became tenuous. In the 1946 referendum a narrow majority, swayed perhaps by the example of Iceland, voted for separation. However, the Act of 1948 which granted wide autonomy was passed by the Danish *Rigsdag* and the Faeroese *Lagting* (where it was supported by four out of five parties). The islands remain, nevertheless, a fertile breeding-ground for trouble. A rapid transition from the primitive life of a fishing community to modern civilisation brought convulsions, while poor fishing years after the war caused distress, and many trawlers were sold.

The Klaksvig affair, originally an insignificant local squabble, has been gleefully exploited both by the vocal minority of Faeroese Separatists and by the Danish Communists. The Danish government and the Faeroese *Landsstyre* now face the consequences of tolerating lawlessness for over two years. The constitutional position is quite straightforward; while medical services are a joint Danish-

Faeroese matter, Denmark alone is responsible for justice and police. Suspicion lingers that Danish inaction is attributable less to exaggerated constitutional punctilio than to chronic dithering. The determined enforcement of law and order in 1953 would have incurred at worst short-lived resentment.

Hr Kampmann, who returned to Copenhagen to report to the Cabinet, has now returned to the Faeroes as mediator. The minister showed tact and skill during his earlier visit, and he may still find a way out of the *impasse*. Yet if the Danish and Faeroese governments accept anything less than Dr Halvorsen's removal and the punishment of the ringleaders, they will emerge seriously discredited, and bring the mutually advantageous Danish-Faeroese connection into jeopardy.

Next Step in Uganda

THE announcement by the Acting Governor of Uganda, Mr Thornley, that a start will be made next July with the scheme for giving Uganda a further instalment of self-government—in advance, if need be, of the Lukiko's acceptance of the Hancock constitutional proposals—may occasion some surprise. Why, it may be asked, should Uganda be given a measure of ministerial responsibility, and parity of Africans and non-Africans on the Legislature, even before the province of Buganda has agreed to accept the proposals for a constitutional monarchy? It was to Buganda's acceptance of such a monarchy that the larger scheme for Uganda as a whole was originally linked, for the larger scheme was designed to overcome Buganda's fear of losing its independence by making African voices stronger at the centre.

The administration's answer is that Uganda's financial year begins on July 1st, and that provision for ministerial salaries have to be made now or the scheme for the Legislative Council's reorganisation must be postponed a year. To this postponement the administration is much opposed, partly because many officials see no reason why Buganda's hesitations should hold up the rest of the protectorate's advance, partly because they feel the other tribes now expect this advance to be made promptly, and partly because in the present atmosphere of uncertainty many desirable things must be left undone. The chief opposition to the proposed reform of the Legislative Council has, in fact, come from the extremist Uganda National Congress, which objects to the appointment of an Asian minister; it says that this is to admit of the "multi-racial principle," whereas the British Government is committed to Uganda being a "predominently native state"—which the Congress interprets to mean the transfer of power to African ministers and representatives only. But it is already clear that many Baganda leaders will take a similar line.

In Buganda, the Lukiko's next step will be to appoint a drafting committee to work on the new constitution in the light of the amendments to the Hancock plan proposed by the committee headed by Dr Kalibala. Some of these amendments are sensible. Others will give rise to trouble; for example, the committee's proposal that the Kabaka shall be chairman of the board which is to appoint chiefs and civil servants; this would bring the Kabaka back into politics. The proposal that the Baganda members of the protectorate Legislature should be "directly elected" instead of being chosen by the Lukiko from its own number, and that the nominated members should be so selected by the Governor as not to be opposed politically to the elected members, also threatens to hold up the scheme. Meanwhile, the Kabaka's exile is prolonged. The pace in Africa cannot be forced; yet the decision to push on with the Legislative Council reforms suggests that the authorities think Buganda is rapidly becoming amenable to a settlement. This may be doubted.

Dutch-Indonesian Difficulties

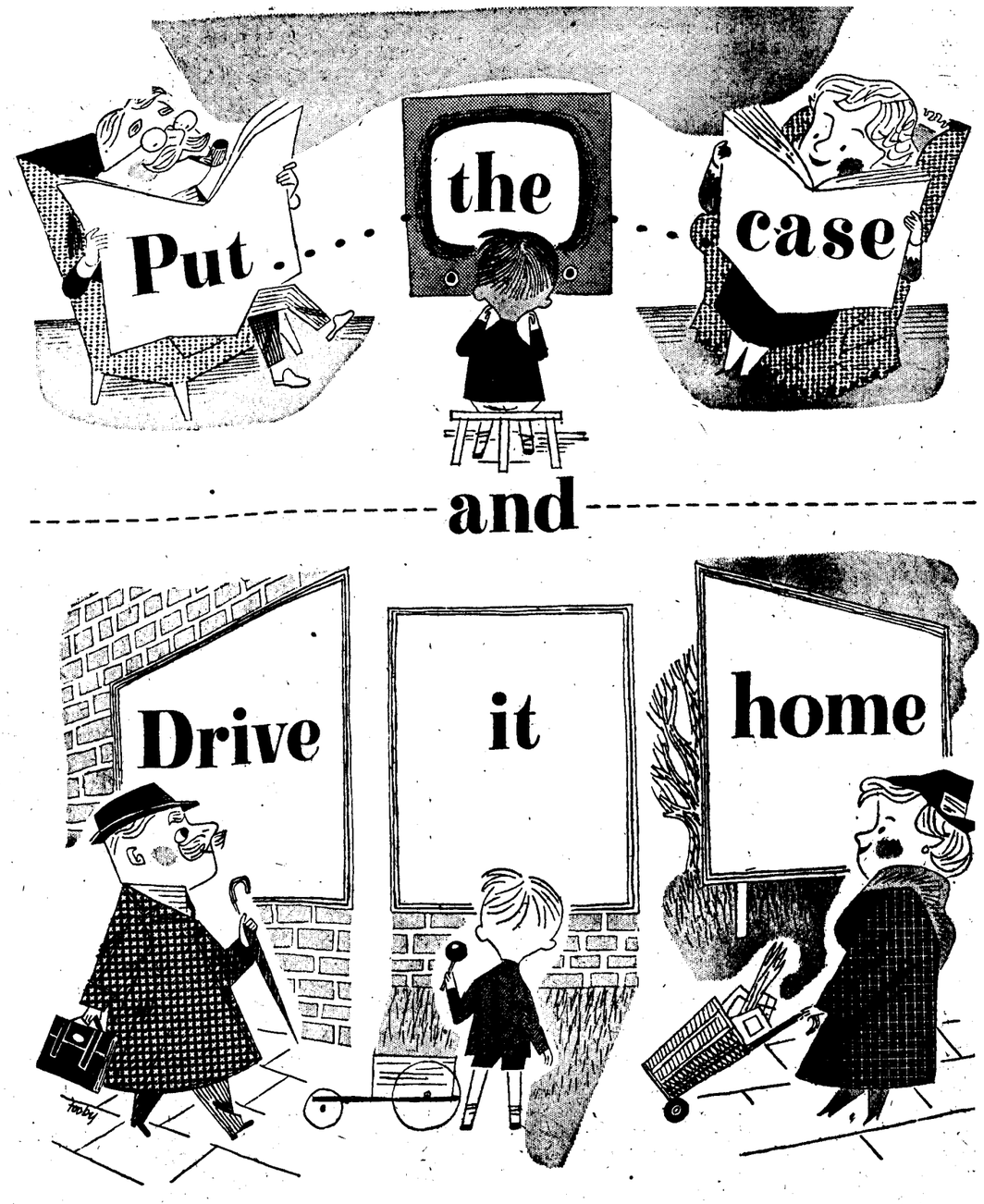
FROM A CORRESPONDENT IN HOLLAND

THE appointment by the Netherlands government of a British counsel to conduct the defence of a number of Dutch citizens accused by the Indonesians of subversive activities draws attention to a sorry business. The Dutchmen, whose guilt has yet to be proved, were arrested over a year ago, and were then held *incommunicada* for a long period. Since then, the eminent Dutch lawyer who has been trying to conduct their defence has complained of brazen efforts by the Indonesians to prevent him from carrying out his task. It is hoped that the appointment of Mr Derek Curtis-Bennett, QC, will bring this shilly-shallying to an end and allow the accused men a fair trial.

Such incidents as these—there have been many—only serve to poison relations between the two countries at a time when the final steps are being taken on both sides to terminate the ill-fated Dutch-Indonesian Union and to replace it with a new treaty of friendship and co-operation. The Union never proved workable. Dutch diplomacy did not succeed in removing Indonesian suspicions. And the Indonesians, for their part, were unable to forget the emotions born of the revolution against Holland. The new protocol is, therefore, a document of national failure; a failure that is sharply felt in Holland even though no one is prepared to shed any tears about the dissolution of the Union. The Dutch failed to accomplish what the British pulled off in India in 1947—the transfer of sovereignty, when it became inevitable, with grace and even with elegance. Holland had no Mountbatten, and Indonesia no Nehru.

Compromise over New Guinea?

Two problems have confused post-independence relations between the two countries: the conflict over New Guinea, and the position of Dutch firms in Indonesia. The dispute over New Guinea seems destined to aggravate relations for a long period, since it appears virtually impossible—in view of internal politics—for the Dutch even to discuss the question with Indonesia. It is equally unlikely that the Indonesians will be willing to agree to anything less than the complete transfer of sovereignty. There are voices in Holland pleading for moderation and a middle-of-the-road solution, such as a temporary condominium, until such time as the native peoples are able to decide their own political future. Other Dutch politicians favour an inter-



MR. PITT BUILDS THIS YEAR'S FLATS ..AND NEXT YEAR'S AIRLINERS

As an architect with an international reputation, Mr. Pitt naturally does a lot of flying. And because he invariably flies British, Mr. Pitt is responsible for more building than he knows! For example. His fares help to buy more British airliners — like BEA Viscounts and Elizabethans. Help to pay the men who design and build new airliners. And help pay BEA technicians to lend advice from the operational (and passenger's) point of view. In fact, without people like Mr. Pitt (*and nearly 2 million others who flew BEA last year*) the experts who have put Britain's aircraft industry ahead would get nowhere. But while Mr. Pitt (and all the others) keep on flying British, British Civil Aviation will keep on flying ahead.

fly British
with
BRITISH EUROPEAN AIRWAYS



fly **BEA**
EUROPE'S
FAVOURITE AIRLINE

Here's the most sought after Sherry in all Spain



— now available in England in limited quantities

You owe yourself the pleasure of

Garvey's FINO SAN PATRICIO

IMPORTED BY MATTHEW CLARK & SONS LTD. 110 CANNON ST. LONDON, E.C.4

THE NEW BUILDING TECHNIQUE . . .

PRESTRESSED CONCRETE

reduces costs and saves time



BISON *floors, beams and precast frame structures are made by the largest constructional prestressed concrete manufacturers in the world*

CONCRETE LIMITED combine speed with low cost through five strategically situated works . . .

LONDON Green Lane, Hounslow, Middlesex. Hounslow 2233.
LEEDS Stourton, Leeds 10. Leeds 73421.
LICHFIELD Dovehouse Fields, Lichfield, Staffs. Lichfield 2404.
FALKIRK Etna Road, Falkirk. Falkirk 1385.
EDINBURGH Sighthill Industrial Estate, Edinburgh, Craiglockhart 1729

LONDON OFFICE: 16 Northumberland Avenue, London, WC2 *Whitehall* 8804
MANCHESTER OFFICE: 40 King Street West, Manchester 3 *Blackfriars* 9676

national conference devoted to the New Guinea problem. They envisage, for example, a round-table discussion including Indonesia, the Netherlands, and the Seato countries. From this meeting a compromise solution might emerge in which New Guinea would be put under the trusteeship of the United Nations.

In Indonesia, too, there are moderates who want a transitional settlement, but they are in a minority. At the moment the Indonesian government is cock-a-hoop after having recently won the moral backing of the Afro-Asian Conference for its stand. But serious attempts at compromise are hardly possible until the long-postponed general elections are held, since neither the Dutch, nor any would-be mediator would feel happy about dealing with a government whose future is so uncertain.

The presence of Dutch capital in their country daily reminds hypersensitive Indonesians that political freedom is not yet complemented by economic freedom. Essential inter-island transport remains in Dutch hands; the ships still fly the Dutch tricolor. And most of Indonesia's foreign exchange is earned by Dutch firms; 80 per cent of Indonesia's exports are derived from foreign-owned companies. The process of accumulating Indonesian capital will take a long time.

Uncertain Investors

The Indonesian government, however, is impatiently trying to hurry the process by measures which do little more than scare off foreign investors. The financial and economic agreements which resulted from the round table conference in 1949 contained guarantees to Dutch investments. These are repeated in the new agreements; but the guarantees are so vague and so peppered with reservations that in practice the Indonesians are free to treat Dutch firms quite arbitrarily. Dutch businessmen fear that even the ordinary practices and customs of international law in these matters will be ignored. They are, therefore, limiting new investments to merely replacing obsolete plant; nobody is in a mood to risk expansion.

So long as the Indonesian government fails to produce a clear legal system governing foreign investments, the mood of investors will remain one of great hesitation and uncertainty. A draft of a proposed foreign investment law was announced as long ago as 1951, but nothing has come of it. The only clear fact that has emerged is that the Indonesian government intends to reserve to itself the right to decide which investments are useful and desirable for the country, and, moreover, it alone will decide the terms under which foreign capital will be accepted. In practice this means that the decision is entirely in the hands of the minister concerned, and, to make matters worse, the government has deliberately been cutting down the number of entry visas granted to skilled foreign workers. The result is that Indonesia has singularly failed to attract foreign capital, Dutch or otherwise.

There are some grounds for hoping that the more moderate elements in Indonesia are becoming really worried that the withdrawal of foreign investments will have disastrous consequences. But, at the moment the extremists have the upper hand; and the present shaky coalition government appears to feel that it must lead the chorus, if only to keep the Communists from stealing its nationalist theme-song.

Fourth Round to Signor Gronchi

FROM A CORRESPONDENT

SIGNOR GRONCHI'S election as President of the Italian Republic left the Prime Minister, Signor Scelba, looking somewhat dejected and in need of the glass of "cynar" despatched to him by a Communist wag. The government has indeed small cause to feel pleased with the outcome of its strategy. The Christian Democrats decided to support Signor Gronchi only just before the fourth, and final, round, after a stormy discussion and in the teeth of Signor Scelba's opposition. This tardy and reluctant move did little to disguise the fact that Signor Gronchi's election is a victory for the Left and a blow to the centre coalition. The Christian Democrats' official candidate, Signor Merzagora, reached his peak at the third round, polling 245 votes out of a total of 843, and then dropped out of the running. The combined maximum attained by Signor Merzagora and the outgoing President, Signor Einaudi, who was backed by the Liberals and the Social Democrats, was 348 (in the first round). Yet the government coalition with its Republican allies held a majority of the votes and, had it been united, could have triumphed at the fourth round, when it needed only a simple majority of 423 votes to carry the day and not, as in the first three votes, a two-thirds majority.

Why did the coalition fall down? Part of the answer lies in the skilful left-wing tactics. At the recent Nenni Congress in Turin, the olive branch was extended to the Catholics and, though rejected by the Cabinet, its insidious effects penetrated as far Right as Signor Gonella, who has never been suspect of sympathies with the Left. The ground was prepared, therefore, for joint action between the Left and the "social" wing of the Christian Democrats. The next move was for Signor Nenni to put forward Signor Parri, a Leftish but respected ex-Premier, as his party's candidate for President. But Signor Parri, who stood no chance of securing any but the Left's support, polled 308 votes at the first ballot and then retired. It then transpired that the Left's real candidate was Signor Gronchi, who is known to favour co-operation with the Nenni Socialists. But in order not to alarm the moderates, the Left waited till the third round before supporting him, and it was only at the fourth ballot, after the Christian Democrats' hand had been forced, that the Communists finally weighed in.

Guelfs and Ghibelines

The decisive factor, however, was clearly the disunity prevailing in the government camp. The coalition was hampered by the ancient feud between Guelfs and Ghibelines. The Liberals and Social Democrats plumped for the "lay" candidature of the outgoing President (although he is a practising Catholic), while the Republicans, though of the same way of thinking, objected to the renewal of the President's mandate on grounds of principle. The Prime Minister, it is true, tried to meet the smaller parties half-way by insisting on an independent personality; but his attitude was taken as implying support for Signor Merzagora, who, though technically speaking an Indepen-

dent, was elected to Parliament with Christian Democrat votes, and whose nomination was clearly put forward in opposition to the fully-fledged Christian Democrat, but Leftish, Signor Gronchi.

Moreover a faction of the Christian Democrats plumped for the winner. It was composed not only of the left-wing of the party but of the whole anti-Fanfani "Concentration." This includes, in addition to Signor Gronchi himself, such right-wing politicians as Signor Pella; it is a constant reminder of the power of personal factors in Italian politics. It is certain that not all the 176 Christian Democrats who are estimated to have voted for Signor Gronchi at the third vote shared his views on the "opening to the Left."

Next week the Scelba government will tender its resignation to the new President. Some observers are already forecasting the break-up of the coalition and any mutterings from the Liberal and Social Democrat tents lend force to these prophecies; these two parties would be the first to feel the effects of any linking-up between Nenni and the Christian Democrats. In fact it is early days to cry woe. Although Signor Gronchi opposed the EDC, he strongly supports European Federation and has always been favourable to the Atlantic Pact provided national sovereignty is respected. Moreover the whole force of the Church and of economic interests will be brought to bear against any effort to base a new administration on Nenni's support. The repercussions of any such move on foreign opinion will also no doubt be fully considered by responsible Italians—a factor which the Prime Minister dwelt on tactfully at the decisive meeting of his party before the final ballot.

What is more probable than an alliance with Signor Nenni is that Italy may be called upon to traverse another period of difficult cabinet-making, along the same lines that ultimately led to the Scelba regime. The somewhat deceptive stability of the past eighteen months is at an end and the day has been brought nearer when the danger of a modification of the governing coalition must be weighed against the impracticability of continuing to govern indefinitely with a heterogeneous band which seems unable to tackle Italy's social maladies coherently and effectively.

ISSUED THIS WEEK

Our three-monthly reports on business conditions in

COLUMBIA *and* VENEZUELA
IRELAND
EGYPT *and the* SUDAN
U.S.S.R.
CANADA
FRANCE

Fifty similar reports covering seventy countries, are issued every three months. The annual subscription to one country or territory is £10 and there are discounts when more than five reports are taken. Subscribers receive ANNUAL SUPPLEMENTS giving useful background data. (Single reports cost £3.)

For full information about this and other services apply to:

The Economist Intelligence Unit
22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.

Federal and Copperbelt

FROM A CORRESPONDENT IN CENTRAL AFRICA

THE work of the first session of the first Parliament of the Federation of Rhodesia and Nyasaland was mainly concerned with the assumption of territorial responsibilities; but one or two important decisions were made and there was some political drama. The first session ended in a tiff between the Prime Minister, Lord Malvern, and the Leader of the Confederate party opposition, Mr Dendy Young, who took exception to some of Lord Malvern's remarks about "pests" in the Federation when he visited London.

During the session one of the Federal party members, Mr G. F. M. Van Eeden, who sits for a Northern Rhodesian constituency, Kafue, forced his own expulsion by advocating a re-partition of the young Dominion, under which the "black" areas of Northern Rhodesia and Nyasaland would be returned to the Colonial Office, while Southern Rhodesia and the European belt of Northern Rhodesia would become a completely independent Commonwealth country. This rejection of the whole Federal party philosophy of racial partnership probably arose out of Mr Van Eeden's disappointed hopes after the Federal Cabinet was announced. He had been closely associated with Sir Roy Welensky in the federation campaign and was important to him because of his influence with Africaans voters.

Mr Van Eeden has announced that he will resign his seat and contest it again as the leader of a new party. An attempt to link up with the Confederate party failed, and he will find himself opposed by both the Federal and the Confederate parties; but he may win all the same because of his personal prestige and because of a general sense of discontent among the Northern Rhodesians which largely arises out of the feeling that although they are mainly responsible for paying the piper they are not allowed to call the tune to the same extent. A particular grievance is the decision to proceed with the Kariba hydro-electric scheme in preference to the Kafue project. Many Northern Rhodesians feel with great bitterness that a definite promise to adopt the Kafue plan was made some years ago and has now been broken. Protest meetings were held and wild talk of secession was heard in Lusaka. The outburst has now died down, but anti-federation feeling persists in Northern Rhodesia and is being fostered by interested parties.

An important feature of the parliamentary session has been the working of the African Affairs Board under the chairmanship of the late Mr Percy Ibbotson, whose death means another bye-election. The Board has not realised the fears of many Europeans that it would retard legislation and make endless difficulties. African MPs have reacted much as expected: the Northern Rhodesia and Nyasaland members have shown themselves far more racial and nationalist in their outlook than the African MPs from Southern Rhodesia; and on a few occasions Africans have been found in opposing division lobbies. The session ended with some useful legislation passed, but the ministers have not yet been subjected to a severe test, the opposition is far too weak and inexperienced for the political health of the country, and the African MPs are still an uncertain quantity.

Meanwhile, events on the Copperbelt hang fire. The

(*Continued on page* 485)

(*Continued from page* 484)

companies are still anxious to reach a settlement with the European mineworkers on their respective proposals for African advancement. The discussion of these was interrupted by the African strike and its subsequent settlement on a basis which the white miners felt was too generous. Just before the African strike the white miners held a ballot in which they at last accepted African advancement in principle and the Rhodesian Selection Trust withdrew its ultimatum under which it would have discontinued the colour-bar agreement and given the Africans skilled work. After the African strike new ballots were held, but their results have never been declared and in some places the votes were not even counted. It is certain, however, that the white mineworkers have cooled off greatly.

Conferences between the white unions operating in both Northern and Southern Rhodesia and the European Mineworkers' Union of South Africa have been held and there has been a good deal of unconsidered talk. The general secretary of the South African union, Mr. D. E. Ellis, has declared that "the extent to which African advancement will be allowed in the Rhodesias will be worked out by a subcommittee . . . to consist of representatives of the mining unions of the two Rhodesias and from that of the Union." He added that this sub-committee was the forerunner of a federation of European trade unions of Southern Africa to oppose African encroachment into present European-held jobs; and he offered financial and moral support to the Northern Rhodesian union.

This South African interference in the Federation's labour affairs has been repudiated firmly and tartly by Sir Roy Welensky; it has also given the African union leaders a chance to make an angry protest and the Northern Rhodesian Mineworkers' union has issued a statement repudiating outside interference in Copperbelt affairs. The South African action must, moreover, have made the position of the Anglo-American group of companies more difficult; but so far neither of the copper mining groups has made any move. The outlook for agreement over African advancement, which seemed more hopeful at the beginning of the year, is, however, now far more doubtful.

Spain in Transition—II

FROM OUR SPECIAL CORRESPONDENT

CAUTION is likely to characterise the dealings of the Church with the Franco regime. Caution, however, is a word that has no relevance to the case of General Franco's most outspoken opponent, Cardinal Segura, Archbishop of Seville. Cardinal Segura is indeed an anachronism who defies classification. A law unto himself, he fought the Republic as vehemently as he fights the Franco regime and is as much out of favour with the Vatican as with the Pardo Palace.

In spite of age and ill-health Cardinal Segura is as full of mental vigour and righteousness as ever. He is possibly the man Franco fears most in all Spain, perhaps the only man he has reason to fear. But he is eleven years younger than the Cardinal and is confident of outliving him. He is believed to have counselled moderation to those of his advisers who have been calling for drastic action. It is, in any case, by no means easy for Franco to find a way of dealing with Segura. The dilemma is that if the regime persuaded the Vatican to withdraw him and appoint him cardinal-in-curia, it would be attacked for putting itself on the same level as the Republicans; for the Republicans did exile him and he was appointed cardinal-in-curia during the Republic. At the time of his exile, Segura was Cardinal-Primate of Spain and the fact that the Vatican later demoted him to the Archbishopric of Seville was a blow to his pride from which he has never recovered.

From General Franco's point of view, it is fortunate that the Vatican is as irritated with Cardinal Segura as is the Generalissimo himself. The Cardinal has never forgiven Rome for the Concordat of 1953, which permitted freedom of worship to dissenting religious bodies, and he has repeatedly attacked the Concordat as a surrender by the Church to a political regime. The Vatican, on the other hand, has not disguised its poor opinion of Cardinal Segura's intransigence.

Although he has managed to make himself highly unpopular in his diocese during the past few months, he has been acquiring something of the aura of martyrdom. By a decree of October 27th, the Vatican appointed a Coadjutor-Archbishop to administer the See of Seville under Article 350 of the current code of Canon Law providing for such an appointment when a diocesan bishop is considered to be incapable of effectively governing his diocese. The new Coadjutor, José Bueno, former Bishop of Vitoria, took up his office on November 3rd, while Segura was in Rome, and it is said that he was not informed in advance of the appointment. The Cardinal, refusing to be intimidated, has carried on his duties as though the Coadjutor did not exist. So far, he seems to have more than held his own. But General Franco is no doubt right in thinking that time is on his side.

Succession Issue

There is no clearer example of the gradualism of General Franco's approach than his treatment of the succession problem. It has been widely assumed, particularly outside Spain, that the admission of the Pretender's son, Don Juan-Carlos, into Spain to complete his education means that Franco has picked the young prince as his successor-designate. This is probably a sound guess, but in fact the Generalissimo has been careful not to commit himself. The Succession Law of 1947 was an extraordinary document which gave Franco the fullest freedom in choosing his successor, including the freedom to change his mind even after the Cortes has approved a previous choice. In his interview in the Falange party newspaper *Arriba* on January 23rd, and in other statements, General Franco has been at pains to avoid committing himself.

As things stand, the chances of Prince Juan-Carlos are in any case somewhat remote. Under the 1947 law, the man who succeeds to the throne must be not less than thirty years old; the Prince is only seventeen. Moreover his father, the Pretender, made it a condition of allowing his son to enter Spain that he himself should not be asked to renounce his rights. If, therefore, Prince Juan-Carlos is to be able to ascend the throne within a reasonably near future, two developments must take place: the Pretender must renounce his right and the Law of Succession must be amended to reduce the minimum age of the royal candidate.

Neither development can be ruled out; but neither is immediately contemplated.

The claims of the Alfonsists are certainly being treated with far greater seriousness than those of either faction of the Carlists—whether those who sixteen months ago acclaimed as king the Archduke Antonio-Carlos, brother of the deceased Don Carlos VIII, or those who stubbornly cling to the aged Don Xavier of Bourbon. But it is doubtful whether either faction would actively oppose a restoration of the Alfonsist line. The Monarchists as a whole, however, have serious misgiving on the whole issue of restoration on General Franco's terms. Many of them, who believe that only the Caudillo holds the regime together, are against an advance undertaking to preserve its existing institutions intact—a specific provision of the 1947 Law. It was in order to try to convert them to the party's attitude that its Secretary-General, Sr. Fernández Cuesta, has recently had talks with leading monarchists.

The attitude of the Army is obscure, but there are probably a number of higher ranking officers who may consider their claims to be the next Caudillo as stronger than those of Don Juan or his son to the throne. On the other hand, there are at least two staunch Monarchists in General Franco's cabinet, Sr Martín Artajo, the foreign minister, and the Conde de Vallellano, the minister of public works. The Falange is far from unanimous on the question of the monarchy. The radical wing led by the minister of labour, Sr Girón, is believed to be uneasy at the thought that a monarchical regime might attempt to undo the constructive work of the *movimiento* in the field of social welfare. The *Juventudes* (youth organisations) also distrust the monarchy as an unknown element which might destroy their privileges.

It should be remembered that thousands of young Spaniards in their twenties have never lived under a monarchy and have been brought up to believe that it was responsible for many of Spain's misfortunes. Now they are being asked to reverse this carefully inculcated belief; and many of them are not convinced that the Succession Law will provide a sufficient guarantee of stability and continuity once a king is back on the Spanish throne.

(To be concluded)

Chile's Economic Troubles

BY A CORRESPONDENT

CHILE's present malaise has been emphasised by figures illustrating the rise in the cost of living in 1954 which has been published by the International Labour Office. Of the 77 countries issuing statistics on the movement of consumer prices, Chile is a clear winner—or in this case loser—with an increase of around 70 per cent. Its nearest rival, Korea, recorded an increase of 40 per cent, while in Brazil, Laos and Uruguay prices rose between 10 and 15 per cent. The Chilean figure would be startling in any circumstances, but it is even more remarkable in view of the fact that there is no one obvious reason to account for it. The truth is that, although the pace has quickened in the last few years, Chile has been suffering from inflation for decades and now presents a classic example of inflationary development. Wages have been chasing prices with ever-increasing speed, so that wage claims of up to 70 per cent have been made and, in certain cases, granted. Budgets have become more and more unbalanced, and by the end of 1954 the accumulated deficit had reached a figure of 28,000 million pesos against expenditure for 1954 of 83,000 million pesos. Development plans, many of them admirable in design although possibly not giving sufficient attention to agricultural production, have been ill-coordinated, and they have added to the inflationary pressure because, in the absence of a regular capital market, they have been largely financed by bank credit. The social services, lavish in concept, have also been financed out of bank credit, and their benefits have been substantially nullified by rising prices.

Chile has lacked neither expert assistance, nor plans for coping with its problems. Missions from the United Nations, the United States and the International Monetary Fund have all suggested remedies. Chile, too, has not been altogether without its own experts. The trouble is that these plans have either been shelved, if they were international in origin, or defeated, if they were domestically produced. The outstanding example of the latter is the Economic Rectification Programme introduced in July last year by Senor Jorge Prat, who held office as finance minister during the latter part of 1954. Sr Prat's suggestions, which bore a marked similarity to those put forward by the United Nations mission to Chile in 1949/50 and which were endorsed by International Monetary Fund experts last autumn, include drastic reductions in public expenditure, price controls, obligatory savings and, if necessary, wage controls. This plan, which was submitted in part to Congress late last year, met the fate of its predecessors, and Sr Prat himself was forced to resign. His successor, Sr Francisco Cuevas, who laid before Congress a somewhat modified scheme, has since also been forced out of office.

No Firm Hand at the Helm

At the present time there appears to be little hope that any measures sufficiently drastic to achieve their purpose will receive approval from the legislature. Congress is split into a number of small parties which jockey for position and are disinclined to take responsibility for unpopular measures. Nor is there much chance of effective action by the executive. Sr Carlos Ibáñez was elected to the Presidency in 1952 because of his record as an able administrator and a strong man, and because he appeared to offer some answer to the confusion caused by the welter of political parties. Now, however, although he has been making highly optimistic speeches, the President seems to have little influence; he has at times failed to give support to his Ministers in carrying out measures previously recommended by himself, and his Ministers have been known to take advantage of his vacillations. President Ibáñez's one recent attempt at a show of strength—the declaration of a state of siege in September, which was probably partly in support of Sr Prat's Economic Rectification Programme—ended in failure last December.

As a result of the last cabinet reshuffle, the Agrarian Labour party now holds the key positions in the government, but it cannot command anything approaching a majority in Congress. Despite statements that it will put into immediate effect the programme of reform with which President Ibáñez was voted into power, it seems unlikely that the party will manage to introduce measures severe enough to reverse an inflationary trend which many Chileans have come to regard as normal.

A dream come true...

A more efficient way to lower accounting costs



BUSINESS has rarely had the opportunity to make such savings in accounting costs as Burroughs Sensimatic Accounting Machines provide. The Sensimatic is so automatic, so simple to operate, that even beginners quickly become experts. And, by a turn of the knob, the Sensimatic can switch in a moment from one job to another—doing the work of several machines. It has thus created a new concept of speed and economy in the handling of accounting work. Five series of Sensimatics make it possible for you to select the machine exactly suited to your particular needs. See them today at your nearest Burroughs office. Burroughs Adding Machine Ltd., Avon House, 356-366 Oxford Street, London, W.1.

ICFC

Finance for Industry and Commerce

ICFC provides finance in the form of long-term loans on fixed terms, or share capital, to industrial or commercial enterprises established in Great Britain. Amounts range normally between £5,000 and £200,000.

The Corporation is ready to consider applications for capital to purchase additional buildings, plant and machinery, or to provide increased working capital to further the expansion of business. Consideration will also be given to new ventures which are soundly conceived and adequately sponsored.

Please ask for our new booklet—"Capital for Business and Where to Find it".

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

Subscribers: The English & Scottish Banks.

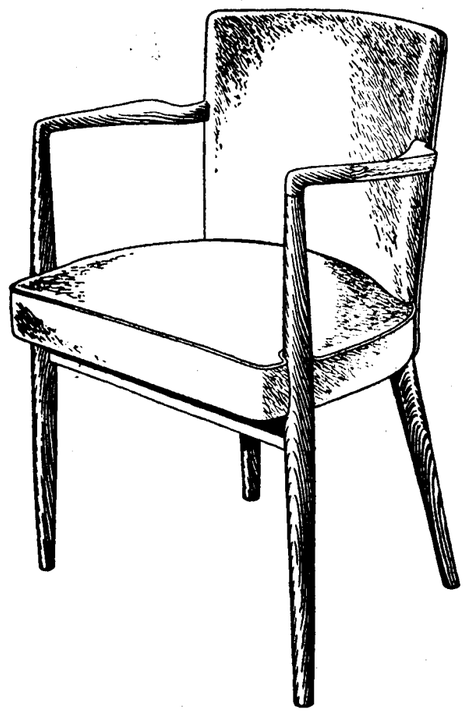
HEAD OFFICE:
7, DRAPERS' GARDENS, LONDON, E.C.2
Tel: NATional 8621/5

BRANCHES:

BIRMINGHAM—214, HAGLEY ROAD.	Edgbaston 4181
MANCHESTER—73, WHITWORTH ST.	Central 5429
EDINBURGH—33, CHARLOTTE SQ.	Edinburgh 30212
LEICESTER—31, FRIAR LANE.	Granby 854

Gla.

Room to wriggle



Even the ablest executive changes his sitting position at least a dozen times while dictating a tricky letter. We have therefore designed this unusually wide armchair to give a man room to twist and turn in comfort. Come and try it out in Heal's Contract Showroom. Your visit will show you just why so many of today's leading companies in Britain and abroad bring their furnishing and decorating problems to Heal's. If you cannot call, write for our leaflet, *Furniture for Special Needs.*

HEAL'S
CONTRACTS LTD.

196 TOTTENHAM COURT ROAD, LONDON, W.1
TELEPHONE: MUSEUM 1666

THE BUSINESS WORLD

Flexible Money in Action

IN these past three months Britain's monetary policy has been passing through its most significant and formative phase since the revival of orthodoxy began in 1951. For the first time for more than a quarter of a century the task of meeting a threat to Britain's equilibrium has been entrusted to monetary weapons alone. In 1951-52 the rediscovered weapons were flanked not only by physical controls but also by arbitrary measures of a monetary character, such as compulsory fundings, directives and exhortation. Now the new-found faith in the market system has justified the discarding of these unsatisfactory expedients: in the monetary sphere they are retained only for the grooming of the scapegoat hire-purchase. The monetary measures have been left to work not only alone but in the classical fashion.

A fortnight ago the responsibility put upon them was increased still further by the optimism of Mr Butler's budgeting, leading some people to doubt whether they could be equal to the task and others to fear that they would be so only if pressed to much greater lengths than any contemplated previously. The first of these doubts should now be silenced, for the flexible restraints can now be seen to be working strongly, and with a thrusting momentum. It is too soon to be sure, however, that the fears of further toughening are equally groundless; much depends upon what kind of toughening is feared. Because of the momentum, monetary conditions may get tougher without any toughening of policy: there is greater risk of further pressure upon gilt edged than of a further rise in Bank rate.

These conclusions spring from a study of the latest of the monthly figures of the clearing banks. In the four weeks to April 20th, net bank deposits rose by only one-tenth as much as in the similar period last year, while in the three months from mid-January they have fallen by no less than £328 million, in contrast with a fall of only £144 million last year. Nearly all this difference, moreover, has arisen in the period since the Treasury emerged from the major tax-gathering phase when it was making heavy repayments of indebtedness. In the two months beginning just before the rise in Bank rate to 4½ per cent, bank deposits dropped by £110 million, showing their first postwar decline for this season; in the similar period last year they rose by £78 million. In consequence, the seasonally-adjusted index compiled by Lloyds Bank, which had risen steadily from 106.9 in January, 1954, to 112.0 in February last, fell sharply in each of the two following months, to 109.3.

This striking change in the credit trend doubtless owes something to the deterrent of the higher interest rates charged to borrowers from the banks; but it is evident that this has not been the major influence. In the three months' period, bank advances were rising by fully £175 million, nearly £100 million more than in the similar period last year. A large part of this movement was due to the record jump of £107 million experienced before mid-February, but even in the subsequent nine weeks the increase was substantially greater this year than last (in April it amounted to £44 million, in contrast with £12 million).

The fact that this accelerated rise in advances has occurred at a time when the total volume of credit has been contracting makes it plain that the force of monetary restraint has been exerted through its impact upon the banks themselves rather than upon the borrowers from them. The lever by which this result has been achieved is the banks' liquidity ratio—that is, the ratio of their cash, call money and bills to their gross deposits—which by banking conventions is normally maintained above 30 per cent. Throughout the three-month period this ratio was under pressure; and, since advances were rising, the only way in which the banks could relieve the pressure was by selling investments. This they have

done to an unprecedented extent. Over the three months, aggregate investment portfolios have been reduced by fully £133 million. From the standpoint of the gilt-edged market, by far the most important part of this decline in investments occurred in the second half of the period. Investment portfolios dropped by £52

TABLE I
LONDON CLEARING BANKS
(£ mn.)

	April 20, 1955		Change since: March 16	Change since: Jan. 19	Change since: April, 1954
Deposits	6,380·8		−20·8	−337·4	+ 3·3
"Net" Deposits*	6,146·6		+ 7·7	−327·8	+ 58·1
		%†			
Liquid Assets	**1,946·6**	*30·5*	**+29·2**	**−386·6**	**−165·4**
Cash	539·2	*8·4*	+25·2	− 6·7	+ 4·6
Call Money	434·0	*6·8*	− 3·8	− 52·3	− 55·2
Treasury bills	864·6	*13·6*	+15·4	−297·7	−135·2
Other bills	108·8	*1·7*	− 7·6	− 11·9	+ 20·5
Investments plus advances	**4,284·9**	*67·1*	**+20·0**	**− 41·9**	**+233·0**
Investments	2,217·1	*34·7*	−63·6	−133·6	− 62·8
Advances	2,067·9	*32·4*	+43·7	+175·5	+295·8

* After deducting items in course of collection.
† Ratio of assets to published deposits.

million before mid-February, but a large part of that movement reflected simply the banks' omission to replace 2¼ per cent Exchequer bonds that matured at that time. In the following four weeks, only two banks sold, and the total decline was limited to £18 million; but in April there were four major sellers, and the aggregate decline reached nearly £64 million.

To gauge the future force of monetary policy it is important to examine the means by which this pressure upon liquidity ratios, and the consequential impact upon the gilt edged market, has been brought about. In the four weeks to mid-February, when the Treasury was enjoying its maximum rate of tax-gathering, the decline in liquid assets was a normal seasonal process. Although the effect on liquidity ratios was sharply accentuated by the upward surge in advances, the banks were apt to argue then that a decline in the liquidity ratio was of little consequence, since it was likely to be corrected automatically as soon as the Treasury entered the season of revenue deficits and was therefore obliged to expand the supply of bills; only one of the Big Five thought it necessary to reduce investments at that stage.

These hopes were apparently based on the assumption that the authorities might not have the courage to push their policy to its logical conclusion. If liquidity ratios were to be kept taut despite the need to finance a deficit, it seemed that the Treasury would in effect have to switch at least part of its financing from the money market to the gilt-edged market; and it was doubted whether it would be prepared to press stock upon an unwilling market. During the early stages of the process of tightening the supply of money in Lombard Street, the Government broker was actually still buying the 1955 Serial Funding Stock—the very stock that any selling bank would elect to sell first.

These contradictory tactics were dropped some weeks ago, and since then a wide range of stocks have been on offer from the "departments." But the question whether the Bank of England would force the pace by direct pressure on gilt-edged was never put to the test. During the second phase, dating from the 4½ per cent Bank rate, a further influence squeezing liquidity ratios developed quite unforeseen strength. This was the exceptional attractiveness of Treasury bills, at rates around 3¾ per cent, by comparison with the banks' maximum allowance on deposit accounts of 2½ per cent. Big holders of liquid funds switched from deposits into bills, so that the banks' deposits and liquid assets were both reduced, and liquidity ratios were further strained. As the advantage became more widely known, this process extended among business interests, even reaching large personal investors, and has become the biggest single force to keep monetary policy effective and the biggest source of pressure upon gilt edged. The demand for bills, swollen also by arbitrage switches of overseas funds, has depleted market portfolios and has at times forced market rates substantially below the rate of allotment of the bills at the weekly tenders. But the Bank of England's tight rein upon credit supplies in the short loan market has kept the tender rate firm; and since the budget aroused fears of a still higher Bank rate it has advanced to over 3⅞ per cent. The inducement to switch into bills is stronger than ever.

TABLE II
LIQUIDITY RATIOS AND INVESTMENTS

1955	Liquidity Ratios* (%) Jan.	Feb.	Mar.	Apl.	Change in Investments (£ mn.) Jan./Apl.
Barclays	34·1	29·8	28·8	30·4	−10·0
Lloyds	35·1	31·0	31·1	32·0	−25·8
Midland	35·4	31·9	30·1	29·9	+ 0·1
National Provincial	38·2	34·4	30·7	31·1	−24·4
Westminster	32·6	30·6	29·7	29·5	−35·0
District	31·3	31·7	31·5	31·7	−11·7
Martins	30·9	31·0	28·5	29·2	− 9·6
All Clearing Banks	**34·4**	**31·3**	**29·9**	**30·5**	**−133·6**

* Ratio of cash, call money and bills to gross deposits.

At the same time, the seasonal increase in the total supply of tender bills has been smaller than expected, and only half as large as last year, although the Treasury's domestic deficit has been bigger (after allowing for "small" savings, tax certificates and the counterpart of changes in the note issue). This suggests another reason for expecting pressure on liquidity ratios to continue.

The fact that in the five weeks to April 20 most of the seven principal banks improved their ratios—leaving none at less than 29.5 per cent—does not mean, therefore, that the money

weapon will now be less effective unless it is wielded more vigorously. Even if the drain upon deposits were to slow down, the banks would still be under pressure because the hiatus in industrial new issue business (not to mention the postponement of funding issues by the nationalised utility industries) has broken one of the vital circuits through which new loans are financed by repayments of old ones. While this influence raises the demand for advances (and probably much more than offsets the effects of higher charges and easier commodity prices), the banks are reaching the point at which they will be obliged to scrutinise applications more closely. Some of them, in particular, shrink from any toughening of this kind, and so far have been able to be relatively lenient because it was possible to defend liquidity ratios by selling very short-dated investments. But holdings of these—notably the 1955 Funding Stock and the 1954-56 War Bonds—must now be near exhaustion, and it has also become more difficult and much more costly to sell. If the strain of defending liquidity is extended to advances, as it probably must be if a sufficient restraint is to be exerted upon the economy as a whole, the direct impact upon gilt edged should be less severe; but then the market would be more likely to suffer indirectly as well, from the tightening of business liquidity as a whole.

The flexible system of restraint, in short, is working strongly, and is likely to continue to do so. But in its present mode of operation there is one intriguing paradox. The policy of keeping the flexible bill rate firm imposes a squeeze upon gilt-edged and advances only because one rate is held rigid. There must be a strong temptation to banks to offer more than their agreed maximum deposit rates for the lines of money now being diverted to bills, for although these sums are marginally so significant, they are small by comparison with total deposit accounts. If the deposit rate itself became flexible at the margin, and the switching into bills or short-dated bonds were thus checked, the principal source of the liquidity squeeze would disappear. To sustain the squeeze the authorities would then have to put direct pressure on gilt-edged.

A Landmark for Liners

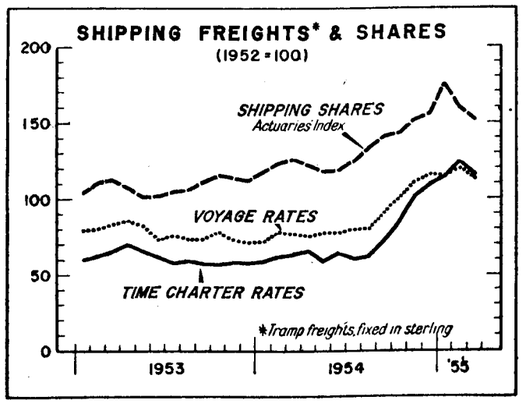
A CENTRAL theme unites the results of the great shipping companies that are producing their figures for 1954 at this season, even though the results themselves differ widely. It is the paradoxical one of lower profits and higher dividends. Of the four great companies whose results have been announced in the last few weeks three are liner companies—Peninsular and Oriental, Cunard, and Union Castle. The fourth—United Molasses is part shipowner (mainly tankers) and part commodity trader. Each shows a reduction in earnings—though P. and O. and United Molasses showed no reduction in net earnings, and P. and O. gross revenue before depreciation was in fact up. Only Union Castle (whose results are relatively much less favourable than those of the other companies) has failed to increase its 7½ per cent dividend.

The reduction in gross earnings is not surprising. It springs from the combined effect of unresponsive freights and the continuous rise in costs that shipowners have been suffering since 1945. It was only towards the end of last year that freight rates took an upward turn reflecting in part the absorption of tramp tonnage in carrying coal to Britain and in part a shortage of tonnage springing from the dock strike. That belated rise has not been wholly maintained this year. Liner earnings are regulated not by tramp freights, but by the various shipping conferences and the conference rates have only haltingly moved upwards—for a spirit of fierce international competition often underlies these seemingly close international price arrangements. Yet freight market movements are relevant in two ways. First, nearly all the big liner groups also include tramps. Secondly, when the level of tramp freights declines, the fall normally denotes a shortage of cargoes and the liners feel it not in their rates but in the shortage of traffic.

Against this background of a hesitant freight market, liner owners have experienced a continuing rise in nearly all costs, save fuel oil, and even the latest fuel oil prices also show a rise. The upward trend of costs is a long term problem running right through the shipowner's business. It affects his wages, stores, port dues and the capital cost of the ship (which must earn its due replacement each year before a true profit can be counted). It arises acutely through the amount of time wasted in turn round in the ports. The ship is only earning while it is running loaded at sea and the chairman of Cunard Steamship Company, Col. D. H. Bates, has given striking examples drawn from Cunard's Indian service of the economic costs of wasted time. Before the war these ships averaged 2.84 voyages per annum; over the first nine months of 1954 the annual rate was 2.23 voyages a year, and for the last quarter of last year two voyages a year or less, notwithstanding an increase of about two knots since pre-war in the speed of the ships. In 1938, a ship on the average spent 196 days at sea and 169 days in port; in 1954, with a London dock strike for full measure, it spent 167 days at sea and 198 days in port.

In such testing times the regularity with which the shipping companies are this year declaring higher dividends may seem surprising, though the steady

investor who looks to his directors to pursue a long-range policy should also find it reassuring. P. and O. shows that, allowing for free scrip issues and expressing this year's 16 per cent in terms of the 1949 capital, there has been an effective increase since 1949 from 12 per cent to 48 per cent. Cunard, which was actually in default on its preference dividend up to 1940, has



also shown a steady growth in the amount distributed since 1943. The experienced shipping shareholder will make two deductions from this year's dividends and from the way they have been presented—first that the boards of the liner companies intend to try to make their ordinary dividends as far as possible independent of the short-term fluctuations of their highly volatile industry, and secondly, that they have accumulated much of the financial strength necessary to do so.

The full and careful report of P. and O. sets out the three conditions that explain (if they do not justify) the conservative dividend policy of the post-war years: the group had to rebuild its fleet to make good war losses and fit the new pattern of trade; it had to decide whether building prices, so sharply higher than before the war, were likely to fall sharply and necessitate heavy writing down of ships; and lastly, the board had to form an opinion on the future share of the liner trades that Germany and Japan might win back. It seems that shipowners have at least formed an impression of the potential competition, even though many of them are distressed at the extent to which foreign shipowners are able to build expensive modern tonnage with money that is taxed much less heavily than are the sums that British owners can plough back for new building.

Investors will find the P. and O. company's report the most assuring of the liner company reports. In the difficult year ended September 30 the group actually scored an increase in its gross profit before depreciation and it was only the depreciation charge—necessarily rising as more of the expensive modern tonnage replaces the old—that tipped the balance downwards. For two other reasons the P. and O. accounts deserve special study: the group has the widest spread through all markets. Moreover, the group does not in its profit and loss account take advantage of the exemption that allows shipping companies, like banks, to make hidden reserves. For the moment it still holds some hidden reserves in its balance sheet, but the principle is established and investors are entitled to hope that the P. and O. initiative will be followed.

It is highly encouraging also that the group was able to emerge from last year with a higher net profit after tax and that the increased dividend of 16 per cent (taking £1.2 million) is still handsomely covered. An air of stability surrounds that increased payment, for the group has undertaken jointly with Lazard Brothers and Deloitte, Plender, Griffiths and Co. a study of its resources and requirements. At the moment all that

SHIPPING PROFITS AND DIVIDENDS
(£'000's)

Years ended	P. & O. Sept. 30, 1953	P. & O. Sept. 30, 1954	Cunard Dec. 31, 1953	Cunard Dec. 31, 1954	Union Castle Dec. 31, 1953	Union Castle Dec. 31, 1954	United Molasses Dec. 31, 1953	United Molasses Dec. 31, 1954
Gross profit..	17,080	17,861	8,694	6,748	3,992	2,897	4,979	4,323
Depreciation.	9,240	10,173	2,698	2,892	1,742	1,683	939	1,085
Net profit ...	4,152	4,469	3,061	2,154	1,149	643	1,278	1,319
Ord. divi. ...	834	1,212	686	715	226	236	708	733
Ord. divi.%*.	11	16	9·6	10	7¼	7¼	21·97	22·10
Current Market price..	66/-		27/-xd		27/-		37/-	
Current yield	£4.17.0		£7.8.2		£5.11.1		£5.16.4	

* Dividend rates are adjusted for free scrip issues.

shareholders know of its results is that it supports the view that future earnings should suffice to maintain the increased dividend.

Taken in conjunction with the "steady course" policy proclaimed by the chairman of Cunard and with the increased profit and slightly increased dividend announced by United Molasses, investors may feel that some of the big shipping companies have now sighted a landmark—a point where they have replaced much of their war losses with good modern tonnage, husbanded their resources in the face of high taxation, mapped out their stake in air transport and feel themselves strong enough to absorb the probable shocks of their constantly changing business. Even if this does not point to much more loosening of the purse strings, it should gradually enhance the investment status of shipping shares.

How far has the pressure of dissident shareholders helped to jog the directors along? Two movements have developed. One, led by Mr Childs and directed mainly against Cunard, has simply demanded more liberal dividends. The other, advised by Mr Saloman and directed against P. and O., has been more subtle. Mr Saloman's line has been that the group was earning, as it admitted, only small profits from expensive modern ships, allowing for the reserves it needed to make to supplement legal depreciation. It should, therefore, withdraw from unprofitable trading. It is a specious argument: theoretically P. and O. might withdraw entirely from certain conferences and sell the ships concerned (to whom it is not clear), but no paring down or conniving at obsolescence is open to a shipping company that hopes to remain great. The two campaigns have coincided with a modest loosening of purse strings by directors; they have been well timed—possibly well advised—and concentrated their fire where the cash resources offered a good target. P. and O. with £20 million of net liquid assets and Cunard with £31 million of cash and liquefiable investments were selected. Oddly, Union Castle plods along without trouble from shareholders who might have hoped for better results. Boards of directors also are entitled to the rejoinder (and they sincerely believe it to be true) that they would have been able to relax their ideas about dividends as they have done, pressure or no pressure.

There remains a basic service that the shareholders' associations can claim to have done. They have produced from shipping directors better explanations of the policies of the great companies than have previously been available. Shareholders must be beginning to see why it is necessary to reserve much more than the statutory depreciation allowance. They may also realise that as more expensive modern tonnage comes into use statutory depreciation will rise and necessary additional depreciation will fall, as has happened this year with P. and O. Rightly the shipping companies in 1945 decided that the mistakes of 1918 were not to be repeated. There were to be no inflationary resales of fleets and no excessive paying out of cash. Shipping must hold its cash and build itself up again. To a degree that has been achieved. But too much effort can be spent on avoiding the mistakes of the past. The focus of attention is now rightly directed to the future.

Business Notes

Renewing EPU

THE Managing Board of the European Payments Union has now completed its report on the proposed renewal of the Union for another twelve months from June 30th next. This document, which is to be considered by the deputies of the Ministerial Council of OEEC in Paris towards the middle of this month, has not so far been published but agreement has been reached on the desirability of another extension of the Union in somewhat modified form, designed to ease the transition to convertibility of one or more of the member countries' currencies. Provision is being made for a winding up of the Union within the period covered by the next extension and for completing a smooth and rapid transition to the proposed European Fund which would then take the place of EPU. The main change in the mechanism of the Union, intended as a stepping stone towards convertibility, will be to harden the operation of EPU by increasing the proportion of payments that will be made in gold and decreasing that made in credit, both for debtors and creditors. At present these proportions are 50/50. If the proposals of the Managing Board are accepted, they will from June 30th onwards be 75 per cent gold and 25 per cent credit. These new proportions will not apply retrospectively to existing cumulative debit and credit positions and in order to safeguard members from curtailment of their credit facilities, appropriate increases in quotas are to be made.

Among the major issues of policy that have been thrashed out in the preparation of this report have been the relative claims of fixed and flexible rates of exchange and the functions of the European Fund when it takes over from the Union. On the rates of exchange that will apply to convertible currencies the gist of Continental opinion has swung in favour of fixity. It is in keeping with this view that a number of members of the Managing Board have suggested that it would be desirable on the dissolution of the Union following the convertibility of one or more of its member currencies, to retain the Union's clearing or compensation functions and hand them over to the European Fund. This suggestion may well be inspired by the desire to ensure continued fixity of rates of exchange between as many European countries as possible, even if sterling floats off into convertibility at a flexible rate of exchange. The Continental argument seems to be that if, in such an event, the clearing mechanism of EPU were to disappear, Europe would have to depend for its compensation mechanism on the banking system of the City of London and, therefore, on sterling, whereas by maintaining a European compensation outside the sterling system, the countries in question could dissociate themselves from the fluctuations of sterling exchange. Issues of far-reaching importance have thus been raised, though so far this document is no more than a report by officials that still has to be considered by ministers.

Fixed Price Copper

ACTING alone without any support from the other half of the Rhodesian Copper mining industry the Selection Trust group of copper companies, Roan Antelope and Mufulira, on Monday announced that they were offering

consumers a new basis of contract—fixed prices for 30 days with the right thereafter at 24 hours' notice to announce new prices for a further period. The obvious intention is to hold the price of copper steady for periods much longer than 30 days making it more like aluminium, nickel, steel and plastics, all of them commodities from which copper suffers some degree of competition. The move, first mooted in January, when it quickly appeared that the other half of the Rhodesian industry—the Rhodesian Anglo-American group—would not co-operate, springs from some of the consumers who dislike fluctuating prices. Three big consumers, British Insulated Callenders Cables, ICI and Enfield Cables have already welcomed the offer. The consumers—the fabricators of copper products—themselves will have some problems to settle for they, too, have been in the habit of selling their goods on the basis of London Metal Exchange quotations, but as this issue of the *Economist* goes to press it appears that the consumers will arrange to alter their own pricing basis and that agreement on the first 30-day period will emerge around the end of this week.

Many problems are involved in discarding London Metal Exchange quotations as the basis for fixing prices under long term contracts with the consumers. Probably the difficulty that appears largest in the minds of copper experts in the City—the relations between Roan Antelope, Mufulira, and the British South Africa Company, as owner of the copper royalties—is the least of them. The royalty agreements, more than 20 years old, certainly fixed the royalty in relation to the London Metal Exchange price, but through the whole control period the "Chartered" company accepted actual revenue as the basis and since the market reopened there have been plenty of doubts as to what the right basis was. The royalty for 1953 has only just been agreed and negotiations for the later period would have been necessary had there been no change. But there will be two bases for selling copper—London Metal Exchange prices from the Anglo-American group and apparently whichever the consumer prefers from the Selection Trust group. Many consumers will be getting part of their copper on one basis and part on the other and will have to find a way of pricing their own products in relation to that.

On what basis will Roan and Mufulira fix their selling prices? The initial 30-day period seems easy. The price for that period has to be agreed with the consumers. But the Selection Trust group happens to take the view that copper is too high. It has also recently been substantially higher on the London Metal Exchange than in New York; it should be possible therefore to make consumers an attractive offer. But the basis on which any change afterwards is made is much more difficult to foresee. Then the vendor will be notifying changes at his own discretion without necessarily seeking agreement from the consumers. What other yardstick than the London Market exists? He cannot in justice to his own shareholders persistently accept a price below the market.

Free Markets on Trial

THE Selection Trust plan is not deliberately inimical to the London Metal Exchange. Mr R. L. Prain, the chairman of the two companies, is indeed a member of its council. Nor will the change take away a single ton of metal that would otherwise have been sold on 'change, for the simple reason that apart from a little recently released government copper neither group has been selling there. What they have both been doing is to use the London price as the basis for pricing the copper already sold to fabricators on long contracts. It is also fair to put on record that the bulk of the world's copper output, apart from what Rhodesia sends to this country, is already sold on fixed prices. That majority includes most of the American sales and part of the Canadian. Out of an estimated 257,000 short tons a month sold in the world only about 44,000 tons (mostly Rhodesia) is not on fixed prices. The change by Roan and Mufulira may swing over about 14,000 tons of that total. The Selection Trust group is also entitled to the argument that as yet its production of electrolytic copper (fulfilling the London contract) is small, and that until either London produces a contract to a specification it can meet or until the group's electrolytic production is much larger, it really has not the option of making much use of the London market.

The short-term effects on the London Metal Exchange are therefore likely to be small. It will remain a fairly narrow market in marginal supplies from various sources. The long-term effect on that market, and indeed on free markets generally, may be much larger. The possibilities are profoundly disturbing. It is not in copper alone but in many other materials that some consumers are turning their backs on free market mechanisms. A preference for synthetic rubber over natural is sometimes expressed not on quality nor on price but just on steadiness. Nickel and aluminium find favour with fabricators who do not want to bother with day to day price movements. Are their memories of control so short that they really think that fixed prices and steady prices are one and the same? Control of metals in England was not, as controls go, ill-managed; it resulted in prices moving not day by day but in occasional great bounds, and America usually called the tune.

To cease to use the London market as a pricing basis makes more remote the day when that market will broaden out and enable consumers not only to buy but also to find a measure of price stability through the proper use of hedging. Hedging is barely possible while a backwardation remains. To get rid of the backwardation there is one sovereign remedy. Producers should sell copper on the market. As yet they say they cannot, partly because they have no surplus and partly because their customers prefer long contracts in the brands they know. But in the long run prices arbitrarily fixed will not be a boon to consumers, nor will it be a boon to the country if the London Metal Exchange loses status as an international market. The price of cash copper has come down from £311 a ton on Friday to £303 on Wednesday, while three months has fallen from £299 5s. to £290 10s. The market's reaction was right; the announcement was bearish.

Lancashire Asks for More

THERE are no bounds to the cotton industry's demands for special concessions. On Tuesday, the Prime Minister announced the removal of all purchase tax on non-wool piece goods and household textiles, and also very substantial cuts in the Indian duty on imported cotton cloth—both of them concessions for which Lancashire has been campaigning with all its considerable resources. The following day the Cotton Board replied with a graceless

Unilever in Focus

TO get Unilever's figures in focus, one has to look through the glasses from the wrong end; only by a deliberate mental trick of reduction can they be brought within the range of ordinary experience. To know that the turnover of this industrial giant jumped by another ten per cent to £1,437 million ceases almost to be meaningful; all these digits and noughts are for the mathematician who can sought them out with his power of ten; ordinary mortals have to worry them into a simpler perspective, such as £45 of sales for every second of 1954. Unilever's sales over the whole world last year were equal to almost one-third of the revenue flowing into the British Exchequer; its trading profits before providing for depreciation were equal to two-thirds of what Mr Butler is giving away this year.

There is, in fact, no ordinary notation by which the bigness of this economic empire, where the sun never sets and the clock never stops, can be tangibly expressed. While some companies were arguing about shillings and pence in their accounts, Unilever had approximated its figures to the nearest thousand pounds, and today it could write them, if it wished, in millions and still give a "true and fair view" of the group's affairs. It is no fault of the accounts if they leave the average stockholder slightly winded, for they are as clear as the size and complexity of the Unilever group will ever allow. They show that the group's trading profit (after providing for depreciation virtually at current replacement costs) has risen in the past year by 14 per cent, from £61.6 million to £70.1 million—an advance, incidentally, in which the NV leg of the Anglo-Dutch giant has made by far the biggest stride.

Apart from the reality of the depreciation provision, these are genuine profits in another sense, for they contain nothing of the frothy constituent of rising prices that in some earlier years had made profits foam far higher than they really were. The group's stocks rose by £28 million, but that was because the trade in oils and fats was returned to private hands by the British and Dutch governments a year ago, so that the group now holds stocks of these raw materials on its own account, and because the general expansion in turnover called for its further quota. The main point is that while prices last year were generally firm, shaking off the effects of America's slight recession quite readily, there was no material price inflation in the heavier commitments that Unilever had to make in stocks. What matters now is the dependence of manufacturers on the United States which has become their largest single source of supply of oils and fats. The United States' holdings of butter overshadow the market, but it is fair to recall that last year it was selling cottonseed oil to Europe at prices 25 per cent below the American domestic price, and also fair to record that prices of edible oils have been easier during the first quarter of this year.

Unilever's dependence on world prosperity is nowhere more evident than in the results of its margarine trade. Release from government control brought long-awaited opportunities for marketing superior quality margarine in Britain and Holland, where they evidently did well. Sales of edible fats reached a new record total of 1,417,000 tons, against 1,301,000 tons in 1953, and margins were better, save apparently in Germany. The same story emerges for soaps and detergents—another record and the biggest year's growth since the war, with sales of all detergents leaping from 1,311,000 tons to 1,438,000 tons. New brands of synthetic detergents were introduced into eleven countries last year; and yet, despite all the excitement about synthetics, Sunlight soap celebrated its seventieth year with all-time record sales, thanks mainly to overseas countries and particularly to Indonesian demand.

It will not have escaped public attention that the introduction of new products involves heavy advertising; this was particularly true in the British and American markets where the trading results in synthetic detergents were "less favourable." In November, too, a substantial reduction in the price of synthetic detergents was made in the United Kingdom, although there must have been compensations from an increased volume of production and from lower costs of ingredients. There were some signs, too, of improvement in the American Lever business; reading between the lines of the report, it seems that it was no longer operating at a loss. Yet there is evidently some way to go towards real improvement. Margarine did better and at least "our loss on edible fats was reduced," and the results were no longer hampered by the losses of the Harriet Hubbard Ayer toilet business which had been sold in the previous year. The new brands of synthetics introduced in the United States may make amends for past disappointments.

"Our expenditure on fixed assets in 1955 is unlikely to be less than last year, and as we expect our turnover to increase, our investment in stocks should do so too." Last year, Unilever expended £24 million on fixed assets and approved new projects involving £33 million. Thanks to the revaluation that was carried out at the end of 1953, Unilever is in the enviable position of showing its fixed assets at their current values and of providing depreciation at full replacement rates. The net book value of the land and plant is £166.7 million, after deducting accumulated depreciation provisions of £79.1 million. It is evident that the Unilever group can expect to finance its further expansion for a considerable time ahead out of normal depreciation provisions (£16¼ million last year) and retained profits (£22½ million last year). This prospect, coupled with the indications of continuing expansion of the group's sales, provides a solid foundation for Unilever's ordinary stock. It is possible to argue whether a four per cent return is enough, in these days, for the best of industrial ordinary shares; but Unilever ordinary at 79s. ex dividend would not rank so high if they did not hold out the prospects of good expansion of trade and profits and a steady growth in dividend.

Calendar Years: £000's throughout	Limited		N.V.		Unilever Group	
	1953	1954	1953	1954	1953	1954
Profits, Provisions and Dividends:						
Depreciation	7,796	8,323	7,338	8,168	15,154	16,491
Trading Profit	**37,525**	**39,237**	**24,059**	**30,858**	**61,584**	**70,095**
Taxation	20,079	21,117	13,742	17,101	33,821	38,218
Net Profit	**16,891**	**19,117**	**8,908**	**12,737**	**25,799**	**31,854**
Ordinary dividends	1,486	1,857	2,829	4,019	4,315	5,876
Ordinary dividends %	15¾	15¾*	14	14*	—	—
Assets and Liabilities:						
Fixed assets, *less* depreciation	84,984	89,997	84,586	89,896	169,570	179,893
Net current assets	131,015	138,757	53,979	62,715	184,994	201,472
Stocks	101,891	124,821	84,228	89,451	186,119	214,272
Ordinary Shareholders' Funds	114,334	129,863	68,608	84,007	182,942	213,870

* Paid on capital as increased by 25 per cent free script issues.

comment on the limited value of the concessions and a fresh demand for restrictions to be placed on Commonwealth cloth imports into this country, a demand which it promises to press upon whichever government is returned in the election. The entry of duty free cotton goods from the Commonwealth was accepted, the Board states, "when the possibility of such imports seemed to be so remote as to be outside the bounds of serious consideration." Now that Indian and other imports have become substantial enough to put a competitive pinch on Lancashire, they should be checked by quotas. An import duty, it appears, would not be sufficiently drastic to meet the industry's requirements.

Tactics like these are not designed to earn Lancashire sympathy. If the textile industries chose to make a bogy out of purchase tax, despite the fact that most of the textiles produced in Lancashire were free or all but free of tax, it can hardly complain when the tax is suddenly removed that the concession is not a big one. Before the budget these goods carried tax at the rate of 50 per cent not of their full wholesale value as other goods do, but on what part of it, if any, exceeded 4s. a square yard (6s. for certain linen and furnishing fabrics). The total tax on these goods was about £6 million a year; the budget cut that by half, to a rate of 25 per cent, and this week the goods have become tax-free. Since it was only the highest quality goods that attracted appreciable amounts of purchase tax, these are the only ones likely to feel a substantial benefit from its removal. It is not surprising that this move has drawn a protest from Bradford, whose wool cloths have had no budget concessions of any kind and whose piece-goods sales bring in only £1 million in purchase tax as against Lancashire's £6 million.

*

The cuts in the Indian import duties on British cottons are unexpectedly generous. Since 1953, the rate of duty has been from 60 to 80 per cent *ad valorem*, depending on the type of cloth. This has been replaced by a two-part duty; a flat tax levied on each yard of cloth, regardless of value, and an *ad valorem* tax of 25 per cent. Their combined effect will be equivalent to an average rate of 30 per cent. It is difficult to compare this with the rates ruling before 1953, since these were many and complex, but it is possible that on balance the new rates are somewhat lower.

The Cotton Board's demand for yet more assistance, this time by the kind of protection in its home market that it so deplores in other countries, would have more properly been withheld at least until this week's concessions had had time to take effect. Lancashire's present troubles arise from emptying order books, and this is as much due to uncertainty about American cotton prices as to any other single factor. But the industry is always on the look-out for scapegoats outside its own mills, and the tragedy of Lancashire lies in this persistent capacity for self-delusion.

Waterloo for Lorry Sales

THE attempt to sell the long-distance road haulage fleet, which was the crux of the Government's denationalisation policy, has been an almost complete failure. Roughly 6,000 vehicles with their depots, the bulk of the trunk fleet, were offered for sale in March. Nobody made any bids at all for nearly half of them, and the tenders for another 2,300 were considered unacceptable by the Transport Commission and the Disposals Board. Only about 440—one seventh of the total offered—have been sold; decisions remain to be made upon tenders for another 400 odd. The British Road Services trunk network has thus barely been disturbed:

	Depots	Vehicles	Average Number of Vehicles to Depots
No bids received	74	2,986	40
Tenders rejected	53	2,287	43
No decision yet	14	406	29
Tenders accepted	19	436	23
Total	160	6,115	

What will happen now? Some 24,000 of the 32,500 lorries destined for disposal have now been offered at least once (another 6,000 or so are in the parcels and contract hire fleets for which separate arrangements are being made), and 14,685 of them have so far been sold. The small haulier, afforded first cut, has had that and more, for the majority of these sales have been in groups of less than five vehicles and over 10,000 have been sold without premises. Only one depot transferred in this last batch—at Moxley—had more than 50 vehicles in it. It is doubtful whether another offer would produce a much better response, even with the added assurance of another Conservative government for several years. The argument of some private hauliers that these depots should have been offered as companies neatly tied up with packages of the existing traffic makes light of the difficulty of transferring contractual obligations between hauliers and their customers. The failure of this most important sale must inevitably become a political issue; it is to be hoped that the politicians will not be provoked into attitudes that will prevent a workable solution.

Willing the Means

THE main significance of the 7½ per cent general increase in freight charges and the small "emergency" increase in passenger fares on British Railways authorised last week (the changes come into effect on June 5th) lies in the fact that the Transport Commission makes no pretence that these rises will enable it to fulfil its statutory duty of breaking even. On the most optimistic assumptions—including the pious hope that "special measures of economy" can bring about savings on the railways amounting to £15 million in the year beginning in mid-1955—the increases that the Commission applied for, and which were recommended by the Transport Tribunal and granted by the Minister without alteration, would leave the railways £14 million a year in deficit. Is this the consequence of Sir Brian Robertson's forthright abdication of responsibility for the wages settlement early this year: "Where the money comes from is no business of ours"?

The increases in cost brought about by the last wage increases (not including anything the engine drivers may secure) were formidable. In the "future year" considered



"And service? And spares?" Asks the practical mind —

SOME PEOPLE JUST BUY CARS. The wise man asks himself about the service he can expect in the years ahead. Say he finds himself five miles from anywhere, with a minor breakdown (it happens to the best of us) . . . what then? First, *Ford Service is Everywhere.* It's part of the public service. Where there isn't a Ford Dealer on the spot, there is one near at hand. Next, every Ford Main Dealer carries a full range of genuine 'EnFo' Parts and Spares, from a split pin right up to a reconditioned engine. Next, each one has Dagenham trained mechanics who know exactly what to do and who are helped by special equipment to do it quickly and efficiently. For these reasons, Ford maintenance runs smoothly on a basis of low, fixed charges. Ford believe that a sale is not the end of a transaction, but the beginning of a partnership. They are as much interested in your car's performance as you are, and they prove their point with a Service which only this belief, backed by Ford experience and resources, could provide.

"To hand!" say FORD of Dagenham

FORD PRODUCTS—THE BEST AT LOWEST COST

Don't bother me

with technical details

Refractories bore you? You consider them unimportant?
Too technical for anyone but a specialist? It is true that they are technically complex; it's also true their selection is a job for a specialist. But not that they are details. They have a profound effect on costs.
Any industrial management owes it to itself to make sure the refractories being used in its furnaces are the right ones.

Here Morgans can help—and their advice costs nothing. They are specialists who have developed some of the finest refractories ever made: designers and operators of the most up-to-date refractories plant in Europe. Their advice is worth having.

MORGAN Refractories

ASK MORGANS ABOUT REFRACTORIES—THEY KNOW

RGAN REFRACTORIES LTD., NESTON, WIRRAL, CHESHIRE. TEL: NESTON 1496

by the Transport Tribunal, they implied that the working expenses of British Railways would exceed gross receipts by £10 million; when their proper contribution to central charges—primarily interest on capital—is counted in, the railways would be £51 million in the red. The 7½ per cent increase in dock charges, the commission hopes, may nearly offset the last increase in wages; the increase in canal charges proposed may cover about half of the cost of increased wages.

Under Section 23 of the Transport Act, 1953, the commission has power to obtain an emergency increase of 10 per cent in passenger fares; on the present volume of traffic, and assuming that no further traffic was lost, such an increase might yield £11-£12 million as against the £4 million it expects in fact to obtain from the latest increases in fares. It expects to obtain about £17 million in extra revenue from the freight increases. It would not have been impossible, therefore, for the commission to try to obtain the full increase in revenue that it would have needed to break even in the "future year." Deliberately to budget for a deficit is a new departure even in British nationalised industry, though it follows perfectly logically from the compromises forced upon the Transport Commission by the Government. It is hardly likely that increases designed to fulfil the commission's statutory duty would have made it more unpopular with the railway user than it is already.

BP Keeps its Promise

IN keeping with their promise made last December to distribute a larger proportion of available earnings, the directors of British Petroleum have declared a bigger ordinary dividend. The final payment of 14 per cent on a capital of £100,687,500 (as increased by the four for one free scrip issue) on top of the interim dividend of 5 per cent on the original capital of £20,137,500, sets the 1954 payments at an effective rate of 15 per cent. On the revised capital the 1953 dividends would be equivalent to 8½ per cent. Just in advance of this announcement BP's £1 ordinary stock units were slipping back; at the current market price of 76s. the units yield £3 19s. on the new dividend.

The bigger dividend is paid out of a net profit of £24.3 million, only about £750,000 higher than net earnings in 1953. The tax provision charged in arriving at this profit is only about £250,000 higher at £19.6 million and the sole reason for the lack of buoyancy in net earnings is the sharp increase in depreciation and other amounts written off from £20 million to £30.4 million. Before charging depreciation and taxation, the consolidated profit in 1954 was £75.3 million, compared with £63.9 million in 1953. The preliminary statement adds that all items relating to the original assets and liabilities of Anglo-Iranian in Persia have been eliminated without drawing upon the general reserve.

New Issues Resumed

DESPITE the start of a new Stock Exchange account this week, new activity has not come to the Stock Exchange. Continued sales of gilt-edged stocks by the banks dominate that section of the market and industrials, too, have been held in check. The *Financial Times* index of government securities fell from 97.39 on to 95.98 in the week ended on Wednesday. Industrials fell from 184.5 to 183.8 in the same period. In one matter, however, the market does find itself on firmer ground. It has been possible for the flow of new capital issues to be resumed. Important capital offers have been announced and others are under discussion including an early issue of a large block of debenture stock by the Dunlop Rubber Company.

The most important of this week's issues is the offer by the Iron and Steel Holding and Realisation Agency of all the prior charge capital of English Steel Corporation. The "A" and "B" ordinary shares of that company were re-acquired by Vickers and Cammell Laird last year. The agency's present offer made through Morgan Grenfell and Co. and Hoare and Co. thus consists of 5 million 5½ per cent cumulative redeemable preference shares of £1 each at 20s. and £5 million 4½ per cent debenture stock 1974/79 at par. Both offers are made with benefit of six months' interest due on June 30th, so that in effect both are at a small discount. The offer should prove attractive. Net tangible assets of £20½ million cover the debenture principal more than four times. Profits are running at the rate of about £3,400,000 a year and are expected to be approximately maintained; they provide handsome cover for the gross debenture interest of £225,000 a year and the preference dividend and relevant profits tax costing £213,125 a year. The preference shares are redeemable at 22s. between 1974 and 1984, at 21s. between 1984 and 1994 or at par between 1994 and 2004. Application lists for this welcome move towards liquidating the agency's large holding of prior charge stocks open and close on Thursday. For the first time no option is offered to tender any government stock in payment.

Another new issue, that from Land Securities Investment Trust, the chairman of which is Mr Harold Samuel, takes a different form. This property company is to place privately at par £20 million of 4¼ per cent mortgage debenture stocks (with a final redemption date in 2005). The debentures will replace mortgages which, on March 31, 1954, totalled about £11,900,000; their growth since then largely reflects the complete absorption of the Ravensfield Investment Trust, another property company, into the group. The new debenture is linked with proposals to reconstruct the structure of Land Securities Investment Trust. The formation of a new company will permit the directors to issue four new 10s. ordinary shares and one £1 preference share in the new company for each 10s. ordinary share in the original company.

Sterling Area's Surplus

THE balance of payments of the sterling area with non-sterling countries turned decidedly favourable last month in keeping with seasonal influences no doubt as a result of dearer money and the other measures taken to meet balance of payment difficulties. The gold and dollar reserves in April rose by $19 million to $2,686 million, the first substantial rise for five months. A number of adjus-

ments have, however, to be made in order to discern the true influences that were operating. A reduction of $17 million must first be made in respect of defence aid received from the United States in April. Next, a net $11 million must be deducted as representing the net receipts from the European Payments Union, reflecting in the main credit earned in trade passing through the EPU clearing in the previous month of March. If these receipts are excluded, the residual becomes a deficit of $9 million, which may be taken to represent the balance of payments of the sterling area with the dollar world during April.

During that month, however, the United Kingdom built up a substantial surplus of £22 million, or $61 million, with EPU, which is due to be settled towards the middle of this month and will bring in about $30 million in gold. The surplus, however, arises from transactions during April, and any guess at the sterling area's balance of payments performance last month should place this EPU surplus in juxtaposition with the apparent deficit of $9 million in trade with the dollar area ; on balance the payments of the sterling area with the non-dollar world would thus seem to have been about $52 million in surplus last month. The EPU credit reflects not merely the outcome of sterling area trade with Western Europe but also a substantial part of the current trade between the sterling area and the transferable account area. Much of the trade between the union and the rest of the non-sterling and non-dollar world is transacted in sterling and affects the settlement.

The substantial surplus for April indicated by these figures is in keeping with normal seasonal fluctuations in the sterling area balance of payments. To a modest extent it may also reflect a further arrival of foreign money attracted to London by comparatively high money rates. The net effect of this influence last month was probably modest. The April gold and dollar reserve figures have helped to reinforce confidence in sterling, which has further strengthened in the market in the past week. In the official market against the dollar it has this week crossed the parity, and by Wednesday evening sterling was looking down on the dollar from the modest eminence of a 1/32nd premium over $2.80. The rate for transferable sterling has moved similarly to $2.77¼.

No Fun at the Fair

THE British Industries Fair got off to a quiet start in London this week. This is the first year in which the new company, British Industries Fair, Limited, has organised the London sections in place of the Board of Trade (the successful Birmingham engineering section has always been in the hands of the Birmingham Chamber of Commerce). On this week's showing the new company has still much to learn about how to attract even as many visitors and exhibitors as the Board of Trade has done during the past few difficult years. Most of the notable truants who have withdrawn from the Fair one after the other are still conspicuous by their absence ; nowhere is this more marked than in the pottery and textile sections, which not only formed the bulwark of the old BIF, but also provided its most spectacular displays. Without them the Fair has a dispirited air.

The energy that was once concentrated on the BIF has been channelled off into a series of specialised trade fairs that do not necessarily have the excuse of better timing for the industries concerned. The manufacturers of synthetic textiles, for example, are holding their own private exhibition now in their Piccadilly headquarters, a step that seems quite superfluous. The four major producers of synthetic yarns, Imperial Chemical Industries with "terylene" and "ardil," British Nylon Spinners, British Celanese with acetate rayon, and Courtaulds with viscose rayon, are each showing at the BIF, the last two for the first time in years. But there are only a handful of other textile stands, mainly of clothing manufacturers, in the whole Fair, and the great names of Lancashire and Bradford are absent. Only one of these exhibitors, British Celanese, is displaying its goods with the panache that the BIF requires, in a riot of azaleas, white dresses, small oaks, butterflies and brilliant dyes. Admittedly, this company has the powerful incentive of newly developed products that are designed to compete with on appearance, and to undercut substantially on price, the nylon and "terylene" fabrics shown by its competitors who have little to offer that is new and no fresh way of telling their old story. The organisers, who are planning two separate exhibitions in London next year, face a more difficult task than was first supposed in re-floating the BIF.

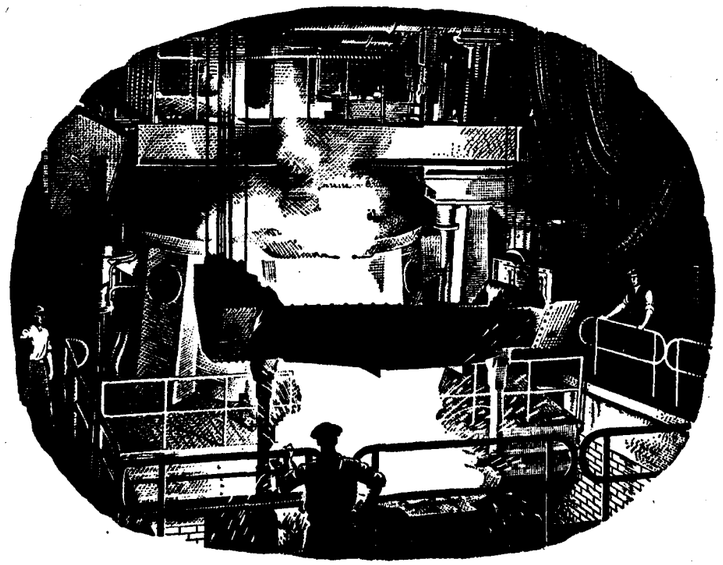
Democracy in Tea

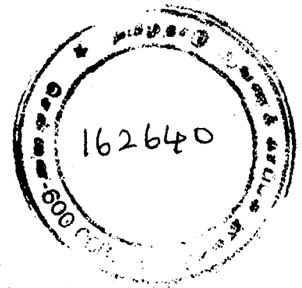
THE first hard pressed owner of a family business who saw a chance to hold control by creating non-voting shares and selling them to cover death duties started a new science—the science of capital control. The devices for wielding the maximum voting strength with the minimum of capital investment are now without number. There is the issue of non-voting shares, the issue of shares overweighted with votes, the issue of shares to pension funds whose trustees happen to be directors of the company. The latest plan and in some ways the most ingenious comes from Walter Duncan and Goodricke, secretaries and managing agents for a substantial group of tea companies.

This is the plan: all the companies of the group (except Amo Tea that has recently capitalised reserves) are to make free scrip issues to their shareholders. Then they are all to make further scrip issues to each other receiving in exchange scrip of the other companies of the group. The proportion has been arranged, so that one-third of the capital of each company shall be held among the others, and so that at the start the dividends each has to pay to the others will be equal to the dividends it expects to receive from them. The companies concerned are Allynazzer Tea, Aino Tea, Assam Dooars, Hope Tea, Kuhicherra Tea, Lanhapara Tea, Meenglass Tea and Leech River Tea.

It is presented as a risk spreading scheme—"a measure of protection . . . against general and local adverse conditions." Indeed it does offer some protection against crop disaster affecting one company. But there is another kind of disaster against which it also provides—the appearance of a bid for control. The bidder for any one of these companies

An electric arc furnace by Birlec Ltd—and AEI. The furnace shown requires electrical power of 15,000 KVA—sufficient to supply a town the size of Harrogate. It is one of the largest in Western Europe.





In the steel works molten metal flows from the furnace. In the kitchen the food is cold and fresh from the refrigerator. Electricity is serving man. There is a connection between these events for the power is harnessed more effectively by equipment built by AEI Companies.

HOT & COLD & AEI



Associated Electrical Industries is a practical partnership of great companies. Each one is famous in its own right. All share the benefit of AEI's inspiration and financial strength, on research, and for economy in manufacturing. An investment in AEI is an investment in all these companies—and in progress.

The British Thomson-Houston Co. Ltd.
&
Metropolitan-Vickers Electrical Co. Ltd.
&
Birlec Ltd.
&
Coldrator Ltd.
&
Edison Swan Electric Co. Ltd.
&
Ferguson Pailin Ltd.
&
Newton Victor Ltd.
&
The Hotpoint Electric Appliance Co. Ltd.
&
Premier Electric Heaters Ltd.
&
Sunvic Controls Ltd.
&
Siemens Bros. & Co. Ltd.
&
Australian General Electric Pty. Ltd.

A 7 cu. ft. refrigerator by Coldrator—and AEI. This refrigerator is shown in a kitchen equipped and designed by Hotpoint.

Britain's fastest-growing paper
in Britain's fastest-growing market

The astonishing month-by-month growth of the GLASGOW EVENING NEWS is shown by the following table of audited, certified average net sales per issue.

July 1954	131,917	November	164,415
August	147,465	December	156,964
September	151,263	January '55	163,954
October	161,377	February	173,403
	March '55 177,562		

The people the paper reaches are living and working and earning high wages in the midst of unparalleled Scottish industrial developments . . . . Over five hundred new factories in five years; 45% more shipping activity in 1953 than in 1948; these are but two examples of the figures that are telling the story of Scotland's prosperity.

The 'Personal to You' theme sells the 'News' . . . Over the last nine months, the Glasgow Evening News has developed an entirely new appeal whereby its readers become its friends. From many sources comes evidence of an ever-increasing 'reader trust'. Every evening, the men and women of Glasgow and the West of Scotland look forward to reading what their 'friends' have to say *to them personally;* and these 'friends' are the journalists in the 'News' whose originality and flair have captured the imagination of Glasgow and the West of Scotland.

This 'Personal to You' theme can sell your goods . . . if you advertise in the

Evening News
GLASGOW

KEMSLEY HOUSE GLASGOW — KEMSLEY HOUSE LONDON



"SPANISH FISHERMEN" *by Anthony Gross*

No. 10 in a series of advertisements showing the work of contemporary artists.

A BIG NAME IN THE CHEMICAL WORLD
Brotherton

One of the world's largest manufacturers of hydrosulphites, liquid sulphur dioxide and hexamine. Makers of an extensive range of Metachrome dyes for dyeing wool in all its forms.

Brotherton & Co. Ltd., City Chambers, Leeds, 1.
Telephone: Leeds 2-9371 · Telegrams: "Brotherton, Leeds."

A sherry that is sheer delight

A perfect gift to the most critical palate, Pintail is an exceptionally fine sherry, both pale and beautifully dry. Specially selected at Jerez, this proud product of Spain is available in a trial pack of two bottles at 42/7d; subsequent supplies at £12 per dozen bottles. Your orders will have prompt attention.



Pintail SHERRY

would have to reckon with a solid block of one-third of the votes held in companies with the same management and interlocking directorships.

Cheap Coal This Summer

THE National Coal Board has contrived to announce the usual summer cuts in its coal prices, to encourage buying in the off season, without a general increase in basic prices to cancel them out. For the moment, that is to say, it has ignored or has been directed to ignore its own financial position and the increases in wages costs that must follow upon its revision of the day wage structure in mining agreed upon in March. It is true that the increased wages have not yet been paid; they are back dated to April 4th, but the miners will not get the extra cash for a fortnight. Moreover, the revision of piece wages in the industry as a whole (which is quite separate from localised disputes such as in Yorkshire) is still to come, and this will probably add more to wages costs than the £13 million a year for the day wage men. Nevertheless, the increase in coal prices that will inevitably have to follow from the increases in freight charges that take effect in June will still leave the industry one price increase in arrear—an average of 1s. 3d. a ton, apart from anything that may be required to restore the board's financial balance. This may have its political overtones; in the meantime, it offers even more incentive than appears on the surface for the householder to buy coal this month to stock against next winter—if he can manage to get it delivered.

The New Savoyards

NO one but W. S. Gilbert can provide a quotation to describe last Tuesday's annual general meeting of the Savoy Hotel. Perhaps a line from "HMS Pinafore" will do: "I always voted at my party's call." Duly the stockholders at the meeting gave their almost unanimous support to the directors' plan for creating 84,792 "B" 5s. ordinary shares which will rank *pari passu* with the 1,695,824 "A" 10s. ordinary shares—except that each "B" share will carry 10 votes against half a vote for each "A" share. Only one white-bearded stockholder, Mr William C. Lee, spoke out firmly against the resolution. Most of the other stockholders welcomed the proposals with as much acclaim as they had welcomed the tax free capital distribution of 6s. on each £1 stock unit from the profit of £267,000 arising from the sale of the freehold on a commercial property in the Strand. Taking a leaf from the book of Mr Clore and Mr Samuel, familiar names in the recent history of the Savoy, the directors took back the property on a long lease. Stockholders will also receive an effectively higher dividend from a year that witnessed an increase in the consolidated gross profit from £525,684 to £654,438.

The danger that Mr Lee and some outside commentators have seen in the new capital structure is that the directors and their associates (who owned a large slice of the original £1 shares) can control the company by an almost nominal holding of the equity. The tactic is simple enough: sell the "A" shares and buy the 'B" units. Control, then, would be secured for a tiny financial stake and it could last in perpetuity. Now that the necessary resolutions have been passed an investor who dislikes the scheme has only one answer: to liquidate his stake in the company, leaving the Savoyard directors to contemplate the joys of a Utopia completely free from any outside interference. But they might spare a moment to recall that the least successful of all the Gilbert and Sullivan comic operas was "Utopia Limited."

Television's Uncertain Timetable

THE timetable for the start of the commercial television services is still far from settled. This week, the Independent Television Authority signed its first contract with a programme company, Associated Broadcasting Development, Ltd., which will use the London transmitter during the week-ends and the Birmingham transmitter—when it starts—during the week. The other London contractor, Associated-Rediffusion, will probably sign its contract in a week or so. These contracts bear almost no resemblance to the draft documents that were first sent to the startled contractors in December; they have been hammered into formulae that at least give the contractors some chance of running their highly speculative enterprises in a normal businesslike fashion.

It is fortunate that neither of the two London contractors held up work on their services until the contract details had been settled, for in that case the services would have had no chance of opening in the autumn. As it is, they have pressed ahead with their arrangements, and persuaded their advertisers to do the same, so that they will be ready to start as soon after the beginning of September as the ITA will allow. This, in turn, depends on the rate of progress on the Croydon transmitter. The ITA expects that the equipment will all be installed before September, but its design is new and it is difficult to calculate how long it will take to get it in full working order. The most likely date for opening now seems to be mid-September, but the contractors have to face the possibility of a delay—which they are likely to find expensive as well as irritating.

Dunlop Dividend Unchanged

THE Dunlop Rubber Company enjoyed a prosperous, but not a bumper, year in 1954. The group trading profit was nearly £2¼ million higher at £17,717,914 compared with £15,488,545. The total dividend for the year remains unchanged. A final payment of 10 per cent makes 14 per cent for 1954 and compares with a dividend of 12 per cent and bonus of 2 per cent a year ago. It is hardly surprising that the market where the Dunlop stock has recently been strong in anticipation of these results and of the new issue to be announced next week, found these figures disappoint-

ing. The 10s. units fell 2s. 6d. to 28s. 6d. immediately after the announcement.

The additional earnings have been absorbed partly into the depreciation charge, which is rising as more of the expensive postwar equipment comes into play and partly by higher taxation. The depreciation charged is up from £4,440,760 to £5,193,986. Taxes, British and foreign, take £7,011,114 compared with £6,747,198. But the group net available profit after those deductions stands high. At £4,858,500 it is just a shade below the 1953 figure of £4,953,986, but that year's figure contained an exceptional item of £885,560 arising from the settlement of the Excess Profits Tax refund. Without the windfall the 1953 net figure would have been £4,068,426 and the 1954 figure would have shown a good rise. A sum of £460,000 is again set aside for replacement of fixed assets in the United Kingdom and £1 million (against £1,800,000) goes to general reserve.

Hire Purchase in April

APART from the furniture trades, where the hire purchase controls appear to be having an effect, hire purchase sales in April remained at a high level, the figures of HP Information (which cover only a small part of the field) showing a rise of about 50 per cent over the corresponding month of last year.

NUMBER OF HP CONTRACTS

	April, 1954	March, 1955	April, 1955
Cars	26,931	38,308	41,433
Commercial vehicles	4,568	7,258	6,783
Motor cycles and side-cars	17,702	19,715	24,760
Caravans	1,347	1,428	1,344
Tractors	965	1,433	1,094
Farm equipment	525	630	696

Source : HP Information.

A welcome addition to the inadequate supplies of information available on hire purchase comes from the British Radio Equipment Manufacturers Association which publishes its first monthly estimate of credit transactions as a percentage of total retail sales. The figures indicate that 41 per cent of radio receivers, 62 per cent of radiograms and 59 per cent of television sets were sold on hire purchase or extended credit in March. As the Radio and Television Retailers' Association's figure for March is not yet issued, it is not possible to see how far the two estimates agree.

The First VHF Station

THE BBC's first transmissions on very high frequencies started on Monday from a transmitter at Wrotham in Kent, with a range of 50 miles ; by the end of the year three other transmitters, in Newcastle, Northern Ireland and North East Scotland, should be operating. No precise time table has been laid down for the six remaining transmitters which between them will cover about 98 per cent of the population. The BBC has been forced up into the high frequency bands for its sound broadcasts, in order to overcome foreign interference that jams the medium wavebands during the night. The use of these higher frequencies allows a much higher standard of sound reproduction than is possible on the medium waves but this alone would never have justified the cost of the new system.

About half the radio manufacturers are already selling VHF receivers and numbers of new models were introduced at this week's radio show in Manchester. They cost, with purchase tax, about £10 more than the equivalent receiver for medium-waves only. Existing sets can be converted to VHF but the cost is surprisingly high—more, indeed, than the charge for converting a television receiver from one to two programmes. Estimates range from £10 to £20 depending on the design of receiver and the average charge is likely to be about £15.

SHORTER NOTES

A further drastic fall in tea prices has occurred in the London auctions this week. The market opened nominal and there were heavy withdrawals when selling was resumed on Monday. A further fall occurred on Wednesday. Plain broken pekoe from Northern India has fallen to a nominal price of 3s. 4d. per lb, a reduction of about 1s. 6d. compared with the previous auctions of a fortnight ago.

★

The Treasury bill rate, after its sharp rise at the first post-budget tender, rose a little further last week. The discount houses cut their application price for 91-day bills by 2d. to £99 0s. 6d. per cent, equivalent to a discount rate of slightly over 3 29/32 per cent per annum. Expressed as an interest rate, this represents a yield of 3 31/32 per cent per annum.

★

A Society of Investment Analysts has been formed with offices at 4 Throgmorton Avenue. Its initial members include security analysts and investment officers of large financial institutions such as insurance companies, banking houses, and pension funds.

★

Oil and gas have been detected at a well recently drilled at Ekim, Calabar Province, in South-eastern Nigeria. This well, one of eleven drilled by the Shell D'Arcy Petroleum Development Company of Nigeria Ltd., since 1951, shows larger indications than previously encountered in that region. The quantity of oil so far discovered is not economically sufficient for production purposes, and the company will now carry out further tests at other depths of this well. More than £9 million had been invested in Nigeria by Shell D'Arcy in their search for oil up to the end of 1954.

Company Notes

DE HAVILLAND AIRCRAFT AND BRISTOL AEROPLANE. With many of Britain's leading companies it is easy to forget about the element of risk in their ordinary stocks. The latest results of de Havilland Aircraft are a salutary reminder of this risk. The company poured many millions of its own money into the development and production of the Comet. Then came the catastrophes. Those catastrophes have to be measured first in the loss of life, then in their effect upon the aircraft industry and only lastly in the trading results of the company. The financial reckoning has been revealed in the company's preliminary statement for the year to September 30th.

A loss of £1,332,999 in that year has replaced the 1952-53 profit of £2,639,193. The directors comment : "The adverse results are due to the need to take care of the position arising from the Comet catastrophe. This has been done, so far as at present appears to be required, by writing off redundant Comet stock, etc., of £4,732,538. Other substantial costs arising from the same circumstances have also been provided for in the accounts." A good deal more information about the immediate losses and about possible potential liabilities and the extent of Government assistance will be needed, coupled with a balanced discussion on the future of the Comet, to assess the investment merits of the de Havilland equity. That equity still has merits.

But the dismal arithmetic has to be followed through to its final conclusion : the passing of the ordinary dividend, which was 7½ per cent in 1952-53. After providing £82,509 for tax, the loss emerges at £1,415,508. Minority interests take £22,293, retentions by subsidiaries £266,987 and preference dividends £50,050. After making these charges but after writing back £1,361,745 from tax provisions and bringing forward £235,279 from the previous year the net debit balance is whittled down to £157,814. A transfer of £250,000 from general reserve more than makes good that loss, allowing the company to carry forward a credit of £92,186.

Inevitably the report of Bristol Aeroplane Company stands in sharp contrast to the de Havilland statement. Bristol Aeroplane's profits in 1954 advanced from £2,549,562 to £2,912,092 and, as the directors promised when the "rights" issue was made in October, a final ordinary dividend of 6½ per cent on a capital of £6,930,000 has been added to an interim of 3½ per cent on the original capital of £4,620,000.

★

WHITBREAD. One of the most disappointing dividend announcements for some months was issued last week-end. Surprisingly it came from Whitbread. Since the war that company has been classed among the most progressive in the brewing trade, concentrating its efforts on the sale of bottled beers and on the modernisation of its public houses. Its profits and dividends have been expanding and investors believed that this record would not be blemished in 1954. Their hopes soared high when the interim ordinary dividend was raised from the equivalent of 5½ per cent to 7 per cent ; in their minds that dividend seemed to offset the chairman's earlier warning that the 1954 results would not be so successful as those of 1953. The disappointment came when the directors declared a final dividend for 1954 of 14 per cent, making 21 per cent for the year. Allowing for the 50 per cent free scrip issue, the dividends in 1953 were exactly equivalent to this 21 per cent payment. The measure of the disappointment is found in the fall of 5s. in the price of the £1 "A" ordinary shares ; at 85s. these shares offer a yield of just under 5 per cent.

But could the directors have done anything more than to maintain the ordinary dividend in the face of a decline in profits? Most of the breweries, notably in the London and home county areas where Whitbread's public houses are concentrated, had a disappointing time last year ; and Whitbread despite its interests in bottled beers has suffered a fall in profits before tax from £2,471,853 to £2,166,526. After charging a smaller tax provision (down from £1,441,977 to £1,220,090) and after adding back more in special credits (up from £333,380 to £497,754) the net profit emerges at £1,444,190, compared with £1,363,256 in 1953.

★

BOWATER PAPER. The directors of the Bowater Paper Corporation have again produced a most lavish report. Equally impressive is the increase in profits and in the ordinary dividend, noted in these columns last week. Changes of some magnitude have taken place in the consolidated balance sheet, following the opening of the Tennessee paper mills. The gross book value of fixed assets has risen from £46.4 million to £60.8 million and their written down value from £30.9 million to £43.4 million. Balancing that increase is the growth in loan stocks from £20.9 million to £31.4 million.

The Corporation thus has a firm base on which to plan this year's operations. High production and sales have been maintained and in certain mills "progress is limited only by the available productive capacity." The directors characterise the outlook as "encouraging"; that has the ring of an understatement. This year the Corporation, as a result of the completion of the Number 6 machine at Kemsley and of a full year's production from the Tennessee plant, will produce about 790,000 tons of newsprint. The immediate prospect for Bowater Paper, as the recent rise in the price of its shares on Canadian buying suggested, is bright.

But what about the long term prospects? The directors seem to be confident about those as well, for they have plans for yet another increase in capacity which they say "represents the most important step forward yet initiated by the Corporation and its subsidiaries." The directors have always been prepared to take risks—as the purchase of the Newfoundland mills just before the war will recall. Now they have embarked on another new venture. By adding two new machines at the Mersey mills and yet another machine at the Kemsley mills (each with an annual capacity of about 60,000 tons) and by pushing up the productive capacity of the Tennessee mills to 175,000 tons a year, the Corporation will have by 1957 a capacity from its newsprint machines of about 1,000,000 tons a year.

Some of the capacity will almost certainly be used for mechanical printing and other paper (where profit margins are higher than on newsprint) but the latest developments show that the directors are still largely putting their faith and money on newsprint and, moreover, on newsprint made in this country. Are they putting too many eggs in one basket? Some stockholders may recall that the bad patch that the company experienced just before the war was coupled with its reliance on newsprint. The latest plans suggest that the Corporation is taking a chance on a growth in the demand for newsprint from British newspapers and in overseas markets.

★

ALBERT E. REED. Albert E. Reed is by no means so dependent on newsprint as Bowater Paper. A table in its preliminary statement for the year to March 31st shows a percentage breakdown of the value of turnover :

	per cent
Wrapping papers	35
Corrugated cases and paper	25
Printing papers	16
Newsprint	9
Multi-wall sacks	8
Miscellaneous	7

The emphasis on packaging papers has paid the Reed group handsomely. After depreciation and debenture interest but before taxation its profits have risen by about 44 per cent, from £4,260,996 to £6,174,244—an increase much greater than the 22 per cent increase revealed by similar figures in the Bowater report. Income tax and profits tax on these profits have risen from £2,365,000 to £3,058,017 but the group has no money to find for EPL, which in 1953-54 absorbed £625,000, so that net profits have jumped from £1,756,996 to £3,116,227.

The ordinary dividends are also effectively higher—indeed the final payment at 12½ per cent is bigger than the minimum forecast last December by the directors of a 10 per cent final, following the 50 per cent free scrip issue. For the latest financial year the full year's dividend is 22½ per cent on an ordinary capital of £3,140,000 ; in 1953-54 an interim of 10

per cent on a capital of £1,500,000 and a final of 12½ per cent on a capital of £3,140,000 was paid. On the "A" ordinary capital an interim of 10 per cent on £1,235,112 and a final of 12½ per cent on £3,422,668 have been declared for 1954-55; for 1953-54, the year in which the "A" shares were created, there was a single payment of 12½ per cent on the "A" ordinary capital of £1,235,112.

The dividend on the ordinary shares fell short of some of the more optimistic hopes in Throgmorton Street and 1s. 3d. was clipped off the price of the £1 ordinary shares; but at 84s. 4½d. they yield 5⅓ per cent on a 22½ per cent dividend. That is not an unattractive yield, for the group, as its recent investments in Colthrop and Tasman Pulp and Paper show, is still growing.

★

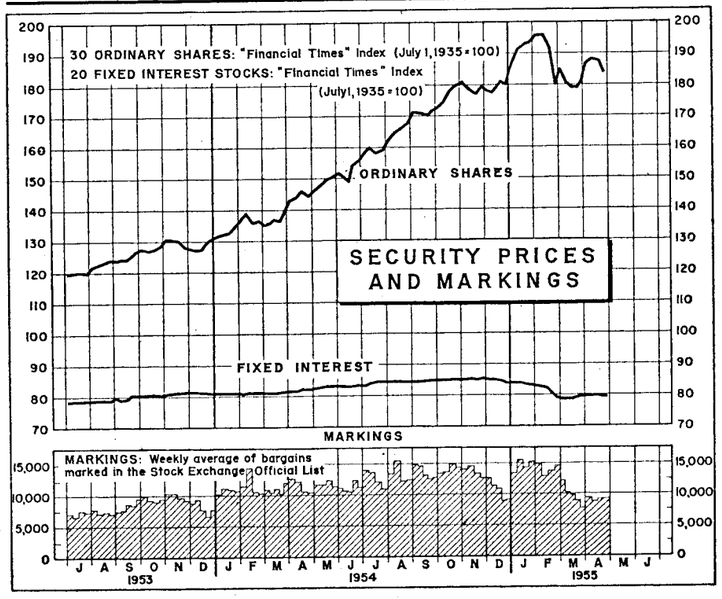
UNITED SUA BETONG. The increase in the United Sua Betong ordinary dividend was unexpectedly generous. Allowing for the 50 per cent free scrip issue, the dividend has been raised from the equivalent of 13⅓ per cent for 1953 to 27½ per cent for 1954. That dividend gave a new but only temporary lease of life to rubber shares, with "Suas" themselves immediately gaining 2s. 3d. to 48s. Profit taking at the end of the account soon checked the rally; "Suas" at the current price of 43s. 9d. xd. offer a yield of £12 1s. per cent.

The dividend is in line with the advance in profits, which have nearly doubled from £457,415 to £895,913. Taxation is also higher, up from £287,652 to £516,222, but the net profit has risen from £169,763 to £379,691. The dividend takes £210,937 (against £99,000) from this profit. Long before the dividend announcement the directors had forecast an increase in rubber production from about 18,200,000 lb. to 19,300,000 lb. The company produces palm oil and tea as well as rubber. Rubber must have made the most important contribution to profits but the company's production of tea—last year it was producing more tea and selling it at a higher price than in 1953—helped to give buoyancy to the profit and to the dividend.

★

CAMMELL LAIRD. The latest ordinary dividend of Cammell Laird, the shipbuilders, caused disappointment. In 1953, the company had added a tax free bonus of 4 per cent to the 15 per cent dividend, less tax, making the full payment 22.27 per cent, less tax. There were some hopes that another tax free bonus would be paid for 1954. These hopes were disappointed, for the full year's dividends amount to 14 per cent, less tax. They are declared on a capital of £5,325,000 as increased by the 50 per cent free scrip issue; on that capital the 1953 payments are equivalent to about 14.6 per cent, less tax. Hence almost all the tax free bonus has been effectively consolidated into the trading dividend.

But since the announcement the 5s. ordinary stock units have lost 1s. 3d. to 11s. xd., to offer a yield of about 6⅜ per cent. The group's total income shows little change at £1,617,959 (against £1,689,186) but the trading profit has fallen slightly (from £1,142,473 to £1,017,386) while investment income has risen slightly (from £546,713 to £600,573). That investment income includes the dividends Cammell Laird receives from its 50 per cent interest in Metropolitan-Cammell Carriage and Wagon and in the latest year it must also include a part dividend from the 25 per cent interest in English Steel which it reacquired half way through last year. Thanks to a fall in taxation the net profit is only £4,550 lower at £654,716, from which the ordinary dividend takes £424,225.



LONDON STOCK EXCHANGE

Next Account begins: May 18th
Next Contango Day: May 18th
Next Settlement Day: May 10th

DESPITE the lifting of the threat of the railway strike and the improvement in the gold and dollar figures, gilt-edged prices continued to fall in the stock market. The approach of the election made for quiet markets, and a stream of small selling orders was enough to bring gilt-edged prices down. Home banking shares, notably Lloyds "A," were a little better, as were a few of the insurance issues. Most of the interest in Throgmorton Street seemed to be concentrated upon the foreign market, but it was Continental and not British support that gave strength to this market. At the end of the old account Japanese bonds advanced strongly on buying from Zurich and later from Paris; on the first day of the new account they slipped back slightly when profits were taken. German issues also closed the old account firmly and then went ahead on overseas buying on Wednesday.

The prices of industrial equities fell away in the last days of the old account and by the close on Tuesday the *Financial Times* ordinary share index had fallen back to 182.7 (compared with 184.5 just before the week-end). The market was a little more active following some good dividend statements on the first day of the new account and the *Financial Times* index improved to 183.2. Cotton and rayon textile shares were marked up on the removal of purchase tax, though the early gains were not fully held. Bowater Paper made a strong advance on Canadian buying, while Boots Pure Drug and Tube Investments were marked up on bigger dividends. In the shipping section Stanhope lost 5s. 9d. to 19s. on the absence of a dividend. Oil shares were reasonably steady at the end of the account, but when the new account opened British Petroleum lost some ground in advance of the dividend announcement.

The feature of the end-account dealings was a late advance in Kaffir shares, notably the OFS issues. A long and detailed statement by the chairman of Anglo-American touched off this rally.

FINANCIAL TIMES INDICES

1955	Security Indices: Ord.*	Security Indices: Fixed Int.†	Yields: 2½% Cons.	Yields: Ord.
			%	%
April 27...	184·5	109·57	4·08	4·90
„ 28...	183·9	109·42	4·09	4·91
„ 29...	182·7	109·07	4·12	4·99
May 2...	183·2	108·85	4·13	4·98
„ 3...	184·3	108·82	4·12	4·95
„ 4...	183·8	108·61	4·13	4·96
			Total bargains	
1955, High.	197·5 (Feb. 3)	115·97 (Jan. 7)	1955 April 27	7,567
„ Low..	175·7 (Mar. 15)	107·61 (Feb. 24)	„ 28 „ 29	7,820 8,207
1954, High.	184·0 (Dec. 31)	118·10 (Nov. 18)	May 2 „ 3	10,298 9,736
„ Low..	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 4	9,617

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to May 4 High	Prices, 1955 Jan. 1 to May 4 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Apr. 27, 1955	Price, May 4, 1955	Net Yield, May 4, 1955 § £ s. d.	Gross Yield, May 4, 1955 £ s. d.
100⅝	97⅞	Funding 2½% '52-57	98⅛	97 7/16	2 12 4	4 0 7
100⅛	97⅝	War Bonds 2½% '54-56	98 13/32	97 9/32	2 19 9	4 5 1
100 11/16	97⅛	War Loan 3% '55-59	98½	97⅛	2 7 3	3 13 6
100 23/32	99⅜	Serial Funding 3% 1955	99⅜	99⅜	2 14 7	3 19 0
100⅛	96⅛	Serial Funding 2½% 1957	97 13/32	96⅜	2 13 10	3 13 2
99 11/16	94⅛	Conv. 2% 1958-59	96	94⅛	2 14 6	3 13 7
97⅜	93⅛	Exchequer 2% 1960	95	93⅜	2 13 0	3 11 7
104⅛	97⅛	Exchequer 3% 1960	99 1/32	97⅛	2 5 7	3 12 5
100⅛	91⅞	Savings Bonds 3% '55-65	95⅛	92	2 13 3	4 0 9
100⅜	92⅛	Funding 2½% '56-61	95⅜	92⅛	2 17 7	4 0 11
97	87⅞	Funding 3% '59-69	91⅜	87⅝	2 15 9	4 3 5
103 7/16	98⅛	Funding 4% '60-90	100¼*	98⅛	2 13 8	4 8 1
96⅜	86⅛	Savings Bonds 3% '60-70	91⅛	86⅛	2 16 2	4 4 4
102⅜	94 7/16	Exchequer 3% '62-63	98 7/16	94⅜	2 11 2	3 19 1
99⅛	88⅜	Exchequer 2½% '63-64	92¼*	88⅜*	2 17 5	4 0 1
95 1/16	85⅜	Savings Bonds 2½% '64-67	89¼*	85⅜	2 17 3	4 0 6
94 1/16	84⅛	Savings Bonds 3% '65-75	88⅛	84⅜	2 14 10	4 3 7
105⅛	98	Victory 4% '20-76	101⅛	99⅜	2 7 0	4 1 9
98¼	88⅜	Funding 3% '66-68	93	88⅞	2 15 6	4 3 7
103	93⅜	Conv. 3½% 1969	97⅜	93⅜	2 11 5	4 2 11
98⅜	89 3/16	Treas. 3½% '77-80	94	90⅜	2 11 7	4 4 3
99 3/16	89⅜	Treas. 3½% '79-81	93¼	89⅜	2 11 10	4 4 3
88¼	78	Redemption 3% '86-96	83	79¼	2 10 8	4 0 9
95 1/16	88	Funding 3½% 1999-2004	92	88⅜	2 9 0	4 2 4
97⅜	90⅛	Consols 4% aft. Feb. '57	95⅝	92⅜*	2 10 1	4 7 7
88 3/16	79⅛	War L'n. 3½% aft. Dec. '52	85 1/16	80⅜*	2 9 8	4 6 3
89 11/16	79⅛	Conv. 3½% aft. April '61	85¼	81⅜	2 9 4	4 6 0
78⅛	70⅛	Treas. 3% aft. April '66	74½	71	2 8 8	4 4 10
66⅜	60	Consols 2½%	63½	60⅛	2 7 7	4 2 11
66⅞	59⅜	Treas. 2½% aft. April '75	63	60⅜	2 7 9	4 3 2
94 3/16	85⅜	Br. Elec. 3% '68-73	89½	85⅜	2 15 0	4 3 2
93 15/16	84⅛	Br. Elec. 3% '74-77	88⅛	84⅛	2 14 0	4 2 7
109 1/16	100⅛	Br. Elec. 4½% '74-79	104⅛	100⅜	2 8 3	4 4 7
98 1/16	89	Br. Elec. 3½% '76-79	92¼*	89*	2 12 5	4 4 4
105⅜	99	Br. Gas 4% '69-72	102⅜	99	2 8 3	4 3 3
102⅛	92⅛	Br. Gas 3½% '69-71	96⅞	92⅜	2 11 8	4 3 2
88 7/16	79⅛	Br. Gas 3% '90-95	83 3/16*	79⅛	2 10 8	4 0 6
94 1/16	85⅜	Br. Trans. 3% '68-73	89⅛	85⅜	2 15 0	4 3 2
105 1/16	98⅛	Br. Trans. 4% '72-77	101⅜	98⅛	2 9 2	4 4 8
88 1/16	79⅛	Br. Trans. 3% '78-88	83⅜	80⅛	2 12 9	4 2 11

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

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan. 1 to May 4 High	Prices, 1955 Jan. 1 to May 4 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Apr. 27, 1955	Price, May 4, 1955	Yield, May 4, 1955 £ s. d.
97⅞	90⅛	94⅛	87½	Aust. 3½% '65-69	90½	88½	4 7 0
101¼	97½	101⅛	95½	Ceylon 4% '73-75	97½	97½	4 3 9
106½	98⅛	103⅜	98	N. Zealand 4% '76-78	100½	97½	4 3 6
79½	71⅛	75⅛	66½	L.C.C. 3% aft. 1920	70½	67⅛*	4 8 11
99⅜	95	99	91	Liverpool 3% '54-64	91½	91½	4 3 0
87⅞	80⅛	84	75	M.Wtr. 'B' 3% '34-2003	77½	77½	4 1 3
104½	100	102⅛	100	Agric. Mort. 5% '59-89	101½	101½	4 11 6
109⅜	71⅛	102⅜	91	German 7%	98½	100⅜	...
168⅛	102	164⅜	149	German 5½%	160½	164½	...
171	132⅜	177	160	Japan 5% 1907	171½	176	...
198½	167	207⅜	190	Japan 5½% Conv. 1930	198½	205½	...

Prices, 1955 Jan. 1 to May 4 High	Prices, 1955 Jan. 1 to May 4 Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Apr. 27, 1955	Price, May 4, 1955	Yield, May 4, 1955 £ s. d.
		%	%		BANKS & DISCOUNT			
58/6	48/9	5	a	7	b Barclays £1	53/6	53/-	4 10 7
76/7½	64/-	7	a	8	b Lloyds 'A' £5, £1 pd.	65/-	66/-	4 10 11
89/3	76/9	8	a	10	b Midland £1, fully pd.	79/-	77/6	4 12 11
87/-	76/-	8½	a	9½	b N. Prov. 'B' £5, £1 pd.	77/6	77/-	4 13 6
96/10½	86/9	8	a	8	b Westmstr 'B' £4, £1½ pd.	88/6	87/-	4 11 11
69/-	51/-	7½	a	8⅔	b Alexanders £1	52/6	52/6	4 15 3
58/6	49/6	5	a	7	b Nat. Disc. 'B' £1	51/-	51/-	4 14 1
60/-	51/-	5	a	7½	b Union Disc. £1	54/-	54/-	4 12 7
48/10½	39/6	4	a	4	b Barc. (D.C.O.) £1	42/6	43/-	3 14 5
51/9	43/3	7½	a	7½	b Chart. Bk. of India £1	44/-	44/-	6 16 4
					INSURANCE			
17 1/16	14⅛	50	a	110	b Leg. & Gen. £1, 5/- pd.	16⅛	16⅜	2 9 8
23⅛	20⅛	20	†a	45	†b Pearl £1, fully pd.	22*	22½	5 1 7
46⅛	41⅛	112½	†c	117½	†c Prudential 'A' £1	42*	42	4 16 6
					BREWERIES, ETC.			
141/-	128/6	10	a	33	b Bass £1	131/3	129/4½	6 13 0
29/0½	22/-	25	c	10	a Distillers 6/8	26/3	25/6	3 18 5½
49/6	40/3	8	a	15	b Guinness 10/-	45/-	43/9	4 16 0
93/9	81/-	7	a	14	b Whitbread 'A' Ord. £1	90/-	85/-	4 18 10

Prices, 1955 Jan. 1 to May 4 High	Prices, 1955 Jan. 1 to May 4 Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Apr. 27, 1955	Price, May 4, 1955	Yield, May 4, 1955 £ s. d.
		%	%		STEEL & ENGINEERING			
42/9	35/9	15	c	17½	c B.S.A. £1	38/-	37/-	4 14 7
13/10½	10/-	3½	a	10⅜	b Cammell Laird 5/-	12/6	11/-*	6 7 3
30/-	27/-	...		...	Colvilles £1	29/-	28/-	...
30/-	23/-	...		8	c Dorman Long £1	27/9	28/-	5 14 3
74/3	62/4½	10	b	5	a Guest Keen N'fold £1	66/3	67/6	4 8 11
57/9	42/-	...		...	Stewarts & Lloyds £1	54/10½	50/7½	4 18 9
35/6	27/6	3	a	6⅜	b Summers (John) £1	32/-	31/-	6 6 10
36/-	28/6	4	a	6	b United Steel £1	33/3	32/-	6 5 0
43/10½	35/9	2½	a	6	b Vickers £1	38/3	37/9*	4 10 1
					TEXTILES			
30/4½	22/-	4	a	6	b Bradford Dyers £1	23/-*	22/6	8 17 9
33/4½	26/10½	12	b	3	a Brit. Celanese £1	28/3	27/9	6 9 9
29/6	23/-	10	b	2½	a Coats (J. & P.) £1	25/6	24/6	6 2 5
43/6	35/-	4⅞	b	4	a Courtaulds £1	38/3	37/9	4 4 9
32/6	26/6	10	a	7½	b Lancs. Cotton £1	28/9	28/6	8 15 5
36/0½	28/-	15	b	2½	a Patons & Baldwins £1	28/6	28/6	7 0 4
					MOTOR & AIRCRAFT			
20/10½	17/4½	3½	a	6½	b Bristol Aeroplane 10/-	19/6	19/6	5 2 7
12/9	9/10½	8½	b	4	a British Motor 5/-	11/3	11/3	5 11 1
27/3	21/3	7½	c	Nil	c De Havilland £1	24/6	23/-	Nil
50/6	37/-	5	a	10	b Ford Motor £1	88/1½	47/9	3 2 9
57/6	43/1½	3	a	7½	b Hawker Siddeley £1	50/-	49/6	4 4 11
43/8	33/6	25	c	30	c Leyland Motors £1	38/9	38/9	5 3 3
88/6	71/3	12½	b	5	a Rolls Royce £1	78/9	80/-	2 18 0
8/-	6/10½	12	c	12	c Standard Motor 5/-	7/6	7/6	8 0 0
					SHOPS & STORES			
32/6	25/-	10	a	17½	b Boots Pure Drug 5/-	28/-	28/-	4 18 3
45/3	36/9	7½	a	20	b Debenhams 10/-	40/-*	40/-	6 17 6
62/6	43/9	45	b	15	a Gt. Universal 5/-	50/-	48/-	6 5 0
97/6	77/6	17½	b	5	a Lyons (J.) 'A' £1	105/-	105/-	4 5 9
76/-	58/6	45	b	15	a Marks & Spen. 'A' 5/-	66/6	64/-	2 18 7
71/9	55/3	20	a	36½	b Woolworth 5/-	58/6	58/6	4 5 6
					OIL			
88/9	68/6	37½	b	5	a British Petroleum £1	75/-	77/6	2 3 9
138/-	100/-	17½	c	7½	a Burmah £1	112/6	115/-	3 0 10
£58½	£50½	6	a	10	b Royal Dutch 100 fl.	£55	£55	2 7 4
132/-	109/9	5	†a	10	†b Shell Reg. £1	123/1½*	121/10½	4 9 6
35/1½	26/9	5	†a	15	†b Trinidad L'holds 5/-	30/-	30/-	5 16 0
					SHIPPING			
37/3	26/7½	5	a	7	b Cunard £1	27/6	27/-*	7 8 2
57/-	45/-	12	c	12	c Furness Withy £1	45/6	45/6	5 5 6
76/-	55/-	3	a	13	b P. & O. Def. £1	66/6*	66/-	4 17 0
					MISCELLANEOUS			
74/3	61/3	4	a	10	b Assoc. Elect. £1	73/9	66/3xr	4 4 7
104/-	88/9	5	a	15	b Assoc. Port. Cem. £1	98/9	96/3	4 3 1
97/6	67/-	7½	a	15	b Bowater Paper £1	88/1½	95/-*	3 15 9
55/3	44/1½	2½	a	7½	b B.I.C.C. £1	46/-	46/-*	4 6 11
43/9	35/6	4	a	8	b Brit. Aluminium £1	40/-*	39/6	6 0 2
55/7½	47/10½	15	†c	5	†a Brit. Amer. Tob. 10/-	52/3*	52/9	4 10 1
$60½	$51⅜	3	a	3	b Canadian Pacific $25.	$55½	$56½	4 16 0
45/4½	31/4½	41⅜	b	6¼	a Decca Record 4/-	34/4½	34/4½	4 7 4
33/4½	27/-	14	c	4	a Dunlop Rubber 10/-	30/-	31/1½	4 10 0
69/3	54/1½	4	a	8½	b English Elect. £1	65/-	63/9	3 18 6
61/9	51/3	12½	c	4¼	a General Elect. £1	56/3	56/3	4 8 10
45/4½	38/3	4	a	6	b Imp. Chemical £1	44/3	41/9*	4 15 10
64/6	57/9	8¼	a	12½	b Imp. Tobacco £1	62/-	62/6	6 14 5
$121½	$105¼	$2·90		$2·90	c Inter. Nickel n.p.v.	$115⅞	$116	4 9 4
69/-	57/6	7½	a	10	b London Brick £1	65/-	65/-	5 7 8
34/9	26/-	6⅝	a	15⅜	b Monsanto Chemicals 5/-	30/3	29/9	3 15 8
69/-	60/3	3½	a	14½	b Tate & Lyle £1	67/-	65/6	4 8 10
85/9	72/6	10	b	10	a Tube Investments £1	75/-	82/6	4 17 0
114/9	95/6	5	a	17½	b Turner & Newall £1	105/7½	104/4½	4 6 3
82/-	69/3	6	a	9⅜	b Unilever £1	78/6	79/6*	3 19 3
43/3	35/-	†7½	b	†7½	b United Molasses 10/-	38/-	37/-	5 16 4
49/9	34/-	10	†c	2½	†a Cons. Tea & Lands £1	35/-	37/6	9 18 9
2/8½	1/10½	10	c	10	c London Asiatic Rbr. 2/-	2/4½	2/4½	8 8 5
50/6	38/9	7½	a	20	b United Sua Betong £1	45/7½	43/9*	12 1 1
					MINES			
9 1/16	7 3/16	20	u	50	b Anglo-Amer. 10/-	7⅜	7 3/16	4 8 2
143/3	106/10½	80	a	120	b De Beers 5/- Bearer	110/-	116/3	8 12 3
126/3	78/9	...		...	Free State Geduld 5/-	85/-	88/9	Nil
70/9	58/5½	5	a	10	b Randfontein £1	60/-	61/3	4 17 11
8/-	6/8½	22	c	24	c London Tin 4/-	7/9	7/9	12 7 9
38⅜	31½	200	b	50	a Rhokana £1	36½	35½	7 0 11

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 14·4%. (*j*) On 11⅞%. (*k*) On 8%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8¾%. (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*u*) Dividend for 15 months. On 18%. (*v*) On 7½%. (*x*) On 12½%. (*z*) On 8½%. (§) On 20%. (‡) On 15%.

New York Closing Prices

	Apr. 27 $	May 4 $		Apr. 27 $	May 4 $		Apr. 27 $	May 4 $
Balt. & Ohio	44⅛	44⅝	Am. Smelting	48⅞	48	Inter. Paper	99	102
Can. Pac.	30⅜	31⅞	Am. Viscose	46⅜	48½	Nat. Distill.	21	20⅝
N.Y. Cent.	41	40⅜	Cel. of Am.	17⅝	22½	Sears Roebuck	82	82⅜
Pennsyl.	27⅛	27⅜	Chrysler	81½	79	Shell	60½	60⅞
Amer. Tel.	181⅞	183½	Gen. Elec.	52	51⅞	Std. Oil of N.J.	115½	114⅜
Stand. Gas	10⅜	10⅛	Gen. Motors	98⅜	96⅝	U.S. Steel	87	86
United Corp.	6⅜	6⅜	Goodyear	59⅜	59	Westinghouse	75½	72½
W. Union Tel.	103⅜	101½	Inter. Nickel	64½	64	Woolworth	49	48½

Statistics

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

British		Overseas	
Prices and Wages	April 23rd	Western Europe: Production and Trade	This week
Production and Consumption	April 9th	British Commonwealth	April 9th
Manpower	April 16th	Western Europe: Prices and Money Supply	April 16th
External Trade	This week	United States	April 23rd
Financial Statistics	This week	World Trade	April 30th
Industrial Profits	April 30th		

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages 1952	Monthly averages 1953	Monthly averages 1954	1954 Jan.	1954 Feb.	1954 Mar.	1954 Dec.	1955 Jan.	1955 Feb.	1955 Mar.
VALUE											
Imports:											
Total	£ million	289·8	278·6	281·6	282·1	242·0	298·7	313·5	332·3	309·5	365·4
Food, drink and tobacco	„	100·5	109·6	110·9	114·1	100·2	120·3	130·1	136·1	125·5	143·4
Basic materials	„	95·4	87·8	85·4	87 2	68·5	87·8	89·7	93·8	83·8	103·5
Mineral fuels and lubricants	„	28·2	26·1	27·4	26·3	22·6	29·6	27·4	30·7	29·4	35·7
Manufactures	„	64·1	53·6	56·7	52·8	48·9	59·8	65·2	70·3	69·6	80·9
Exports of UK produce:											
Total	„	215·4	215·2	222·9	225·8	201·1	246·5	255·8	248·6	232·8	260·3
Manufactures	„	178·5	174·9	181·0	184·5	163·5	201·4	208·2	203·8	191·0	214·1
Re-exports	„	12·0	8·8	8·4	8·1	8·2	11·7	8·6	10·3	9·0	12·6
Balance of trade (exports *less* imports)	„	− 62·4	− 54·6	− 50·3	− 48·2	− 32·7	− 40·5	− 49·1	− 73·4	− 67·7	− 92·5
VOLUME											
Imports	1950=100	103	112	114	117	101	122	118	130	120	...
Exports	„	95	98	104	103	92	115	119	116	108	...
BY AREA											
Imports:											
Dollar area—total	£ million	60·1	52·9	51·6	42·7	41·5	41·5	71·3	66·1	62·6	80·1
„ USA	„	26·2	21·1	23·6	21·2	20·2	20·2	33·0	36·5	32·7	39·9
„ Canada	„	26·7	25·5	22·7	16·1	16·7	18·6	33·2	25·8	24·7	32·9
Non-sterling OEEC countries	„	71·3	64·1	68·2	64·2	58·9	70·3	72·7	78·4	71·7	79·5
Sterling area	„	119·7	125·3	125·1	142·3	112·3	145·4	130·1	148·3	132·3	160·8
Exports:											
Dollar area—total	„	31·4	33·7	31·3	31·7	26·2	32·6	35·7	31·0	29·6	33·8
„ USA	„	15·1	14·3	13·3	12·7	11·6	14·3	16·3	14·5	13·1	16·9
„ Canada	„	11·0	13·4	11·3	10·9	9·9	11·6	11·8	9·3	9·9	11·1
Non-sterling OEEC countries	„	58·4	62·5	64·8	63·7	60·7	74·2	69·9	70·7	66·6	77·6
Sterling area	„	107·1	105·8	112·3	113·1	102·6	122·7	128·1	128·4	119·6	131·9
Balance of trade (exports *less* imports):											
Dollar area	„	− 28·7	− 19·2	− 20·3	− 11·0	− 15·3	− 8·9	− 35·6	− 35·1	− 33·0	− 46·3
Non-sterling OEEC countries	„	− 12·9	− 1·6	− 3·4	− 0·5	+ 1·8	+ 3·9	− 2·8	− 7·7	+ 5·1	− 1·9
Sterling area	„	− 12·6	− 19·5	− 12·8	− 29·2	− 9·7	− 22·7	− 2·0	− 19·9	− 12·7	− 28·9
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	325·3	335·0	289·1	238·4	208·7	248·7	371·1	438·3	407·9	428·4
Meat	„	45·5	63·1	56·4	56·8	55·3	69·2	48·2	74·8	73·7	85·7
Sugar, unrefined	„	164·6	247·4	201·5	337·2	255·7	277·9	137·8	133·0	135·4	268·0
Raw cotton (1)	„	21·8	27·5	30·8	27·3	26·4	38·3	33·4	25·1	30·0	30·8
Raw wool, sheep's and lambs' (1)	mn. lb.	51·9	63·2	51·9	70·4	40·8	52·8	48·4	69·3	62·7	74·2
Rubber, natural and synthetic (1)	'000 tons	16·7	18·4	20·7	23·3	24·2	22·1	26·5	26·8	26·6	25·9
Softwood	'000 stds.	85·2	119·1	122·2	80·8	56·7	66·9	127·3	124·1	87·2	106·0
Woodpulp	'000 tons	119·8	133·7	159·9	150·9	132·4	122·3	195·6	205·6	183·1	169·4
Crude petroleum	mn. galls.	494	558	606	603	548	685	605	614	575	623
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,254	1,400	1,351	1,361	1,307	1,399	1,140	1,261	1,069	1,190
Woven piece-goods—cotton	mn.sq.yds	59	59	53	58	55	64	58	60	52	54
„ „ wool	'000 sq. yds.	8,143	8,710	8,205	9,145	8,211	8,531	9,847	9,638	9,212	9,085
Passenger cars and chassis	number	25,824	25,181	30,507	26,408	23,582	34,416	32,523	36,229	34,085	35,470
Commercial vehicles and chassis	„	10,636	9,196	10,521	11,233	10,316	11,038	13,971	13,968	12,952	14,191
Agricultural tractors	„	8,746	7,807	8,979	8,471	7,478	10,082	8,774	8,915	9,637	11,565
Machinery—electrical	£'000	4,805	5,023	4,916	5,249	4,779	5,987	5,738	6,330	4,925	5,513
„ other	„	29,758	30,003	30,412	32,901	28,543	34,963	35,561	35,852	32,824	35,963
Chemicals, elements and compounds	„	4,352	4,177	4,816	4,492	3,700	4,755	5,280	4,695	4,695	4,768

(1) Retained imports. (2) Revised figures.

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION (1) (1948 = 100)												
1938	118	82	78	90	193	132	76	101	89	81	67	64
1953	184	114	121	127	251	193	143	161	146	142	111	149
1954	210	124	129	139	280	235	...	175	160	151	115	...
1954, September	237	126	139	141	296	245	149[2]	186	167	162	121	...
„ October	226	131	136	144	306	253	...	189	170	161	123	...
„ November	232	131	140	150	321	251	...	178	174	163	127	...
„ December	222	131	131	151	313	259	...	184	177	150	125	...
1955, January	...	...	128	150	297	245	...	...	...	152	122	...
VALUE OF EXTERNAL TRADE (2)												
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas[4]	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. £T.
IMPORTS (c. i. f.)												
1938	50	1,922	135	3·84	605	1·2[3]	3·45	0·94	118	99	174	12·5
1953	1,106	10,094	573	121·52	1,334	592·6[3]	15·28	124·75	738	543	680	124·3
1954	1,416	10,624	669	126·84	1,611	823·1	14·99	125·05	891	606	766	111·6
1954, September	1,384	11,256	677	117·57	1,714	873·3	15·46	112·98	890	607	771	107·2
„ October	1,630	10,823	750	114·46	1,848	801·6	14·66	126·96	947	698	808	99·9
„ November	1,758	10,602	698	125·03	1,947	1,019·8	15·87	129·58	954	698	843	108·7
„ December	2,108	11,235	719	131·89	2,036	852·9	15·11	125·67	1,107	689	910	119·1
1955, January	1,693	11,131	677	116·56	1,693	...	15·98	129·42	1,054	652	844	100·5
EXPORTS (f. o. b.)												
1938	30	1,806	128	2·55	468	0·9[3]	2·02	0·88	87	65	154	12·1
1953	1,099	9,414	508	117·24	1,542	282·1[3]	9·50	77·50	672	303	638	92·4
1954	1,321	9,597	546	126·03	1,837	376·0	9·59	85·24	755	347	685	78·2
1954, September	1,364	9,055	557	114·26	1,842	364·8	12·25	84·09	763	336	716	62·4
„ October	1,395	10,489	564	129·71	1,982	588·1	10·62	86·11	870	374	772	86·2
„ November	1,363	10,881	620	138·49	2,025	814·2	10·55	113·28	886	337	748	108·8
„ December	1,528	10,684	598	146·66	2,303	728·7	11·38	89·77	803	406	812	124·8
1955, January	1,258	11,009	648	133·82	1,761	...	9·68	75·72	790	355	707	73·6
BALANCE												
1938	− 20	− 116	− 7	− 1·29	− 37	− 0·3[3]	− 1·43	− 0·06	− 31	− 34	− 20	− 0·4
1953	− 7	− 680	− 65	− 4·28	+ 208	− 310·5[3]	− 5·78	− 47·25	− 66	− 240	− 42	− 31·9
1954	− 95	− 1,027	− 123	− 0·81	+ 226	− 447·1	− 5·40	− 39·81	− 136	− 259	− 81	− 33·4
1954, September	− 20	− 2,201	− 120	− 3·31	+ 128	− 508·5	− 3·21	− 28·89	− 127	− 271	− 55	− 44·8
„ October	− 231	− 334	− 186	+ 15·25	+ 134	− 213·5	− 4·04	− 40·85	− 77	− 324	− 36	− 13·7
„ November	− 395	+ 279	− 78	+ 13·46	+ 78	− 205·6	− 5·32	− 16·30	− 68	− 361	− 95	+ 0·1
„ December	− 580	− 551	− 121	+ 14·77	+ 267	− 124·2	− 3·73	− 35·90	+ 304	− 283	− 98	+ 5·7
1955, January	− 435	− 122	− 29	+ 17·26	+ 68	...	− 6·30	− 53·70	− 264	− 297	− 137	− 26·9
VOLUME OF EXTERNAL TRADE (2) (1948 = 100)												
IMPORTS												
1938	266	93	118	...	249	...	79	88	118	100	94	91
1953	207	126	169	119	271	...	111	172	156	141	118	217
1954	285	137	...	129	341	...	107	178	196	161	134	221
1954, September	293	148	206[3]	119	357	...	110	159	199	166	130[3]	165
„ October	359	142	...	129	394	...	106	181	208	184	}	{ 177
„ November	385	134	...	133	408	...	112	182	213	184	151	214
„ December	437	144	...	140	430	...	108	175	249	189	}	{ 210
1955, January	346	...	...	127	355	...	...	...	...	...	...	...
EXPORTS												
1938	147	110	139	...	530	...	136	119	156	123	111	107
1953	270	151	206	209	783	...	188	149	292	144	145	182
1954	330	167	...	243	970	...	193	162	344	166	158	172
1954, September	337	158	221[3]	225	983	...	250	171	356	167	160[3]	137
„ October	350	182	...	259	1,067	...	218	171	399	172	}	{ 178
„ November	346	185	...	279	1,079	...	216	173	394	160	180	214
„ December	383	188	...	293	1,222	...	231	166	367	195	}	{ 250
1955, January	315	...	...	281	927	...	...	...	...	...	...	...

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

Financial Statistics

EXCHEQUER RETURNS

For the week ended April 30th there was an "above-line" surplus (after allowing for Sinking Funds) of £1,164,000 compared with a surplus of £5,485,000 in the previous week and a surplus of £5,823,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £9,950,000, bringing the total cumulative deficit to £88,405,000 (£68,936,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to May 1, 1954	April 1, 1955 to April 30, 1955	Week ended May 1, 1954	Week ended April 30, 1955
Ord. Revenue					
Income Tax	1877,400	107,127	84,397	23,096	17,409
Sur-tax	136,000	9,900	8,600	1,500	1,500
Death Duties	185,000	14,300	14,800	2,500	2,900
Stamps	74,000	5,300	5,800	1,300	1,600
Profits Tax & EPT.	180,000	10,500	12,600	2,100	1,500
Excess Profits Levy	25,000	4,700	4,500	600	600
Special Contribution and other Inland Revenue	1,000	100	...	...	...
Total Inland Rev.	2478,400	151,927	130,697	31,096	25,509
Customs	1131,700	96,778	89,190	22,738	26,318
Excise	796,050	45,480	39,885	26,265	19,355
Total Customs and Excise	1927,750	142,258	129,075	49,003	45,673
Motor Duties	80,000	4,891	5,521	630	681
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	25,000	1,250	1,500	1,250	1,500
Sundry Loans	24,000	106	54	...	...
Miscellaneous	175,000	7,550	7,158	609	252
Total	**4710,150**	**307,982**	**274,004**	**82,588**	**73,615**
Ord. Expenditure					
Debt Interest	600,000	71,834	60,187	16,495	3,731
Payments to N. Ireland Exchequer	53,000	3,424	3,770	1,712	2,023
Other Cons. Fund	10,000	440	370	24	14
Supply Services	3862,875	289,464	265,745	57,894	66,105
Total	**4525,875**	**365,162**	**330,071**	**76,125**	**71,871**
Sinking Funds	36,000	1,725	1,624	640	580
"Above-line" Surplus or Deficit		**58,904**	**57,691**	**5,823**	**1,164**
"Below-line" Net Expenditure*		10,032	30,714	9,265	9,950
Total Surplus or Deficit*		**68,936**	**88,405**	**3,442**	**8,786**
Net Receipts from:					
Tax Reserve Certificates		26,496	18,672	16,022	8,166
Savings Certificates		400	4,600	100	1,000
Defence Bonds		3,764	1,636	678	320

* Since end September the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at April 30th this item stood at £5,200,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
May 1	3,230·0	1,350·2	237·2	...	4,867·4
1955					
Jan. 29	3,270·0	1,642·2	243·2	...	5,155·4
Feb. 5	3,240·0	1,575·9	236·8	...	5,052·7
„ 12	3,190·0	1,557·1	251·8	...	4,998·9
„ 19	3,160·0	1,674·1	285·4	...	5,120·4
„ 26	3,150·0	1,691·5	268·0	...	5,109·5
Mar. 5	3,160·0	1,709·4	236·2	...	5,123·9
„ 12	3,170·0	1,710·8	274·6	...	5,155·4
„ 19	3,180·0	1,731·5	297·4	...	5,208·7
„ 26	3,180·0	1,741·5	329·1	...	5,250·6
„ 31	4,931·4		315·2	...	5,246·6
April 9	3,200·0	1,801·9	274·1	...	5,276·0
„ 16	3,220·0	1,830·5	269·8	...	5,320·3
„ 23	3,240·0	1,765·2	315·9	...	5,321·0
„ 30	3,250·0	1,737·2	273·9	...	5,321·0

THE MONEY MARKET

The week spanned by the latest Bank return opened with a tightening of credit and the discount houses made a further reduction, though only a small one, in their tender price for the £220 million of Treasury bills offered on the following day. They tendered for 91-day bills at £99 os. 6d. per cent, equivalent to a discount rate of just over $3\frac{23}{32}$ per cent, securing an allotment of 36 per cent of their applications for these bills and a slightly higher proportion for their applications as a whole. After the tender, rates for bank paper were adjusted correspondingly, the three months' rate rising by $\frac{1}{32}$ to $3\frac{15}{16}$ per cent.

Credit remained short on the Friday, but the rest of the week the market has enjoyed comparative ease, despite the fact that special aid was given only on one day—Monday—and to a trifling extent. A moderate business has been done in July bills at $3\frac{23}{32}$ per cent—and some were sold to clearing banks on Monday at $\frac{1}{32}$ per cent above that rate. On Wednesday, when money was easy, June maturities were dealt in at $3\frac{23}{32}$ per cent.

Strengthening of bank till money as a precaution against the rail strike threatened for last week-end produced a further rise of £11 million in the note circulation, and the fiduciary issue was thereafter increased by £25 million to £1,775 million.

Gold appreciated at first to 250s. 6½d. a fine ounce, but a rise in the dollar rate to par later carried the gold price down to 250s. 5d.

LONDON MONEY RATES

	%		%
Bank rate (from 31/10/55. 24/2/55)	4½	**Discount rates**	
		Bank bills: 60 days	3⅞
Deposit rates (max)		3 months	3⅞
Banks	2½	4 months	4⅛–4¼
Discount houses	2½*	6 months	4¼–5⅛
Money Day-to-day	2½–3½	Fine trade bills:	
Short periods	2⅞–3	3 months	4⅛–4¾
Treas. bills 2 months	3⅝	4 months	4⅛–4¼
3 months	3⅝	6 months	4⅞–5⅜

*Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	May 5	April 27	May 4
*Issue Department**:			
Notes in circulation	1,613·3	1,731·5	1,742·7
Notes in banking dept.	12·0	18·8	32·6
Govt. debt and securities*	1,621·8	1,746·2	1,771·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	15·4	18·6	22·1
Treasury special account	13·1	4·6	4·6
Bankers	275·5	253·9	244·6
Others	69·3	63·6	63·1
Total	373·3	340·7	334·4
Securities:			
Government	353·1	305·4	283·5
Discounts and advances	9·6	18·0	20·1
Other	13·8	13·9	13·7
Total	376·5	337·3	317·3
Banking department reserve	14·8	21·2	35·1
"Proportion"	3·9	6·2	10·4

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced from £1,775 million to £1,725 million on January 20, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate* %
1954					
April 30	230·0	437·5	230·0	40 11·36	38½
1955					
Jan. 28	210·0	376·8	210·0	46 7·33	32
Feb. 4	220·0	387·4	220·0	46 3·17	39
„ 11	230·0	363·0	230·0	46 3·57	50
„ 18	250·0	366·9	250·0	46 3·97	60
„ 25	260·0	381·9	260·0	75 5·32	50
Mar. 4	260·0	390·7	260·0	75 8·93	50
„ 11	270·0	393·9	270·0	76 0·65	61
„ 18	270·0	385·2	270·0	75 11·64	56
„ 25	280·0	410·2	280·0	75 11·21	51
April 1	270·0	408·5	270·0	75 10·33	48
„ 7	250·0	402·4	250·0	74 5·00	61
„ 15	250·0	420·7	250·0	75 3·09	33
„ 22	230·0	385·2	230·0	77 1·08	39
„ 29	220·0	380·3	220·0	77 11·45	35

* On April 29th tenders for 91 day bills at £99 0s. 6d. secured about 36 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £230 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: May 4	Market Rates: Spot: April 23	April 29	April 30	May 2	May 3	May 4
United States $	2·78-2·82	2·79⅛-2·79⅜	2·79⅛ 2·79⅜	2·79⅛ 2·79⅜	2·79⅛-2·80	2·79⅛-2·80⅛	2·79⅛-2·80⅛
Canadian $	...	2·75⅞-2·76⅛	2·76⅛ 2·76⅜	2·75⅞-2·76⅛	2·76⅛-2·76⅜	2·76⅛-2·76⅜	2·75⅞-2·76⅛
French Fr.	972-65-987-35	941¼ 941¾	980 980¼	980 980¼	980¼ 980¾	980¾ 980¾	980¼ 980¾
Swiss Fr.	12·15⅛ 12·33⅛	12·23¼ 12·23¾	12·27¼ 12·27¾	12·26¾ 12·26¾	12·27¼ 12·27¾	12·27¼ 12·27¾	12·27¼ 12·27¾
Belgian Fr.	138·95 141·05	139·97½ 140·02½	139·95 140·00	139·95 140·00	140·00 140·00	140·00 140·05	140·00 140·05
Dutch Gld.	10·56 10·72	10·65 10·65½	10·64½ 10·64¾	10·63⅞ 10·64½	10·64½ 10·64⅞	10·64⅞ 10·65	10·64¾ 10·65
W. Ger. D-Mk.	11·67⅛ 11·84⅛	11·78⅛ 11·78⅝	11·77½ 11·77¾	11·76½ 11·76¾	11·76¾ 11·76¾	11·76½ 11·76¾	11·76¾ 11·77⅛
Portuguese Esc.	79·90 81·10	80·10 80·50	80·15 80·40	80·15 80·40	80·20 80·50	80·20 80·50	80·20 80·50
Swedish Kr.	14·37½ 14·59½	14·55½ 14·56½	14·54⅞ 14·55⅛	14·54⅛ 14·54⅜	14·54⅜ 14·55⅛	14·54⅞ 14·55⅛	14·54⅜ 14·55⅛
Danish Kr.	19·19½ 19·44½	19·40⅞ 19·41½	19·40⅝ 19·40⅞	19·40⅝ 19·40⅞	19·40⅝ 19·41	19·40⅝ 19·41	19·40⅝ 19·41
Norwegian Kr.	19·85-20·15	20·01½ 20·01¾	20·01¾ 20·02	20·01¾ 20·02	20·01¾ 20·02	20·01¾ 20·02	20·01¾ 20·01¾
One Month Forward Rates							
United States $		½-⅜c. pm	½-⅜c. pm	½-⅜c. pm	½-⅜c. pm	½-⅜c. pm	½-⅜c. pm
Canadian $		½-⅜c. pm	½-⅜c. pm	⅜-½c. pm	½-⅜c. pm	½-⅜c. pm	½-⅜c. pm
French Fr.		Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis
Swiss Fr.		2¼-2c. pm	2¼-2c. pm	2¼-2c. pm	2¼-2c. pm	2¼-2c. pm	2¼-2c. pm
Belgian Fr.		1-¼ pm	¾-¼ pm	¾-¼ pm	¾-¼ pm	¾-¼ pm	1-¼ pm
Dutch Gld.		2¼-1⅞c. pm	2¼-1⅞c. pm	2¼-1⅞c. pm	2¼-1⅞c. pm	2¼-1⅞c. pm	2¼-1⅞c. pm
W. Ger. D-Mk.		1¼-¾pf. pm	1¼-¾pf. pm	1-¾pf. pm	¾-½pf. pm	½pf. pm par	½pf. pm par
Swedish Kr.		2-1o pm	2-1o pm	2-1o pm	2-1o pm	2-1o pm	2-1o pm
Danish Kr.		1-4o dis	1-4o dis	1-4o dis	1-4o dis	1-4o dis	1-4o dis
Norwegian Kr.		Par-1o dis	Par-1o dis	Par-1o dis	Par-1o dis	Par-1o dis	Par-1o dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/4½	250/6½	...	250/5½	250/5½	250/5

have been made and, in certain cases, granted. Budgets have come to regard as normal.

THE EAST ASIATIC COMPANY, LIMITED

(Aktieselskabet Det Ostasiatiske Kompagni)
Copenhagen

The following is a summary of the report presented by the Board of THE EAST ASIATIC COMPANY, LIMITED, at the Company's annual general meeting in Copenhagen on the 22nd March, 1955:

A more liberal interchange of raw materials and manufactured products, or in skilled services, such as transport facilities, engineering enterprises, insurance and other fields, would aid in bringing nations together in peaceful co-operation and lead to an easing of tension in international relations.

It is satisfactory to note, therefore, that restrictions in several fields were abolished in the course of the year. On the other hand it is regrettable that flag discrimination in international shipping shows a tendency to spread, to the equal detriment of shipping in general and the interests it serves, as ocean transport tends to become more difficult and expensive.

Under the prevailing conditions the Company's international activities were carried on satisfactorily in the past year.

Shipping Department

Shipping in general worked under similar conditions as in the *preceding year, but the weak freight market ruling throughout* 1953 and the greater part of 1954 improved considerably towards the close of the year. The Company's routes were regularly maintained without serious casualties, and there has been a sufficiency of cargo offering.

At the end of the year the Company's fleet comprised 33 motorships and 1 turbine steamer aggregating 344,112 tons deadweight, with an average age for the fleet of 11 years, standing in the books at kr. 356.99 per ton deadweight.

The Commercial Departments

The trading activities of the Head Office continue to develop satisfactorily, and both the turnover and the results of the Import, Export and Timber Departments improved. As in the past the Company's commercial activities to a large extent are transacted through the medium of its own oversea branches, which, in addition to their links with the Head Office, also conduct a considerable trade among themselves.

With a view to augmenting the sale of Danish pharmaceutical products "Dumex Ltd." was formed by the Company in the course of the year. "The Baltic Timber Company, Ltd." was also established for the purpose of participating in the import into Denmark of Scandinavian timber and other woods.

The Company's Oversea Branches and Associated Corporations

As mentioned in past reports the Company has a widely ramified organisation of oversea branches and associated undertakings which protect its trading and shipping interests and the management of local concerns, consisting mainly of forest, sawmill and plantation activities as well as oil industries, pharmaceutical factories, soap manufacture, etc.

The results of their activities during 1954 as a whole were satisfactory.

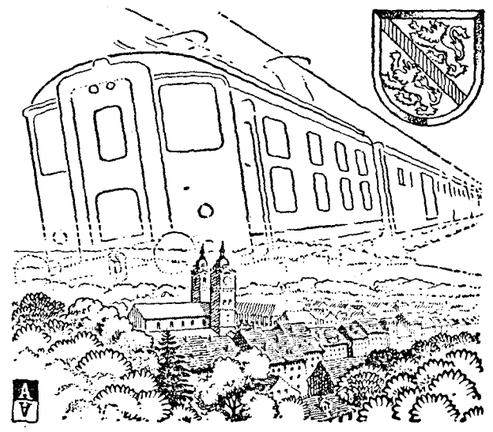
The results of the year under review were as follows:

From Shipping		kr. 30,550,439.41
From Trade		„ 12,058,070.84
Branches		„ 44,941,895.40
Dividends from Investments in other Companies		„ 3,560,368.55
		kr. 91,110,774.20
Less: Interest and Financing Expenses		„ 2,742,507.10
		kr. 88,368,267.10
Administration Expenses at Head Office and Branches	kr. 44,112,361.74	
Allocation for Taxes	„ 5,896,952.00	„ 50,009,313.74
Depreciation		kr. 38,358,953.36 „ 19,497,459.30
		kr. 18,861,494.06
Balance brought forward from last year		„ 7,274,224.95
	For Disposal:	kr. 26,135,719.01

The Shareholders' General Meeting decided to distribute the amount available as follows: a dividend of 15 per cent. (kr. 7,500,000) to shareholders, a bonus of kr. 3,599,528.69 to the Board, Managing Directors and Employees, kr. 3,000,000.00 allocated to the Extra Reserve Fund, kr. 2,500,000.00 to the Pension Fund and kr. 1,000,000.00 to the Insurance Fund, besides kr. 1,000,000.00 to the Extra Depreciation Fund for Buildings and Furniture, leaving kr. 7,536,190.32 to be carried forward to next year. (£1=kr. 19.41.)

Perhaps you didn't know that

WINTERTHUR



is world famous for its diesels, locomotives, spinning machines and all kinds of first class, completely reliable precision machinery?

But everybody knows

that vast financial resources are necessary to develop heavy machine industries.
The Winterthur Branch of the Union Bank of Switzerland is naturally expert on such financial transactions. Its great experience in such matters is always at your disposal.

UNION BANK OF SWITZERLAND

HEAD OFFICE: ZURICH, Bahnhofstrasse 45

UNION DE BANQUES SUISSES
SCHWEIZERISCHE BANKGESELLSHAFT

OVER 30 BRANCHES THROUGHOUT SWITZERLAND

Capital, fully paid	**Swiss Francs**	**90,000,000**
Reserves	**Swiss Francs**	**72,000,000**
Total Assets	**Swiss Francs**	**2,166,708,823**

Cable Address for all Offices and Branches: BANKUNION

Your guide to Canada

The Bank of Montreal will give you first-hand information about business opportunities in prosperous, forward-marching Canada. Through its coast-to-coast network of branches the Bank keeps in close daily touch with Canadian economic life—as it has been doing for over 135 years of Canada's development.

CANADA'S OLDEST BANK

BANK OF MONTREAL

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



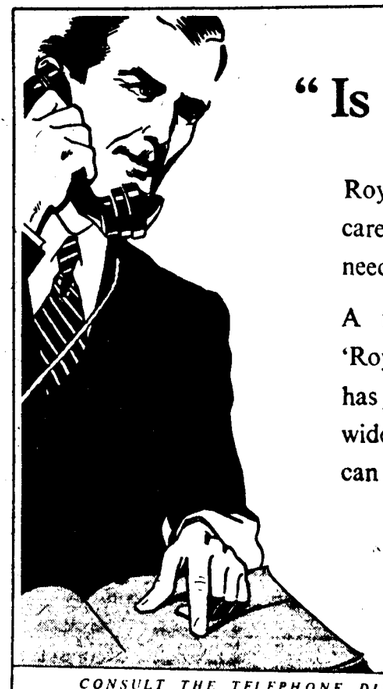
an ear to the ground ... in Australia

Through its branches established in every important commercial and industrial centre throughout Australia, The English, Scottish and Australian Bank is in close and constant touch with the latest developments and trade trends in this rich and rapidly growing market.
If you are interested in Australia either as a field for financial investment or business expansion, you are invited to utilise fully the up-to-date Information and Intelligence Service provided by the Bank.
These facilities are part and parcel of the comprehensive universal Banking Service we have continued to provide for over 100 years.

THE ENGLISH, SCOTTISH AND AUSTRALIAN BANK LTD

Head Office: 5 Gracechurch Street, London EC3
(J. A. Clazy, General Manager)
West End Branch: 8-12 Brook Street, W1
Chief Office in Australia: Collins Street, Melbourne

and 400 Branches and Agencies throughout Australia



"Is that the Royal . . . ?"

Royal Insurance Service, a service which has been carefully planned to meet a variety of individual needs and circumstances is easily available to you.

A telephone call to the nearest 'Royal' office—and the Company has a network of Branches country-wide—and all your insurance needs can be speedily met.

Head Office

1 North John St., Liverpool, 2. | 24/28 Lombard St., London, E.C.3.

ROYAL INSURANCE COMPANY LIMITED

CONSULT THE TELEPHONE DIRECTORY FOR YOUR NEAREST BRANCH

COMPANY MEETINGS

THE BRISTOL AEROPLANE COMPANY, LIMITED

INCREASED PRODUCTION AND TURNOVER

BRITANNIA DEVELOPMENT CONFIRMS HOPES

EXPANDING OVERSEAS INTERESTS

The forty-fifth annual general meeting of The Bristol Aeroplane Company, Limited, will be held on May 27th at Filton House, Bristol.

The following is the statement by the chairman, Sir William G. Verdon Smith, CBE, which has been circulated with the report and accounts for the year ended December 31, 1954:

During the year Air Commodore F. R. Banks, CB, OBE, accepted an invitation to become a director of the company. His experience of the aircraft industry is exceptionally wide and his knowledge of many aspects of aviation has immediately shown itself to be of great value to us. We count ourselves fortunate that he has joined us. I should also record that our colleague, Dr A. E. Russell, chief designer of our aircraft division, received the honour of the CBE, Captain K. J. G. Bartlett is this year's president of the Federation Aeronautique Internationale, and Mr C. F. Uwins is the vice-president of the Society of British Aircraft Constructors.

FINANCIAL MATTERS

The accounts for 1954 which are now presented to the stockholders follow the pattern of expansion which has been a feature of the last few years. In a year which has also been marked by conspicuous technical achievement it is satisfactory to be able to record that the turnover and profits of the group have exceeded the high level of the preceding year.

Of particular importance and interest to stockholders is the increase in authorised and issued capital reflected for the first time in the balance sheet now presented to you. It will be recalled that the introduction of additional permanent capital had been having our consideration for some time; the response to the rights offer when made in November, 1954, was excellent; including the share premium account which stands at £1,692,014 the net proceeds of the issue were slightly over £4 million. One result of this issue has been to increase the number of ordinary stockholders from 7,700 at November 1, 1954 to 10,500 at April 1, 1955. I would like to take this opportunity of welcoming these new members and of expressing the hope that they will take a real and lasting interest in the activities of the company.

Whilst the proceeds of the 1954 issue have enabled the company to finance increased trading and investments with a relatively small rise in advances from the company's bankers at the end of 1954 (£2.8 million) as compared with the previous year (£2.3 million), further expansion of our trading is expected during the next few years, so that your board will have constantly to watch the company's increasing need for further capital and will pay close attention to the best means of arranging for its provision.

Reviewing the more important points in the consolidated statements I refer first to the consolidated profit and loss account, where the trading profit after charging £1,311,886 for depreciation (£1,132,443 in 1953) has increased by £183,087, from £1,417,119 to £1,600,206.

The charge for interest on the 5 per cent mortgage bonds and other secured liabilities amounts to £21,194 against £21,661 in 1953 and relates to borrowings by our Canadian subsidiaries. Bank interest (less interest received) at £66,032 compares with £18,040 in 1953 and reflects a higher average level of bank advances during the year under review.

Although profits have increased, the combined cost of British and overseas taxation at £714,830 is smaller than in the previous year. This reduction can be attributed partly to the reduction in the standard rate of income tax, but mainly to the benefit of £105,000 arising from the investment allowances, the introduction of which we welcomed last year. In keeping with the official view that these allowances are intended to encourage capital expenditure, we have taken account of this new relief in increasing the transfer to general reserve out of this year's profits.

The net profit for the year amounts to £798,588 compared with £582,661 in the previous year, an increase of £215,927.

The consolidated balance sheet, giving effect to the changes in the capital structure made in November, 1954, shows an increase in authorised capital of £2 million from £8 million to £10 million, an increase in issued ordinary stock of £2,310,000, and the introduction of a share premium account which after charging all relevant expenses stands at £1,692,014.

The 5 per cent first mortgage serial bonds have, as stated in the directors report, been reduced by repayment to £337,316. Other secured liabilities, £349,068, relate to buildings and plant acquired by certain of our Canadian subsidiaries from the Canadian Government on terms providing for payment of the purchase price by instalments over a number of years.

Fixed assets have risen from £6.6 million to £7.8 million, while outstanding commitments for capital expenditure at £1.4 million indicate the continuation of a high level of investment in fixed assets.

Interests in associated companies at £1.6 million have increased by nearly £1 million, due partly to the acquisition of our holding in Messrs Short Brothers & Harland Limited and partly to further advances to other associates.

Stocks have also risen by £2.5 million as the volume of business has increased, but, in spite of the rise in turnover, debtors have been reduced from £5.4 million to £4.7 million.

From the net profit of £798,588 the board has transferred £350,000 to general reserve, bringing that account up to £3,350,000, so that with the balance of £498,946 brought forward from the preceding year, a sum of £947,534 becomes available for appropriation. From this sum dividends on preference stock (£34,650 net) and 3½ per cent interim dividend on the old ordinary stock (£88,935 net) have absorbed £123,585, leaving £823,949, out of which the board, as foreshadowed in the letter to stockholders at the time of the rights issue, recommends a final dividend of 6½ per cent on the increased figure of £6,930,000 ordinary stock (£259,009 net) and carrying forward £564,940.

The net distribution on the ordinary and preference capital in respect of the year to December 31, 1954, will therefore amount to £382,594, compared with £288,750 in 1953.

ACTIVITIES OF THE COMPANY

The past twelve months have seen many important events and decisions of policy affecting products of the aircraft industry throughout the world; it is encouraging, therefore, to find that our own technical policy during the past few years has been soundly based, and that in our current projects we have successfully anticipated both the new look given to defence policy and the changing character of the transport aircraft requirements.

Staff and workpeople throughout the organisation have contributed with energy and skill to the company's progress during the year: I take pleasure in recording the board's appreciation and thanks to all whose efforts have made it possible to present to you such an impressive picture of achievement.

AIRCRAFT, HELICOPTERS AND GUIDED WEAPONS

The activities of our aircraft division are virtually divided into (*a*) transport aircraft, (*b*) helicopters, (*c*) guided weapons, and (*d*) miscellaneous allied products.

In the transport section our major task has been the development and proving of the Britannia turbo-prop airliner. Coming at a time when so much new knowledge of high speeds, high altitudes and long life is being acquired as a result of new operating experience, the development phase has been an exacting one for all concerned, but the results promise to exceed our highest hopes and we can now say that our original confidence in the Britannia aircraft at the design stage has received renewed confirmation at each successive stage of development. Preliminary performance trials in the latter half of 1954, both at home and in North Africa, have been followed more recently by trials at Johannesburg and Khartoum. These have been remarkably successful and the results reflect great credit both upon the design staff and upon the flight development team. This flight development programme has been carried out in co-operation with BOAC, the participation of whose flying and ground personnel has been as beneficial to the project as it has been enthusiastic and unhesitating. In addition to flying trials, we have had during the year to accept the need for a further range of tests designed to establish the

reliable life of pressurised cabins, and we have had to arrange for a major programme of additional test specimens, rigs and equipment with the minimum dislocation to our manufacturing programme. In the long run this added testing will prove a valuable addition to knowledge and a further guarantee of safety in flight, but in the short term it has inevitably caused delay, notwithstanding the whole-hearted efforts of all concerned at the Royal Aircraft Establishment and Ministry of Supply, the Air Registration Board, British Overseas Airways Corporation and of ourselves. Considerable sums of the company's money have been laid out on design and development and in 1954, as in earlier years, we have written off a large part of this initial outlay.

In parallel with this programme of testing and development the production programme has been taking shape and is now looking promising. Faced by a chronic shortage of suitable labour in the Bristol area we have divided the manufacturing programme between Bristol and Belfast, and we are already reaping the benefit of our association with Messrs Short Brothers & Harland Limited. Deliveries of the Mark 100 to British Overseas Airways Corporation will start when the unrestricted Certificate of Airworthiness for the type is granted later this year, to be followed by the Mark 300 (which provides increased capacity over similar ranges) and the Mark 300LR (which provides for very long ranges, notably the regular North Atlantic East/West non-stop flight).

This production programme involves great risks and great sums of money must be embarked. International competition in the provision of large transport aircraft is, of course, intense, and is supported by many years of past practice, well established associations between constructors and operators, and an inevitable reluctance to change from well-tried, even if outmoded, equipment to new. But there is no fundamental reason why with enough perseverance British design and British manufacture should not be just as successful internationally in this field as in others. Encouraging evidence that others share our belief is the recent increase in BOAC's orders, the Canadian Government's adoption of a Britannia variant for the RCAF, the British Government's order for air trooping purposes, and the first order from an overseas airline—El Al Israel Airlines. When Britannias in service with BOAC demonstrate that our expectations have been fulfilled, we believe that their competitive advantages will be unquestioned, and that a large demand for Britannias will follow.

In addition to the Britannia project, production of Freighters continued throughout the year, over 200 of this type having now been delivered.

The helicopter section, which is now in process of being transferred to our Weston-super-Mare factory, went ahead well. Increasing production orders for the single-rotor Sycamore absorbed our available capacity, and development of the experimental twin-engined twin-rotor type proceeded urgently for the Royal Navy and the Royal Air Force. The Sycamores have been operating well in Malaya, in Kenya, with BEA, with the Royal Australian Navy, and elsewhere. The confidence which I have previously expressed about our interest in helicopters is thus being justified by results.

The guided weapon section of the aircraft division, ably partnered by our engine division and by one of the leading companies in the electronics field, has also made tremendous strides and can fairly claim to be among the leaders in this type of work. The combined teams have together achieved a major scientific and engineering effort; and although the progress of their work cannot yet be made public, I would like to pay a public tribute to their outstanding ability, determination and enthusiasm.

Other supplementary activities which have assumed importance in the growing range of work undertaken by our aircraft division have included the development and manufacture of rocket motor tubes for various guided weapons and of plastic drop tanks for fitting to a number of military aircraft, the use of plastics for this purpose being a big step forward in weight saving and in cost compared with metal tanks hitherto employed.

AERO ENGINES

In the engine division notable progress has been made with our turbojet and turboprop engines, whilst our Hercules and Centaurus piston engines are still in production and giving successful service throughout the world. Sustained attention to detail and continuous improvements are progressively adding to the reliability and extending the life between overhauls of these well-known piston engines, and in appropriate cases it will be very many years yet before they are eclipsed by gas turbines. An important aircraft newly coming into service and employing the Centaurus is the Blackburn Beverley heavy transport, and another successful freighter, in this case using the Hercules, is the French Nord 2501.

The year under review saw the Olympus turbojet, which already holds the world's altitude record, complete its official type test at 11,000 lb. thrust, whilst preparations were completed for the supply of production quantities for the Avro Vulcan delta bomber. Further important applications for this engine are in hand, its development to progressively higher thrusts having anticipated the trend of aircraft designers' requirements.

In the past year, too, the design of our new turbojet, the Orpheus, went ahead very rapidly; experimental running started before the year-end and extremely promising results have already been obtained. This engine, originally undertaken entirely as a private venture, is now the subject of a Ministry of Supply contract. Its attractive power/weight ratio may well have a considerable influence upon the trend of aircraft design, and it is scheduled for installation in the Folland Gnat and in a number of aircraft now being developed for Nato use. It is our hope that its simplicity and ease of manufacture will make it especially suitable for licensed manufacture overseas.

The Proteus turboprop, our engine division's contribution to the Britannia project, is now fully type-tested and is in production. Its development has been most encouraging and its performance has been a major factor in the excellent results of the Britannia's trials. There is already impressive evidence that the Proteus' reliability and life between overhauls may well surpass the best experience with piston engines and further improvements are already under development which will make the engine still more attractive to civil operators.

The newest of our engines to be publicly announced is a supercharged turboprop of 4,000 h.p., at present known as the BE.25, which aims to combine the experience gained from, and the advantages of, both the Proteus and the Olympus, and promises a combination of power and fuel economy at all altitudes which is of great importance to airline economics of the future. This engine is being developed with Government support; BOAC and others have already demonstrated their interest in its application to the Britannia.

In addition to these major projects and a growing volume of turbine engine production, considerable effort was devoted to the development of Bristol ramjets for guided weapons; the repair shops were very actively engaged and the increased production resources of the division both in Bristol and in Sunderland were fully employed. Additions to premises and plant will continue as new requirements demand. Taking a broad view of the future, prospects for the next few years are most encouraging: the order book for both civil and military requirements is already good and there was never a wider field of choice upon which to base our future programme.

MOTOR CARS

The car division has in the year under review still further enhanced its reputation for cars of exceptionally high quality. A new four-door saloon—the Type 405—was introduced at the Earls Court Show and has been well received. For the present, production continues on a modest scale, suited to the scale of the market in which we are interested. The technical merits of Bristol products were brilliantly illustrated by a fine performance in the 24-hour race at Le Mans, and by many racing and sporting successes achieved by cars using Bristol engines.

ALUMINIUM BUILDINGS

The buildings division had a not unsatisfactory year having regard to the changing character of the market both at home and overseas. A number of new contracts for school buildings was secured, together with a major hospital project for the War Office. The trend of material prices is a cause for considerable concern, since, despite greatly increased production, selling prices in this country continue to rise.

CANADA AND AUSTRALIA

During the year the trading of our Canadian group continued to expand and the companies in the Canadian group achieved a record output and profit.

It is significant in relation to overseas investment policy generally that since 1950, when we first transferred capital to Canada, the total of our Canadian dollar income from all sources has substantially exceeded the transfers on capital account. We have further strengthened our organisation in Canada and in particular we have welcomed Air Vice Marshal James, CBE, CD, and Air Commodore Banks, CB, OBE, to the board of The Bristol Aeroplane Company of Canada.

The construction of the military version of the Britannia has proceeded at Canadair Limited on the lines planned and we look forward confidently to the results of this important Anglo-Canadian alliance.

During the year we purchased the share capital of MacDonald Bros. Aircraft Limited, Winnipeg. In view of the date of purchase the consolidated accounts include profits for the last half of 1954 only. MacDonald Bros., in addition to providing valuable facilities for the overhaul of aircraft, is engaged on a varied programme of ancillary equipment for the Canadian aircraft industry, and we look forward to steady expansion of this new acquisition, which, in effect, establishes the nucleus of an aircraft division in Canada, in parallel with the engine division now firmly established in Montreal and Vancouver.

Although our activities in Australia are still on a small scale and as yet at the stage of incurring preliminary expenses before contributing to group affairs, we consider it important to build up facilities in Australia in anticipation of developments in due course. Increasing interest has been shown in helicopter operations, and we have made further sales during the year.

More and more use is being made of the fine premises we occupy at Salisbury in connection with our guided weapon activities.

The significance for Australia of current trends in the Far East is inevitably adding urgency and emphasis to defence policy; from the point of view of British industry the risk is that the easy solution will seem to lie in ever closer dependence upon the United States of America. We do not believe this course to be inevitable, and it is our aim and object to play an increasing part in the defence programme of the Commonwealth.

ROTOL LIMITED AND BRISTOL MESSIER LIMITED

These two associated companies have expanded further during 1954 and have traded profitably. To assist in their expansion it has again been necessary to provide increased working capital: loans from this company—upon which interest is paid—increased by £250,000 during the year. Both companies' products are extensively employed throughout the aircraft industry; they have several interesting marine projects also and a stake in the guided weapons field.

SHORT BROTHERS AND HARLAND LIMITED

In recent years we have been seriously concerned about the difficulty—through shortage of men—of further expansion in the neighbourhood of Bristol where employment is at an exceptionally high level. Our engine division has branched out on the north-east coast; we have transplanted helicopter production to our Weston factory; we have sub-contracted nearly the whole of the Freighter and many components of the Britannia; our design offices have branches in the centre of London; even the Sabre repair line, which we undertook for the RCAF in Europe, has now been sub-contracted to Scottish Aviation Limited at Renfrew. Despite these measures the prospect of building up—at Filton—a major production line of large transport aircraft continued to worry us; additional capacity was essential. It was therefore a great opportunity for us when our proposal to take a share in the old-established, progressive and extremely well-equipped business of Messrs Short Brothers & Harland Limited of Belfast, was accepted by the Government and by Messrs Harland and Woolf Limited. Sir Reginald Verdon Smith and Mr C. F. Uwins have been appointed to the board for Short Brothers & Harland Limited, and we look forward to many advantages accruing to both companies.

EUROPEAN ASSOCIATES

In France our associated company, Société d'Exploitation et de Constructions Aéronautiques, has further extended its activities during the year and has traded profitably. The consolidated accounts include dividends paid in respect of the years 1951 and 1952.

In Spain the new company, Talleres Aeronauticos de Barajas, SA, which was formed in 1953, has been building up its maintenance facilities during the year and we look forward to increasing activity shortly.

PROSPECTS

Such are the activities, in rough outline, of the vigorous and progressive group of enterprises in which your company is engaged. Each member of the group is alert, enthusiastic, ambitious and imaginative. We believe they are well organised and well led. The character of the aircraft industry tends to attract emphasis to future prospects and to projects still under development rather than to solid achievement. This is as it should be: the figures for the year, and indeed for many previous years, are sufficient evidence of the past, and they speak for themselves. It is the future that matters.

How is our future to be secured? By imaginative technical policies, by clever design and realistic development, by capable and experienced manufacture, by intelligent and convincing selling and commercial practice and behind all these but by no means least, by good housekeeping. These in turn call for successful recruitment, well thought out training schemes, good employee relations, timely additions to existing buildings and equipment to meet new needs, and a comprehensive grasp of world market prospects. Each of these qualitative adjectives needs precise interpretation by men of experience, animated by a common purpose and linked by common bonds of loyalty and comradeship. We are fortunate in the strength of our engineering talent, we certainly possess the comradeship, and our strength of purpose is second to none. But no undertaking on our scale can isolate itself from the trends and problems of the industry of which we are part, of the community around us and of the country upon whose policies we so depend for opportunity; we must play our part in the setting of rising wages, increasing international competition, the cold war and all the familiar tensions of the present day. None the less, short of the consequences for the whole country of nuclear warfare, your board believes that the prospect before us fully justifies reasonable confidence and high hopes.

A PERSONAL NOTE

I must end this statement on a personal note. After 27 years as chairman of the company I have decided that the time has come for me to hand over to another. I am therefore proposing to retire from the chairmanship immediately after this year's annual general meeting. My colleagues who have been good enough to ask me to remain a member of the board—an invitation which I am delighted to accept—have decided to appoint my son, Sir Reginald Verdon Smith, to succeed me.

In handing over to him, I am happy to think that you will continue to support him in the same way that you have supported me and that, with that support, the company will go on to ever greater success.

MAPLE & COMPANY LIMITED

STEADILY INCREASING SALES

MR H. STANLEY WHARTON REVIEWS DEVELOPMENTS

The sixty-fifth annual general meeting of Maple & Company Limited was held on April 28th in London. Mr H. Stanley Wharton, president of the company, presided.

The following is an extract from his circulated statement: The past year has been one in which there has been very little unemployment, and in our trade particularly there has been a marked shortage of labour. This state of affairs is usually reflected by increases in wages and higher production costs, which have the effect of reducing profits, since selling prices cannot keep pace with these rapid cost increases. However, the sales in London and throughout the group have shown a steady increase, amounting to more than 12 per cent and, in addition, the number of visitors to these London premises increased by more than 54,000, reflecting, I think, the confidence of the public in Maples.

At our meeting last year I told you we were purchasing the old-established business of Mark Rowe, Limited, of Exeter. We have also purchased a large freehold corner site in Bristol in one of the main shopping areas, upon which we are erecting a new building.

Since our last meeting the rebuilding of our Grafton Way frontage has proceeded normally. In order to prevent as far as possible any disorganisation, it must be emphasised that the rebuilding programme has to be carefully planned and that each new section that is built must be fully equipped before another new section can be started. It is gratifying to know that we can now proceed to replace our showrooms. When this has been achieved we shall have in London the most complete and most attractive furniture display and the largest selection of furniture and furnishings under one roof in the whole country.

Your board is very conscious of the necessity for exports, and every effort has been made to encourage these where it is possible. Nonetheless, I am pleased to record that during 1954 we have exported goods to no fewer than sixty-nine different countries, so I feel you may be justly proud that the name of "Maple" is still world-wide.

PRESIDENT'S ADDITIONAL REMARKS

Addressing the meeting the president said: The results of last year's trading are better than those of 1953, the out-turn of profit being £348,000. Whilst I and my colleagues are pleased to be able to report this improvement, I want to assure you that there is no sense of complacency in our board room.

Since February 1st to date our turnover has continued to expand, thus confirming my impression that Mr Butler's restrictions on hire purchase have not shaken the popularity of Maples with the general public, and the daily number of visitors here is maintained.

I am, of course, aware that the average out-turn of profits during the period 1945-1952 was higher than that for the past year—the figures being just over £500,000 and £348,000 respectively. During this earlier period—or at least during a good proportion of it—we were still actively engaged in government contracts for canvas equipment and aircraft components—indeed, during part of that time we were operating 11 factories on government account. Although we are still entrusted with important government contracts the over-all volume of work of this nature required by the authorities has diminished, as indeed we foresaw would be the case.

In order to compensate for this very eventuality your directors decided upon an expansion policy in the retail trade in the provinces, and it was for this reason that your company was introduced to Leeds, Nottingham, Bristol, Leicester and Exeter. These branches are doing well and it is my hope and belief that they can do still better and contribute even more substantially to the profits of your company.

May I reiterate that your board are far from complacent and are doing their utmost to promote the interests of your company in every way, and in particular further to increase its profitability, but I do want to make it abundantly clear that we are not in any sense ashamed of our achievements in 1954 when, I may add, our gross turnover was the second highest in the company's history, and thus was in step with the general conditions of trade which prevailed during most of that period. Whilst it is not, of course, possible to be certain, I am confident that if the profits of the furnishing and ancillary departments with which your company deals were extracted from similar departments in the large general stores, they would compare favourably with any of them.

The report and accounts were adopted and a final dividend of 7½ per cent, making 10 per cent for the year, was approved.

ROYAL EXCHANGE ASSURANCE

235th ANNUAL REPORT

FIRE, ACCIDENT AND MARINE PREMIUM INCOME EXCEEDS £26 MILLION

NEW LIFE BUSINESS A RECORD AT £8,800,000

LORD BICESTER'S STATEMENT

The two hundred and thirty-fifth annual general court of the Royal Exchange Assurance will be held on May 25th at the office of the Corporation at the Royal Exchange, London, E.C.

The following is the statement of the Governor, The Right Honourable Lord Bicester, which has been circulated with the report and accounts:

Before I review the report and accounts for 1954 I want to refer briefly to the changes which have occurred in the Court of Directors and among the chief executive since I issued my last statement.

Our only new appointment to the Court is Mr John L. E. Smith, and I am sure that his considerable accomplishments both in banking and commerce will make him a valuable colleague. His appointment carries on our very long and intimate association with Messrs. Coutts & Company, and I recall that his great grandfather was a member of the Court for more than forty years.

Mr S. Beresford Shaw, an assistant general manager, retired at the end of 1954. In the course of his forty-three years' service he occupied with distinction a number of managerial positions, becoming one of our senior executives in 1948. He is greatly missed and we wish him a long and happy retirement.

Mr T. G. Calvert, formerly the manager of the accident department, was on July 1, 1954, promoted to be an assistant general manager. Mr W. H. Carter was appointed to succeed him as accident manager.

Mr H. O'Brien, FIA, our actuary, retired at the end of June and Mr S J. Martin, FIA, was appointed in his place. Mr O'Brien's service with the Corporation covered a period of thirty-nine years and we wish him, too, much happiness in his retirement.

THE YEAR 1954

For the first time for many years the world was relatively free from actual warfare and this contributed to the marked revival of trade and industry in the British Commonwealth, the United States and Western Europe where our principal operations are conducted. A high level of prosperity, accompanied by booming markets, nevertheless brought in its train some of the evils of inflation. Especially was this true in the United Kingdom and certain other parts of the Commonwealth where, in the early months of 1955, it was found necessary to employ orthodox monetary and other deflationary weapons.

In this climate of widespread prosperity we were able last year to raise the aggregate fire, accident and marine premium income to a new level in excess of £26 million and to write new life business totalling over £8,800,000—another record.

The year's combined underwriting surplus was £1,858,000. The fact that this is some £400,000 smaller than the corresponding figure for 1953 can be attributed principally to certain catastrophe losses to which I shall refer in dealing with departmental results, and to the mounting expenses which flow from inflation.

FIRE DEPARTMENT

	1954	1953
Nett premiums (£)	9,783,652	9,541,464
Surplus (£)	700,944	1,142,952
Ratio (per cent)	7·2	12·0

We shall perhaps remember 1954 as a year of natural disasters. It has now become quite common practice for cover to be effected against catastrophes of nature—generally in conjunction with fire insurance—so we were bound to be affected by the floods, windstorms and earthquakes which afflicted a number of the overseas territories in which we operate.

For example, we paid no less than 1,200 claims as a result of the earthquake in Adelaide, S. Australia, in March, 1954, and 8,000 claims as a result of the hurricanes (given the code names "Carol," "Edna" and "Hazel") which struck the United States of America in August, September and October. Although the average cost of these claims was not high, the very large number not only made prompt assessment quite a difficult problem, but meant that, in the aggregate, the amounts we paid were considerable—particularly so in the case of the hurricanes in the United States, where the result of our operations was in consequence disappointing.

In the United Kingdom the fire wastage in 1954 exceeded by more than £1 million the highest total previously recorded in a year, and this figure does not include the inseparable consequential loss. Moreover, following the storm and flood disasters of the two preceding years, 1954 was remarkable for two features. The first was the very great number of claims as a result of frost damage during the cold spell at the end of January, when, indeed, many fires were also caused by misguided efforts to prevent freezing or to thaw pipes by the use of blow lamps and by placing electric fires and oil radiators in roof spaces.

The second feature was the severity of the wind storms which swept the country, including the whirlwind which struck London on December 8th. This involved us in some substantial losses and on one estate alone we paid claims in respect of more than 300 houses. And if further evidence is needed of the increasing importance of "special perils" cover, it is significant to record that the loss payments which we made at home last year under 'householders' comprehensive policies in respect of storm, tempest, flood and burst pipes exceeded the losses under these policies in respect of damage by fire.

Although then, as is only to be expected, our fortunes have varied from country to country, we are well satisfied with the surplus of £700,000 which has been achieved under difficult conditions.

Before I leave the subject of fire insurance there is one matter to which I would like to draw attention. It is the increasing tendency for large industrial concerns to house under one roof all their manufacturing processes as well as considerable stocks of raw materials and finished products.

The effect of this is twofold. Not only are valuable stocks—not in themselves presenting any serious fire hazard—exposed to destruction by fires originating in the manufacturing processes, but the fire load presented by the huge risks which result from this practice places an excessive strain on the capacity of any fire brigade.

British insurance companies like ourselves are equipped and ready to give to those responsible for industrial planning proper advice about the segregation of fire hazard and the limitation of value exposed to destruction by a single outbreak. We should be very happy to see much greater advantage taken of this service.

MARINE DEPARTMENT

	1954	1953
Nett premiums (£)	1,766,950	1,883,973
Fund as at Dec. 31 (£) ...	3,771,715	3,753,396
Ratio to nett premiums (per cent)	213·5	199·2

Upon the closing of the 1952 account it is gratifying to be able to report a transfer of £289,548 to the profit and loss account. The comparable transfer in respect of the 1951 account was £208,525.

The 1954 account is progressing satisfactorily, but intense competition for both hull and cargo insurance continued throughout the year in all markets. We ourselves were not concerned in any serious casualty during the year and the figures should reflect this piece of good fortune.

The London market continued to support the joint hull agreement, and I am sure that any other attitude at this time would quickly lead to rates which would be quite unremunerative. As it is, our own records show that since the end of the war there has been but a slender margin of profit in hull underwriting, and we continue to be faced with delayed claims many years after risks have expired.

So far as cargo insurance is concerned there has recently been a tendency on the part of some underwriters to provide cover under marine policies for what are virtually normal trading risks. This seems to be an unhealthy form of competition and a practice which deserves to be discouraged in the market.

GENERAL ACCIDENT DEPARTMENT

	1954	1953
Nett premiums (£)	14,485,940	14,188,469
Surplus (£)	867,910	942,926
Ratio (per cent)	6·0	6·7

The major proportion of the increased income derives from the home account, as a deliberate contraction of our United States casualty business largely offset expansion in other overseas territories.

I am glad to be able to report that the measure of stability in the home employers' liability account to which I referred last year has continued, and although some further adjustments may have to be made, this section of the business is now in much better shape than it has been for some years.

The motor insurance account continues to give us cause for disquiet, and the margin of profit remains very small. All over the world we have experienced since the war the same pattern of rate increases following, but never overhauling, increasing claims costs, and it is difficult to visualise a solution of this problem unless there is a change of attitude on the part of the public. Whilst, therefore, the relatively long-term plans for road construction and reconstruction in Britain are welcome indeed, an immediate and more important contribution to road safety could be made by all who in any way use the roads if they would extend more courtesy and consideration to their fellows.

The other sections of the accident department call for no special comment. Our interests both at home and overseas continue to develop, and the surplus of some £868,000 which emerges from the multiplicity of risks written in this account must be considered as eminently satisfactory.

LIFE DEPARTMENT

	1954	1953
	£	£
Nett new sums assured ..	8,869,438	7,414,284
Premiums	2,483,357	2,343,102
Gross invest. income	1,224,600	1,143,310
Fund at year end	24,232,051	23,346,680

The foregoing figures summarise the good progress made in our life department during 1954.

The expansion in new business took place in both the participating and non-participating sections of the fund, and a pleasing feature is the marked decrease in the number of contracts which failed to run their intended course.

Claims by death and maturity at £1,620,745 were very little more than in the previous year. The death claims were well within the expected mortality, and the margin was, in fact, rather more favourable than that which emerged in 1953.

TRIENNIAL VALUATION AT 31st DECEMBER, 1954

The surplus of the triennium was £1,870,323, and it has been allocated as follows:

	£
To interim bonuses during the triennium	73,891
To reversionary bonuses on policies in force on Dec. 31, 1954	1,052,162
To the proprietors	129,621
Carried forward to the current triennium	614,649
	£1,870,323

The rate of bonus for fully participating policies has been raised to £2 2s. 0d. per cent per annum, and holders of with-profit policies have already been advised of the bonuses allotted to their contracts. A policy in the Royal Exchange life fund is certainly a very well-secured investment when examined critically in the light of this recent valuation.

The proprietors' share of the valuation surpluses shown in the three funds of the life department compare as follows with the previous triennium.

	Triennium ending Dec. 31, 1954	1951
	£	£
Life fund	129,621	92,276
Annuity fund	151,327	130,637
Capital redemption fund.	13,579	14,365
Aggregate	294,527	237,278

INVESTMENTS

One of the three basic elements in valuing life and annuity funds is the future yield of interest income to be expected from the investment of the policyholders' funds, and the gross yields earned in the most recent triennial period as set out below played a not unimportant part in determining the valuation surpluses.

	Life Fund %	Annuity Fund %
	£ s. d.	£ s. d.
1954	5 4 9	5 17 1
1953	5 1 10	5 14 0
1952	4 16 1	5 7 5

In investing such moneys, which are, of course, the savings of our many policyholders and therefore quasi trust funds, your directors endeavour to preserve a proper balance between security and enterprise.

The high rates of earned interest quoted above are the fruits of an active investment policy pursued over many years, but which has never for one moment departed from the high standard of security which we consider essential.

Because we make security for the policyholders the paramount consideration, it must not be thought that we overlook the national interest in investment matters. I can reveal that some 60 per cent of the investments of the life fund are in the form of loan, preference and equity capital of well-managed joint stock companies. That is indeed practical support for commerce and industry in the Commonwealth. Moreover, many of the other investments of the life fund represent the financing of such vital projects as the great nationalised public utilities, municipal and county developments and housing.

TRUSTEE AND EXECUTOR DEPARTMENT

This department has enjoyed a satisfactory year, in the course of which the Corporation has been appointed trustee of debenture and other stocks issued by a number of leading industrial undertakings. The aggregate nominal value of these issues alone in respect of which we now act as trustee is in the neighbourhood of £200 million.

This is particularly gratifying as it denotes confidence in our ability to carry out a specialised branch of trustee work in which wide experience has been gained. It is, of course, the function of the debenture trustee to look after the interests of the stockholders whom he represents, but he can only do so if he has a proper understanding of the problems of the companies concerned.

It is just over fifty years since the Corporation first undertook the administration of private trusts. Today there are other corporate trustees in this field, but we have reason to believe that our own compact organisation can compete with any in providing that personal contact and attention which is so important to the smooth running of family trusts.

OVERSEAS BUSINESS

As a considerable proportion of the group's premium income is derived from its activities abroad I feel you will be interested to learn something about this side of our affairs.

We maintain with our own staff forty-two branches in twenty different countries, and each of these branches has its own agency organisation throughout the territory in which it operates. In twenty-six other countries we work through well-established firms who act for us on a direct agency basis. Most of them specialise in the business of insurance and some have represented the Corporation for more than half a century. In this way we are able to play our part in providing the essential service of insurance to a wide range of private, commercial and industrial interests in most parts of the world.

For the proper conduct of this world-wide business—the ultimate responsibility for which rests with the executive in London—it is essential that we place the highest confidence in our overseas managers. We rely to a great extent upon their intimate knowledge of the territories in which they work, and although a reference to the staff appears later in this statement, I should like to pay a special tribute to our senior officials abroad and to acknowledge the able manner in which they carry out their duties.

In Australia and New Zealand there is great scope for energy and enterprise, and I am glad to report that we are firmly established in both of these virile and expanding members of the Commonwealth.

The postwar years have seen vast changes in India, Ceylon, Pakistan and South East Asia, as a result of which some of these territories have had to face difficulties of great magnitude which are not easily appreciated from the standpoint of the West. But I believe that the British offices still have an important contribution to make to the strength and stability of the insurance market in this part of the world.

In Africa we have a network of branch offices controlled from four main centres—Johannesburg, Nairobi, Cairo and Lagos. The variety and complexity of the economic and racial problems alone of this continent are formidable, and a proper understanding of them is essential to the successful conduct of our business. Our organisation is under constant review in order that we may keep abreast of developments as they occur

In Canada we have strengthened and extended our organisation, and this has involved among other things, moving our chief office in Montreal to more commodious premises. I have the utmost faith in the future prosperity of this great country and our ability to share in it. In the United States, although for reasons already mentioned we have had a disappointing year, no effort is spared by our officials there in caring for the interests of the Corporation.

In many other territories—in Europe, South America and elsewhere—we are also well served and are ready to extend our activities whenever opportunities present themselves. Every major political and economic development about which you may read affects our business in one way or another and we are constantly on the alert to see what special implications they hold for us.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

On the revenue side of the account we have the gross income derived from the investment of our general funds. At £1,193,545 this figure is some £175,000 greater than the year before, the increase being in the main attributable to the employment during the latter months of 1954 of the proceeds of our new capital issue. The departmental transfers, including the final instalment of the proprietors' share in the 1951 life valuation surplus, totalled £1,948,280. On the expenditure side you will see that the principal item is the immense sum of £1,642,945 absorbed by taxation. After making allowance for £11,499 of the associated companies profits attributable to outside shareholders, there was a balance of £1,235,654 available for transfer to the consolidated profit and loss account.

After taking into account the balance from last year and one or two minor adjustments, there is an aggregate disposable sum of

£3,930,297 before making provision for the final dividend, but after allowing for transfers of £321,069 to the trustees of the group's staff pension funds and £501,026 to general reserve.

DIVIDEND

I am sure you will agree that the general picture is one of great strength and, after taking all relative factors into consideration, the Court of Directors has decided to recommend the payment of a final dividend of 15 per cent. This will make a total dividend of 25 per cent for the year payable on the increased capital of £2,850,000.

GROUP ORGANISATION

It is with great regret that I have to record the recent death of Mr Bryce M. Hanmer who had been a director of our associated office, the "State," for nineteen years. His advice was always most valuable and he will be sadly missed.

Last year I mentioned that two of our affiliated companies had reached their centenary and that one was celebrating its 50th anniversary. This year our Dutch subsidiary, the "Amsterdam-Londen," is celebrating its diamond jubilee and marked the occasion by producing a particularly satisfactory account.

At the beginning of 1954 we founded a new company, the "Australian and Eastern." This is a wholly owned subsidiary with its administrative head office in Sydney, and operates in conjunction with our Australian organisation. The company has made a good start and ways and means of extending the scope of its operations are now under consideration.

Once again I must express my gratitude to the sub-governor and the deputy-governor and other members of the Court for the help which they have given to me throughout the year. I also want to thank the directors of our associated companies, the members of our local boards and all our agents, representatives and other friends throughout the world and to assure them that their loyal support has been greatly appreciated.

Finally, on behalf of the stockholders, I must pay a tribute to our general manager, Mr H. A. Walters, his executive assistants, to all our managers and to every member of the staff throughout the organisation. The problems involved in the operations of this group of companies are many and complex, and the accounts which I am able to present to you reflect the measure and quality of their work.

MINERALS SEPARATION LIMITED

RECORD RESULTS

BOARD'S SOUND INVESTMENT POLICY

MR J. N. BUCHANAN'S STATEMENT

The fiftieth annual general meeting of Minerals Separation Limited will be held on May 25th, at the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.

The following is an extract from the review by the chairman, Mr J. N. Buchanan, which has been circulated with the report and accounts for the year ended December 31, 1954.

The two principal features of the balance sheet for the year ended December 31, 1954, appearing for the first time, are: (i) the issued capital of £1 million and (ii) the £250,000 debenture stock. As to (i), this is the result of the free issue made last year to existing stockholders in the proportion of three new 5s. units to every holder of one such unit. As to (ii), the company is developing more and more towards the character of an investment trust company, and the creation and issue of debenture stock is in keeping with the common and well-tried practice of such institutions. The trust deed creating the debenture stock authorises an amount up to £1 million. Of this, we issued at the end of last year, £250,000, and in the current year another £250,000, bringing the total at present issued to £500,000. This leaves a further figure of £500,000 which may be issued if and when conditions for the issue and opportunities for the investment of the money appear favourable for in the usual investment trust company. Our experience leads us to believe that it is a sound policy to hold substantial sums in companies that we either control, or with which we have so close an association that we are fully conversant with their day-to-day progress.

Turning now to the accounts, the profit shown in the consolidated profit and loss, amounted last year to £413,000 as against £337,000 in 1953, and £341,000 in 1952. The 1952 figure was the highest recorded in the company's history until this year, so that the advance to another new record has, as you see, been substantial. In view of these results we consider it reasonable to recommend a final dividend of 15 per cent, making 20 per cent in all for the year. This is equivalent to 80 per cent on the old capital, and compares with 70 per cent paid on that capital last year. This distribution will absorb a lower percentage of the profits than did the dividend paid last year.

INVESTMENTS

With regard to our investments, we have reduced our very large shareholding in the Rhodesian copper field. This implies no weakening in our confidence in the copper-mining industry in general, nor in Rhodesia in particular. Out of the money realised from the Rhodesian and other sales, we have made considerable investments in equities in the USA and Canada. While, as I have said, our tendency is to move more towards the character of an investment trust company, we still retain and shall retain features which distinguish us from the more orthodox companies of that nature. I refer not only to our large participation in Rhodesia, but also to the substantial individual investments we have in our subsidiary and allied companies. Most of these represent bigger individual investments than would be looked

RHODESIA

In Rhodesia, another successful year was recorded, and all our three principal holdings, namely Rhokana, Nchanga and Mufulira, paid satisfactory dividends. In the case of Mufulira, a special dividend was declared in connection with the hiving-off of Chibuluma and other mines, as referred to in the directors' report. Since the turn of the year, the strike of the Africans employed at the mines considerably interfered with production for the first two months; with the higher price of copper however, it is not anticipated that the profits for the year will be unduly affected.

FOUNDRY SERVICES GROUP

The foundry services group had another successful year. Activity in the foundry industry improved, particularly during the latter part of 1954. As a result, business in the United Kingdom showed a more satisfactory turnover. It was, however, in the overseas business that a marked increase took place. The circle of satisfied Foseco users increased, and is increasing; and Foseco products are now used in more than forty different countries. In order to ensure that the products of the group can be made readily available and at reasonable cost to foundries in their own particular countries, since the end of the war the policy of local associated manufacturing companies has been progressively followed. The group now has seven such companies, situated in Austria, Canada, France, Germany, Italy, South Africa and the USA. All made good progress and generally the turnover is expanding. The American company has been transferred from New York to Columbus, Ohio, which is a more convenient centre for its activities. The reorganisation there is now more or less complete, and the prospects in that country of a steadily increasing turnover and satisfactory profits during the coming years are promising.

Jackman's trading for the year under review has again been satisfactory, with total sales slightly above last year and profit margins maintained. As anticipated last year, an additional works bay was completed, and came into production in August. Further works extensions are under consideration. The order book is at present in a healthy state, despite increasing competition both at home and abroad, from German and other sources.

HOWARD POTTERY GROUP

The reorganisation of the Howard Pottery group referred to last year is now well advanced. This has included closing down the tea and dinner ware works which had been unsatisfactory for several years. Export conditions continue difficult, and designs and prices are continually under review to ensure meeting increasing competition. It has so far been possible to keep all works running at maximum production, and if this can be continued, profits for the year should be higher than for the year under review.

MERCURY SECURITIES

I explained last year that Mercury Securities now owns all the equity of S. G. Warburg & Co. except for a small minority holding, and Warburgs in turn hold nearly all the equity of Brandeis Goldschmidt. As may be seen from the report published last September for the year ended March 31, 1954, Mercury Securities, in which we have a 20 per cent interest, had a successful and prosperous experience. We retain our full confidence in the company, and highly value our association therewith.

In conclusion, I wish to record on your behalf and that of the board our grateful appreciation of the efficient services rendered by all in our group and in the associated companies, which have enabled us to place before you the satisfactory results for the year under review.

F. PERKINS LIMITED

(Manufacturers of High-Quality Diesel Engines)

TURNOVER AGAIN A RECORD

POLICY OF QUALITY AND LOWER PRICES

MR FRANK PERKINS ON THE GROWING DEMAND

The twenty-third annual general meeting of F. Perkins Limited was held on May 2nd at the May Fair Hotel, London, W.1., Mr F. A. Perkins (the chairman) presiding.

The following is the statement by the chairman, which has been circulated with the report and accounts:

The report and accompanying accounts are the twenty-third in the history of the company. As in previous years, we are providing you with additional information on the activities and results of the company. I particularly draw your attention to the table showing the progress of the company since the public issue in July, 1951.

I am again pleased to report an increase in turnover to a new record of just under £17 million. This is an increase of 28 per cent over the 1953 figure. During the past year we have made substantial reductions in the prices of our products, and we give more horsepower at a lower cost than any other manufacturer in the world.

The net profit for the year, after charging all working expenses and depreciation, including a special charge of £200,000, was £1,169,340, as compared with £778,645 for the previous year.

Your directors recommend a dividend of 20 per cent for the year.

CAPITALISATION OF RESERVES

The directors have given consideration to the fact that the issued capital of the company is not fully representative of the capital employed, and they have, therefore, decided to recommend to the shareholders that part of the company's reserves, and particularly the share premium account, should be utilised by the issue of one ordinary share for every share already held. The proposed capitalisation of reserves carries no implication as to the rates of future dividends. These will continue to be determined by the board in the light of conditions prevailing at the time. At an extraordinary general meeting following the annual general meeting you will be asked to agree to this and to pass the necessary resolutions to put this into effect.

Full details of the appropriations of the profits are shown in the accounts and the directors' report.

Since the last meeting, Mr K. E. Woollatt and Mr M. I. Prichard have been appointed to the board, and at the meeting you will be asked to confirm these appointments. Mr K. E. Woollatt has been our secretary for many years and acts as financial director. Mr M. I. Prichard comes to us with a wealth of experience of our industry, and has been appointed in charge of engineering.

CAPITAL COMMITMENTS

The capital commitments at December 31, 1954, were £808,000. A large part of this sum is for the most modern machine tools required to machine crankshafts. We are extending our floor area by some 150,000 square feet, and further plant for crankshaft machining and other purposes will be ordered during the current year for delivery in 1956.

It is gratifying to be able to report that our stock and work-in-progress figure has only increased by £580,951 during the year for an increase in turnover of over £3½ million. In this connection I would like to pay tribute to the great assistance we received from many of our suppliers, who plan their production to synchronise with our requirements. We shall, without doubt, be forced to hold larger stocks in order to ensure the continuity of production of our increasing range of engines.

In spite of the continued demand for long credit overseas, we have been able to maintain our trade debtors at a reasonable figure.

As a result of our success in the control of our stocks and our trade debtors, our cash position has continued to be satisfactory and shows an increased figure of cash on hand at the end of the year. This amount of £701,122 is adequate to meet our intermediate requirements, and your directors have, therefore, for the time being, postponed consideration of any further issue of capital for cash, the possibility of which I indicated in my statement last year.

POPULARITY OF "P" SERIES ENGINES

The popularity of our "P" series engines continues, and during the year many new applications and customers have been forthcoming. We are confident that this series of engines will have many more years of success. We continue to give these engines constant attention, especially where re-design effects substantial reductions in cost.

Progress has been made during the year in the manufacture and marketing of our R6 and L4 engines. We are confident that their success is assured and customers' demand for these is increasing daily.

Our order book continues to be satisfactory. We have, in fact, never had a demand which covers such a large number of applications and uses for our engines, and spread over so many different customers, both at home and overseas. Prompt delivery overseas remains a most important factor in securing orders.

MEETING GROWING DEMAND

We must anticipate difficulties in meeting our customers' growing demands, principally due to shortage of steel and grey iron castings, and take whatever action is open to us to ensure that such difficulties are overcome. You have all read of the capital expenditure, sums of well over £100 million, that the leading motor manufacturers have announced they are spending to increase their productive facilities during the next five years.

This is going to result in a very much increased output of motor vehicles, making a corresponding demand on the component manufacturers and raw materials.

Inevitably, there is going to be a very big lag in catching up with this demand. Firstly, in steel and foundry capacity, and secondly, in steel and foundry capacity, and secondly, and of equal importance, in components. For one reason alone, not all of them have ready finance for the requisite plant extensions.

The national unemployment figure today is in the neighbourhood of 1 per cent, so that the shortage of labour will be equally acute. Taking the increased demands of labour alone, this is a situation which has never been recorded in peace time before in our economy since the beginning of the Industrial Revolution. In fact, you would probably have to go back to the labour position as it was in England in the fourteenth century, following the Black Death, to find a comparable situation.

OVERSEAS DEVELOPMENT

During the year there was a further development of our operations in France, including a reorganisation of the French company formed by us some years ago. We have always realised that in France it would be necessary to make arrangements for the local manufacture of our engines.

Up to date, import of the substantial numbers of engines which we have sold in France has been by very strict controlled licence, and I think it is correct to say that we are the only makers of British diesel engines who have made sales in that country since the war.

Assembly of the "P" series engines from components shipped from Peterborough has been proceeding for some months, and stage by stage manufacture is following. The new item in our balance sheet, trade investment at cost £12,250, represents our 49 per cent investment in this company, which is responsible for the sales and service of Perkins engines in the French Union.

Following considerable negotiations and in face of Continental competition, we have been able to arrange for the supply of our P4 engine to Yugoslavia for fitment to an agricultural tractor. We have supplied a large number of engines from Peterborough, which will be followed by engines in a less complete form to the extent that local manufacture in Yugoslavia proves possible. We feel that by making this arrangement, we have been able to sell engines to a market which would otherwise never have been available to us, and a sound foundation for future business has been established.

EXPORT

The great desire of so many overseas countries to have an indigenous production of engineering and motor industry makes the old style of export business increasingly difficult. England's position is weakened in the matter of imports into countries which are essentially producers of agricultural products. A great part of their sterling exchange is required for the purchase of essential commodities, like rubber and oil. There is, therefore, a disinclination to spend more sterling than necessary on British manufactured goods. As a result of this, they have proportionately far more exchange value for the purchase of manufactured articles from, say, Germany or Sweden than they have from England. The moral seems to be that if people with over-valued currencies and inflation at home want as a measure of self-defence to arrange their economic relations with foreign countries on a strict line of barter, or else by fostering indigenous manufacture, the best thing to do is to fall in with their views and try to make the awkward system work. It is no use insisting in a loud voice, as Britain sometimes tends to do, that

the system is foolish and not worth working at all. That is a sure way of losing trade.

Diesel engines are now recognised in every country in the world as the most economic mobile power unit.

We can now look forward with optimism to a continued demand for our products, provided that we continue our policy of giving quality, of reducing prices, and providing engines of the types and sizes which the customers demand.

Our training school for instructional work in the maintenance of diesel engines has been acclaimed by numerous visitors as the finest in the country. During the past year 2,000 pupils from all corners of the world, including managing directors, technical salesmen and mechanics, have taken advantage of these instructional courses.

A great part of the credit for the success of the year's trading is due to our employees of all ranks, both in the field, in the offices and works, and to all of them we tender our very best thanks.

The report was adopted and at a subsequent extraordinary general meeting the board's capitalisation and scrip issue proposals were sanctioned.

SUN INSURANCE OFFICE

INCREASED VOLUME OF BUSINESS

IMPROVED ACCIDENT RESULTS

MR C. G. RANDOLPH'S STATEMENT

In his remarks to Shareholders upon the accounts, the Chairman, Mr C. G. Randolph, first referred to the changes which had occurred in the composition of the Board. Mr W. W. Otter-Barry resigned at the close of the year, owing to advancing age. They welcomed to the Board Mr J. A. Thomson, CA, and Mr P. G. Walker, FCA, who were appointed in February.

To succeed the late Mr Thatcher M. Brown on their American Investment Committee they appointed, last June, Mr David G. Ackerman, of the well-known firm of Brown Bros. Harriman & Co.

In September 1954 Mr W. H. Lloyd retired from his position as an Assistant Secretary and it was with much sorrow that they learned of his death, which occurred after only a few days on pension.

Their manager for South Africa, Mr S. A. Southwell, retired at the end of the year and was succeeded by Mr G. C. Garlick. At home Mr G. E. Banfield, superintendent of the Accident Department, Mr W. G. Warwick, manager of Reading branch and Mr T. H. Corrigan, manager of Dublin branch, had also retired.

FIRE BUSINESS

	1953	1954
	£	£
Premiums	6,758,718	7,402,454
Claims	3,152,372	3,497,933
Commission and other expenses	3,036,991	3,145,201
Profit	648,391	490,157

The advance in premiums of £643,736 had relation to their business both at home and overseas.

The severity of the weather in the United Kingdom in the early months of 1954 gave rise to many claims and in some ways the cost was comparable with that occasioned by the disastrous East Coast floods in the previous year. The storms in certain parts of this country in November also proved expensive.

An earthquake in Adelaide, South Australia, caused severe damage. Very many properties were involved and the repairs, though not perhaps individually serious, cost a substantial sum in the aggregate.

The volume of business in the United States of America showed some slight recession and again resulted in a loss. The reason for the unprofitable result was primarily the losses sustained as a consequence of the disastrous hurricanes "Carol," "Edna" and "Hazel."

Notwithstanding these occurrences they were able to record a profit, the ratio being 6.62 per cent.

ACCIDENT ACCOUNT

There was continued expansion in the account in the United Kingdom but overseas premiums were lower.

	1953	1954
	£	£
Premiums	7,314,812	7,380,069
Claims	3,911,467	3,958,321
Commission and other expenses	2,795,007	2,839,137
Profit	536,881	625,296

The experience as a whole was not dissimilar from that which obtained in the previous year. More than one half of the accident premium income was derived from motor business. To an extent this development was the natural consequence of the ever increasing number of motor vehicles in use in all parts of the world. It should be borne in mind, however, that this resulted in greater traffic density which all too often gave rise to a higher claims frequency and made the problem of transacting this class of business at a profit even more difficult.

He thought they should regard themselves as fortunate in having secured over the whole account a ratio of underwriting profit of 8.47 per cent.

MARINE ACCOUNT

	1953	1954
	£	£
Premiums	1,291,934	1,001,939
Fund at end of year...	2,053,732	1,999,003

The past year had been a difficult one owing to continuing keen competition at home and abroad. Without doubt the market at the present time was too large, except for certain peak values, and this had resulted in risks being placed on conditions and at rates, which, if past experience was any guide, were likely to prove completely unremunerative.

In making a transfer to Profit and Loss account of £100,000 they were leaving in the Fund a sum representing 199.51 per cent of current premiums.

PROFIT & LOSS ACCOUNT

The transfers from the three underwriting accounts aggregated £1,215,453. Interest, dividends and rents, less income tax, had risen by £51,558 to £503,540. The Contingency Reserve Fund was now amalgamated with the General Reserve Fund and this latter would, with the transfer of £75,000 from the Profit and Loss account, stand at £4 million.

The Directors recommended that the uncalled liability of 10s. per share be extinguished, utilising for that purpose £1,200,000 out of the balance of the Profit and Loss account. They also submitted that a final dividend of 3s. 4d. per share, less tax, be paid, making in all for the year 5s. 6d. per share.

In conclusion the Chairman extended very grateful thanks to all staff at home and overseas, to the Advisory Committees, Local Directors and other representatives throughout the world.

BRITISH ALUMINIUM

INCREASED PROFIT

The annual general meeting of The British Aluminium Company, Limited, was held on May 3rd in London.

The Right Honourable Viscount Portal (the chairman), in the course of his speech, said:

The consolidated income for the year after tax amounted to £733,821, which compares with £409,699 for the previous year.

At our alumina works, technical developments have not only increased the level of output but have also helped to hold the level of costs against rising charges for wages, materials, services and freights.

Our reconstruction plans at Kinlochleven and Lochaber are nearing completion, and our metal output for 1954 exceeded that for 1953 despite the loss of capacity from Foyers, which has now been completely converted to the manufacture of super purity aluminium and is operating well.

Our works at Vikeland in Norway, which also produces super purity aluminium, achieved a record production and substantial quantities of this metal have been exported to the United States and elsewhere. In addition, consumption in the home market increased steadily.

IMPROVED ORDER POSITION

During the year under review there was a progressive improvement in our order position for semi-fabricated products, which has contributed to the better figures. These market conditions are being maintained, and consequently we are able to operate our rolling mills more efficiently.

Development work has proceeded actively in a number of fields, and has been directed towards new uses and the wider expansion of existing uses. Aluminium plays quite an important part in the chain of processes leading up to the use of atomic energy as a source of power and in the production of radio-active products. The recently announced programme for nuclear power generating stations in this country and the prospect that this type of plant may ultimately be a major heavy engineering export should mean a substantial new demand for our products.

There is a growing interest in aluminium for railways, though so far mostly for equipment made for export, and the use of aluminium continues to make progress in road transport vehicles for both goods and passengers.

MARINE AND BUILDING APPLICATIONS

Marine and building applications continue to be valuable outlets for our products and the prospects of expansion in the building trade are particularly interesting as prefabrication and other methods of rapid construction are adopted for large buildings, factories and power stations.

Continuing our policy of equipping the rolling mills with a full range of finishing equipment, we have laid down at Falkirk a unit for the continuous anodising of coiled strip; our ability to supply coiled material with this finish should prove of value for packaging and other purposes.

The manufacturing and trading profit of £1,999,633 is £1,117,516 greater than last year owing largely to the increased volume of sales of our semi-fabricated products. We recommend a final dividend of eight per cent on the ordinary stock which makes twelve per cent, less tax, for the year.

The report was adopted.

THE BRITISH WAGON COMPANY, LIMITED

INCREASED ACTIVITY IN ALL SECTIONS

VALUE OF COMPANY'S CONTRIBUTION TO INDUSTRY

MR W. H. COPLEY ON RECORD TRADING RESULTS

The eighty-sixth annual general meeting of The British Wagon Company, Limited, was held at the registered office of the Company, 23, Moorgate, Rotherham, on Friday, April 29, 1955, the chairman, Mr W. H. Copley, FCA, presiding.

The following statement by the chairman had been circulated with the report and accounts for 1954:

The directors have pleasure in submitting the accounts for 1954. The net earnings for 1954 of £636,001 show an increase of £106,740 on 1953 and the profit for the year of £177,981, after providing for taxation, constitutes a record for the company, reflecting increased activity in all aspects of our business. In consequence, your directors considered that an increased second interim dividend of 15 per cent on the paid-up capital was warranted. This dividend was paid on March 16, 1955, making with the first interim dividend paid on July 31, 1954, a total of 20 per cent, an increase of 5 per cent over 1953. No further dividend will be recommended in respect of 1954.

In declaring the dividend, your directors, as always, paid due regard to the importance of retaining in the business a considerable proportion of the year's profits and the amount carried forward into 1955, after providing for dividends, and a further allocation to the staff pension fund, is increased by £72,281 to £281,551.

ASSISTANCE TO INDUSTRY RECOGNISED

During the last few weeks the national press has devoted much space to the change in Bank rate, the hire-purchase control Order, and lastly the Chancellor's directive to the Capital Issues Committee and the banks to restrict advances to finance companies.

In the control order referred to there are no restrictions relative to agricultural tractors and machinery, industrial machinery or commercial vehicles, all of which form the basis of your company's business, and it is evident that the Chancellor recognises the value to industry of the facilities which the company offers.

It is confidently anticipated that should it be found necessary to make application for additional resources the company's proved assistance to industry will be recognised.

REWARD OF UNDOUBTED GOODWILL

The British Wagon Company was established as a finance company eighty-six years ago, and our long experience in industrial finance enables helpful expert advice to be available to the company's many important customers, and is greatly valued by them. In addition there is recognition that the company conforms to the dignity and tradition of the banking world. This policy has earned the reward of an undoubted goodwill which operates in two ways:

(1) As an outlet for investors, our short-term debentures and deposit loans have been a feature of the company since its inception, and the reputation of these investments, which provide a safe and fair return, continues to appeal to an ever-widening circle.

(2) As a finance house, the reputation of your company's facilities is proved by the fact that in the year under review some £10 million has been employed in industry, namely in:

Agriculture—Your company still maintains its predominant position in this field—in fact the turnover for the year showed an increase over 1953.

Transport—This general term includes commercial vehicles of all types, coaches and motor cars. The company has always paid particular attention to the national importance of commercial vehicles and the year's figures record a substantial increase, which it is hoped to maintain.

The British motor industry has achieved new export records and is one of our leading dollar earning industries. At the same time it has been able to allocate an increasing number of vehicles to the home market, and it is pleasing to state that your company has received a good share of this business. The motor car is today primarily a tool of industry, indispensable as the telephone and essential to the conduct of business.

INDUSTRIAL MACHINERY AND EQUIPMENT

The Chancellor of the Exchequer's admonition to manufacturers to instal up-to-date plant and machinery to enable them to continue to compete in the world's markets is undoubtedly sound. The pioneer experience of your company in industrial finance has been put to good account again this year. It has become widely recognised that the company's facilities enable industry to have the use of the most modern machinery with the minimum initial outlay, leaving free for other business needs liquid capital which would, but for these facilities, be locked up in machines.

"BATTLE FOR DOLLARS"

Space does not permit details of the machinery which has formed part of the company's transactions, but this is set out in a booklet entitled "Battle for Dollars" which can be procured from the company's offices.

We place on record our sincere appreciation of our manufacturer and dealer friends who have loyally supported us for many years, and we are glad to learn from them that the sales of their products for 1955 to date are ahead of those for the corresponding period last year.

It is also pleasing to report the continued expansion of oil road rollers, which operates from Birmingham, where a number of new diesel road rollers have been added to the fleet this year, and others are on order. The demand for this roller service is steadily increasing and this should continue for some years to come in view of the obvious necessity for making new roads, and repairing those already in existence.

Our subsidiaries—the British Railway Traffic and Electric Company, Limited, and B. W. Trade Facilities Limited—continue to provide useful ancillary services alongside our main function.

The allocation of £21,000 to provision for staff pensions is the balance required to meet the liabilities of the fund at the date of inception, February 1, 1954, as advised by the actuaries, and the fund should now be self-supporting on the basis of the annual contributions from the staff and the company.

PROPOSED INCREASE OF BORROWING POWERS

You are asked to approve an increase in the borrowing powers of the company from £6 million to £10 million. The initiative of our executive colleagues indicates that we can continue to find profitable employment in directions approved by the Capital Issues Committee, and in the face of increasing money costs on the one hand and quickening competition on the other, it is obviously important that the company should be in a position to increase its business when the opportunity offers. The company is prepared to consider offers of money on short-term debentures or deposits, and inquiries should be addressed to the Secretary at 23, Moorgate, Rotherham.

TRIBUTE TO EXECUTIVE AND STAFF

As the balance sheet shows, the company was employing some £2 million more at the end of 1954 than at the end of the previous year. The considerable increase in work which this represents has been managed by the same team with relatively little additional assistance, and I am sure that you will wish to be associated with me in once again expressing our thanks to our executive and staff for their continued loyalty and hard work.

The report and accounts were unanimously adopted and a resolution was passed sanctioning an increase in borrowing powers to £10 million.

Mr W. H. Copley and Mr R. A. Dyson, the directors retiring by rotation, were duly re-elected. The chairman explained that Mr Dyson expected to be able very shortly to devote more time to the affairs of the company, and he was glad to report that Mr Dyson had accepted appointment as deputy chairman.

The auditors, Messrs Joshua Wortley & Sons, were re-appointed in accordance with Section 159 of the Companies Act, 1948.

COMMERCIAL UNION ASSURANCE COMPANY

WORLD-WIDE PROGRESS

The annual general meeting of Commercial Union Assurance Company Limited will be held on May 23rd in London.

The following is an extract from the circulated review by the chairman, Lieutenant Colonel John Leslie, DSO, MC, DL:

In my review last year I mentioned that the changed economic and trading conditions which have emerged would almost certainly result in a slower rate of revenue expansion than that to which we have been accustomed in recent years, and in the event this has proved to be the case. Other factors have also operated and, although our world business has continued to grow, reduced rates of premium coupled with lower values have made the increase less apparent. This is particularly so in the fire department, where our premium income remains virtually unchanged. Our marine revenue has receded slightly, but in the accident department we are handling an increasing volume and variety of business and the premium income has expanded to a record new figure. Moreover, 1954 was a favourable year for life assurance, and new sums assured surpassed all our previous achievements in this sphere.

I am pleased to say that the all-over picture presented in the accounts for the past year is again one of steady progress, both at home and abroad, and I think stockholders will be interested to know that during the last ten years the total of the company's premium income through the fire, accident and marine departments, which now stands at over £51 million, has increased threefold. Our organisation is a composite and free enterprise and through our associated companies, our branch offices, agents and representatives, we operate in more than 100 different countries. We are well equipped to fulfil the many and varied requirements of all the communities, both great and small, which we serve, and we are confident of our ability to continue that essential purpose over the years ahead.

FIRE DEPARTMENT

The net premium income was £22,060,488 (£22,054,866 in 1953).

The ratio of claims paid and outstanding was 47.83 per cent, commission absorbed 20.68 per cent, and expenses of management accounted for 22.81 per cent. After adjustment of the reserve for unexpired risks there was an underwriting profit of £1,913,686 (8.67 per cent), of which £1,375,000 has been transferred to profit and loss account. The fire fund now amounts to £20,029,188, or 90.79 per cent of the premium income.

At home there was a modest increase in our premium income. The amount of destruction due to fire becomes greater each year, although every endeavour is made through the medium of surveys and advice to our policyholders to reduce the formidable total of national fire wastage.

The results of our overseas business, which represents some 80 per cent of our fire premiums, were marred by the disasters in North America and in Australia. Nevertheless, in spite of the heavy aggregate losses, we were able to produce a reasonable profit, which is, indeed, a tribute to the soundness of our fire operations.

ACCIDENT DEPARTMENT

The net premium income was £27,566,403 (£25,960,426 in 1953).

The ratio of claims paid and outstanding was 54.36 per cent, commission 17.86 per cent, and expenses of management 17.83 per cent. After adjustment of the reserve for unexpired risks there remained an underwriting profit of £2,100,612, or 7.62 per cent of the premium income. The sum of £1,125,000 has been transferred to profit and loss account, and the accident fund now amounts to £18,625,303, or 67.57 per cent of the premium income.

At home the expansion of our business which has been recorded in recent years has been well maintained, notwithstanding the increased competition experienced in our operations.

MARINE DEPARTMENT

The net premium income was £2,200,820 (£2,377,672 in 1953).

The claims paid and outstanding, after deduction of reinsurances and salvages, amounted to £1,787,076, and out of the surplus of the 1952 underwriting year now closed the sum of £375,000 has been transferred to profit and loss account. The marine fund now stands at £3,677,457, or 167.09 per cent of the premium income.

There has been a slight decrease in our premium income on Hull business, due mainly to justifiable reduction in rating on fleet ownerships which have consistently shown good results over a period of years.

With regard to the future, our first and second year settlements in respect of the year 1953 are considerably higher than those for the year 1952, and it is unlikely we shall be able to maintain the good results of the immediate postwar years.

LIFE DEPARTMENT

In a generally good year for life assurance we took full advantage of the conditions to secure what is comfortably a record figure for net sums assured retained at the company's own risk, after allowing for reassurances ceded. Before this adjustment the gross completed proposals totalled £21,135,333, compared with £18,473,819 for 1953. Record new business figures were established in our special "Protection" series of policies, and the series has recently been extended by the introduction of a minimum-cost "Dependants' Income" policy, which can be adapted to meet many needs and which, in particular, is proving popular with men in all walks of life who are satisfied with the provision made for their own pensions but who find that the corresponding provision made for their widows and children is, for the time being, either inadequate or absent altogether.

During the year, the life fund increased by £3,367,456 to £50,129,196, and the investment position remained satisfactory, the aggregate market values on December 31, 1954, exceeding the aggregate net book values by 14.1 per cent.

PROFIT AND LOSS ACCOUNT: The directors recommend a final dividend of 2s. per 5s. unit of stock, making, with the interim dividend of 1s. 4d. paid in November last, a total for the year of 3s. 4d. per 5s. unit of stock, compared with 2s. 10½d. for 1953.

INSTITUTE OF CHARTERED ACCOUNTANTS

ANNUAL MEETING

The seventy-fourth annual meeting of the Institute of Chartered Accountants in England and Wales was held on May 4th in London. Mr Donald V. House, the president, in the course of his address said:

75th ANNIVERSARY

We are to have a banquet in Guildhall to commemorate the seventy-fifth anniversary of the grant of the Royal Charter.

His Royal Highness the Duke of Edinburgh has honoured us by accepting our invitation to attend the banquet on Monday next, May 9th.

THE BUDGET

I have seen the Budget criticised on the grounds that the greatest benefit goes to companies. That is surely taking a very biased and short view. Must it not be obvious to everybody that companies, whether large or small, public or private, are one of the most important factors in our economic life and that it is they who provide employment for millions of workers from the highest to the lowest grade.

What a deal of nonsense is talked, by people who should know better, about dividends and capitalisation shares as though they must mean a raw deal for the wage earner. Company prosperity, which involves profit making, is essential if full employment is to continue and the standard of living to be maintained, if not improved. Can anyone truthfully say today that there are many companies which are run for the purpose of exploiting employees for the benefit of so-called idle-rich capitalists? Without the provision of capital there would not be any work and if there are any idle-rich capitalists they are well shorn by high taxation despite the recent reductions.

I suggest that it is high time we did away with all this incitement to class warfare, the harping on class distinction and the fostering of the attitude that "because the other fellow has so-and-so I must have one even if I do not work for it, save for it or deserve it." This attitude was noticeably absent in the countries which I have visited during my year of office. There I found more of the mentality that "If I work hard, earn more, save more and give real service I can reach the higher standard of living which my neighbour enjoys."

THE SELF-EMPLOYED

We must all be disappointed that the Chancellor has been unable to do something for the professional classes and other self-employed persons and to implement the recommendations of the No. 2 Tucker Committee.

I know that the present Chancellor fully realises the seriousness of the position and has recently said publicly that he regretted that he had not enough in the kitty this year to do anything about it. There I am afraid we must leave it for the present and hope that matters will be set right when the main report of the Royal Commission on Taxation of Profits and Income is at last published. One can well imagine that the Chancellor may feel that, until the contents of that report are known, it would be unwise to introduce any major changes. Nevertheless, unless something is done reasonably quickly the professional classes will find difficulty in survival. The loss of their impartial, highly skilled and very necessary services would indeed be a tragedy.

NATIONAL BANK OF GREECE AND ATHENS

INCREASED DEPOSITS—HIGHER PROFITS

MR COSTI J. ELIASCO'S STATEMENT

In the course of his speech at the second annual general meeting of the bank, held at its head office, Athens, on April 2, 1955, the chairman and governor of the bank, Mr Costi J. Eliasco, stated that 1954 had been a year of peaceful rehabilitation of the economies of many countries and, for Greece, in particular, a period during which the government continued its efforts to stabilise the country's economy and to consolidate the results that were obtained following the revaluation of the currency in 1953. The political stability and normal conditions which were maintained during the past year, as well as the order which prevailed in the financial and monetary sector, he said, had greatly contributed to the successful efforts made towards that end by the government.

The increase in exports and invisible earnings, together with the general improvement in world economy, have had a beneficial effect on the progress that Greece is making towards its own financial stability. The resultant increase in foreign exchange has played an important part in the balance of payments—one of the main problems of the country's economy—particularly now that such sources of foreign exchange as American aid and war reparations are on the decrease.

The virtual freeing of imports, on the other hand, has encouraged the import of non-essential goods, and to face this problem it was necessary for the government to restrict excessive credit facilities for the import of luxury and semi-luxury articles. At the same time measures were introduced which aimed at encouraging the growing of more exportable produce.

Among other government efforts to control the monetary situation was the reduction in the Bank rate, but although this had as a consequence the lowering of the rate of interest granted on bank deposits, deposits with the bank stood at the end of the year at Drs. 4,054 million compared with Drs. 3,204 million at the end of 1953, thus showing an increase of 26.5 per cent. "But despite the increase in the volume of deposits and advances," added the governor, "it cannot be said that the requirements of the economy in circulating capital are fully satisfied."

Mr Eliasco, in referring to the increase in 1954 of the capital of the bank from Drs. 223,190,100 to Drs. 297,586,800, by the issue of new shares, proposed that the number of shares be raised from 40,488 to 404,880 by reducing the nominal value of each share to one tenth, namely from Drs. 7,350 to Drs. 735.

Deposits and credit balances with the bank, in Greece, increased in 1954 by about 529 million drachmae; advances correspondingly increased by Drs. 356 million, whilst the debit balance of our account with the Bank of Greece (funds granted for advances) has been reduced by Drs. 235.5 million. Out of the above increase in advances an amount of Drs. 160 million was allocated to commerce, and 197 million to industry which, together with Drs. 40.5 million invested in industrial shares, raises the total amount allocated to industry to 237 million. The governor further underlined the fact that the bank's deposits allocated to its industrial credits section rose from Drs. 867 million to 1,273 million, thus making the bank the principal and almost the sole financing institution of this important sector of Greek economy.

During the past year great efforts were made to liquidate immobilised investments that had arisen, in the main, from advances made by the former National Bank of Greece and, although good results were obtained, new immobilisations from old advances were added, thus bringing their total to a figure slightly higher than that at the end of 1953.

Gross earnings amounted to Drs. 299,580,000, compared with Drs. 323,881,000 in 1953, the difference being due to the reduction in the interest rate charged on loans and advances by 4 per cent, as a result of which the bank's earnings were adversely affected to the extent of about Drs. 70 million. General expenses show a reduction of Drs. 27 million compared with those of 1953. Net profits were higher, amounting to Drs. 16,432,682 compared with Drs. 14,263,515 for the previous year, allowing the payment of a dividend of Drs. 400 on the old shares and Drs. 200 on the new shares issued in June, 1954.

In concluding his speech Mr Eliasco said: "An essential condition for economic stability and prosperity is that the state should abide by sound economic principles and follow these principles faithfully. A balanced budget, equalised balance of payments, and a prudent note circulation are the cornerstones on which economic stability is always founded. In the evolution of economic life it is natural that it should become necessary at times to revise certain provisions for the control of credit and note circulation, and in such cases a timely and, if possible, a progressive change is always beneficial, whilst hasty decisions entailing unexpected interruptions in the smooth development of the economic life can cause great damage. The Greek government undoubtedly bears these principles in mind and for this reason we may look forward with confidence to the future of our country and of our bank."

HAMBROS BANK LIMITED

An Active and Successful Year

Mr R. Olaf Hambro's Review

The FORTY-THIRD ANNUAL GENERAL MEETING of Hambros Bank Ltd. will be held on 2nd June, 1955, at the offices of the bank, 41, Bishopsgate, London, E.C.2.

The following is the statement of the Chairman, Mr R. Olaf Hambro, circulated with the report and accounts for the year to 31st March, 1955:

I would like, before turning to the activities of the Bank, to refer with regret to the resignation from the Board of Mr Axel Wallenberg who is not offering himself for re-election owing to age. He has been a Director since 1938 and followed his brother, the late Mr K. A. Wallenberg, on the Board.

BANK RATE RISES

The year covered by the enclosed Accounts to 31st March, 1955, has been one of varied experiences for the Banking community. After nine months of more or less easy money conditions the two rises in the Bank rate created considerable confusion in the Market. The first and unusual rise of ½%, though a warning, was followed by an unexpected further rise of 1%. This had the inevitable consequence of causing a considerable fall in the price of Government securities which, although all those held by the Bank are short and medium dated, necessitated a writing down of values in the Balance Sheet. This, coupled with the ever increasing costs, weighs heavily on the profits.

However, the Bank has had a successful and increasingly active year. Throughout the period of Accounts the average Deposits have remained steadily above those of the previous year. The Acceptances also have been increasing although the present figure is well above the average due to particularly large shipments of timber, paper and pulp from Scandinavia. They are of necessity increased by the continual rise in the cost of these commodities the present prices of which are, in fact, about six times those ruling in 1939. The Profit for the year shows an increase, in spite of my foregoing remarks, which is very satisfactory, and the liquidity is again high at about the same figure as last year.

HAMBROS INVESTMENT TRUST

Our subsidiary, Hambros Investment Trust, again shows a very considerable increase in value and has further enlarged its Canadian investment by taking an interest in a new Investment Trust, sponsored by the Bank, called Anglo-Scandinavian Investment Corporation of Canada. The Board consists of many distinguished British and Canadian Directors, including Sir Charles Hambro representing the Bank. The Trust also has acquired a substantial interest in the capital of The Berkeley Property and Investment Co. Ltd. and we are now represented on its Board.

I am happy to say that during the year we have made a new and close working association with the Empire Trust Company of New York. This brings us not only a new Banking friend but also provides us, and especially our Investment subsidiary and the Trust Companies under our management, with expert advice on the investment and other specialised activities in the markets in the U.S.A. and Canada, and we look forward to a long and happy association with our new friends.

RESERVE INCREASED

Before closing I would like to call your attention to the Balance Sheet figure of the Reserve which has been increased from £2,250,000 to £3,000,000 by the transfer of £750,000 from the Contingency Reserve to the published figure. Your Directors have had two reasons for this decision, firstly, that in their opinion the amount remaining on this Reserve is sufficient to cover any contingencies and, secondly, that in view of the increased total of the Balance Sheet it was reasonable that the published reserve should be increased.

My thanks and those of my colleagues on the Board are extended very sincerely to the Managers and all the Staff for their loyal service and we assure every one of them of our appreciation of the work they do to further the prosperity of the Bank.

HAMBROS BANK LIMITED

HEAD OFFICE: 41, BISHOPSGATE, E.C.2.

Statement of Accounts, 31st March, 1955.

LIABILITIES.	£
Current, Deposit and other accounts	53,330,446
Acceptances	21,325,628
Paid up Capital	3,000,000
Reserve	3,000,000
ASSETS.	
Cash in Hand, at Bankers and at Call	23,949,524
Bills of Exchange	7,670,189
British Government Securities	9,500,781
Loans, Advances and other Accounts	15,925,790
Investments in Subsidiaries	2,284,162
Liabilities of Customers for Acceptances	21,325,628

ROYAL INSURANCE COMPANY LIMITED

RECORD GROUP PREMIUMS

A statement by the chairman, Sir John R. Hobhouse, MC, circulated with the 109th annual report and accounts of the Royal Insurance Company Limited announced that accounts now incorporate the figures of "The Liverpool & London & Globe" and its subsidiaries.

At £76,842,677, fire, accident and marine premiums of the Group in 1954 showed an increase of over £1m. on the previous year's record. Underwriting profit at £4,314,666, or 5.6 per cent, was the best in ratio since 1950, and was better balanced than for many years. Overseas operations were again satisfactory, despite increasing competition and claims amounting to some $10m. resulting from the three serious hurricanes in North America.

LIFE DEPARTMENT

Year	New Sums Assured	New Annuities (per annum)	Claims by Death	Matured Endowment Assurances
	£	£	£	£
1954 ..	26,454,882	887,341	1,236,253	2,070,099
1953 ..	21,909,060	768,987	1,364,524	2,013,539

There was a further substantial increase in new life business at home and considerable expansion in Canada and South Africa.

As a result of the quinquennial valuation made as at December 31, 1954, a reversionary bonus at the increased rate of 38s. per cent per annum had been declared on "Royal" with profits policies except in certain overseas territories.

FIRE DEPARTMENT

Year	Net Premiums	Profit	Percentage of Premiums
	£	£	
1954	30,982,122	1,808,919	5·8
1953	31,208,735	2,536,529	8·1

Home fire business again produced an entirely satisfactory result, with a slight increase in premiums and an almost unchanged claims ratio.

ACCIDENT DEPARTMENT

Year	Net Premiums	Profit	Percentage of Premiums
	£	£	
1954	41,146,495	1,961,672	4·8
1953	39 497,154	694,174	1·8

Results in this department were more satisfactory than for a number of years, demonstrating the wisdom of a continued conservative underwriting policy.

MARINE DEPARTMENT

Year	Net Premiums	Funds as at Dec. 31st	Percentage of Premiums
	£	£	
1954	4,714,060	10,476,520	222·2
1953	4,779,151	10,343,215	216·4

A satisfactory profit of £544,075, or 11.4 per cent, resulted from closing the 1953 underwriting account.

CAPITAL AND RESERVES

The chairman stated that in recent months he had received several letters from stockholders telling him how—in a number of quite inconsistent ways—the capital of the Company should be reorganised for their benefit. It had to be recognised that the precise form of the capital structure made not the slightest difference to the amount available for distribution to the stockholders. It did, however, gravely affect the future of the Company's business, which it was the directors' first duty to safeguard in the long-term interests of the Company and its stockholders. The insuring public were free to insure where they pleased, and were inclined to rate an insurance company by the pattern and standard of its reserves. If the "Royal" did not meet this reasonable requirement of its customers it could not expect to maintain its business, particularly overseas, where it had such substantial interests.

Since 1938 the premium income of the Group had almost quadrupled, and with a corresponding increase in liabilities there was a paramount need to build up reserves also in order to maintain the security offered to policyholders. In this connection stockholders would notice that it had been decided to transfer from the balance of the profit and loss account £4,500,000 to general reserve and £1m. to the additional reserve in the fire account.

INVESTMENTS

The increasing pace of industrial re-equipment and other capital expansion in this country had been reflected in 1954 by a record volume of new issues, quite apart from the shares offered by the Iron and Steel Holding and Realisation Agency. The "Royal" had taken a full share of public offers and private placings of new debentures, preference shares, and ordinary shares; in fact almost three-quarters of its new moneys available in this country were so invested, thereby helping to provide new capital for the nation's expanding economy. The market value of the investment portfolio at the year-end was substantially greater than the value shown in the balance sheets.

FOREIGN EXCHANGE

The Company had hitherto brought its USA and Canadian dollar business into the accounts at the rate of approximately $4.86 to the £, and—without any commitments as to what might be done in the future—it had been decided to make no change this year.

The immediately obvious effect of a revaluation would be to inflate the dollar assets in the balance sheet. Stockholders would appreciate, however, that there would be corresponding inflation of the considerable dollar liabilities which were covered by these assets and for practical purposes the residual margin only—the excess of dollar assets over dollar liabilities—would be affected. Moreover, inasmuch as that margin was retained abroad as a backing for current and future liabilities, its revaluation would not make the stockholders one penny better off. Furthermore, the dividends of overseas subsidiaries and remittances from overseas branches and agencies had always been brought in at their full sterling equivalent, so that the accounts already reflected the current rate of exchange on all overseas earnings that could prudently be transferred to this country. For overseas business, other than in North America, currency figures had been converted at the ruling rates of exchange.

An increased final dividend of 6s. 4d. per £1 stock is recommended by the directors, making 12s. 1d. for the year compared with 11s. for 1953. On and after May 18th the Company's stock will be transferable in units of 5s. instead of £1.

THE EMPLOYERS' ASSURANCE

INCREASED INCOME

The seventy-fourth annual general meeting of The Employers' Liability Assurance Corporation, Limited, will be held on June 1st in London.

The following are extracts from the circulated statement by the chairman, The Right Honourable Viscount Knollys, for the year 1954:

Our group's combined premium income for 1954 was £29,250,052, an increase of £1,585,896 over that for 1953.

The Corporation's own underwriting profit for the year was £1,581,008. Our share of the life profits of the Clerical, Medical and General Life Assurance Society was £55,815, and the gross interest on our investments amounted to £1,004,003. The total trading profit was £2,289,360, or £831,251 more than the figure shown last year, which was the largest ever recorded by the Corporation until then. From this amount we have provided £1,246,620 for United Kingdom taxation, leaving our net profit for the year at £1,042,740.

The board has decided to transfer £324,317 to general reserve and £150,000 to contingencies account. After deducting the amount of £283,750 required by the total dividend for the year, the carry forward becomes £1,167,095, an increase of £284,673 in the year. The total of our share capital, general reserve and carry forward now stands at £8,167,095.

The issue of fresh capital which we made last April was entirely successful. Of the proceeds a part has already been used in the acquisition of The Halifax Insurance Company of Massachusetts. Some part also has been added to our investments in Canada, and the balance is being applied to support expansion of our business as and when it is needed.

The Corporation's fire business again showed a marked increase, total premiums, at £2,802,419, being nearly 15 per cent more than those for 1953. Much of this increase was in the United States, but our group fire results showed a net loss for the year. In other territories overseas and in the United Kingdom our fire business continued to grow, and it was a profitable year.

On our accident and general account, the premiums on which, at £23,218,649, were the highest we have ever written, we made a record profit of £1,579,230.

BUSINESS IN USA

In the United States motor business, which is our largest class there, proved even better than in 1953, and we have to go back a long way before we find two consecutive years of such good experience. Although the cost of claims has continued to rise, their frequency has fallen, and this may be the result of the Road Safety campaigns to which your attention was called last year. The improved results have naturally made motor business more attractive and competition is likely to be the most important factor in 1955.

Our United States Workmen's Compensation results recovered in 1954 and made a good contribution to the total profit.

In overseas territories other than the United States, motor business is proportionately the most important class, and it has again yielded us a good profit.

Total investments amounted at December 31, 1954, to £37,401,380, which represents an increase of £4,821,790 for the year, part of which is due to the issue of fresh capital made last year. Total market values showed a greater appreciation over book values than at the end of 1953 or any other previous year

UNITED GLASS BOTTLE MANUFACTURERS

CONTINUOUS AND HEAVY DEMAND

The forty-second annual general meeting of the United Glass Bottle Manufacturers Limited will be held on May 27th in London.

The following are extracts from the circulated statement by the chairman, Mr L. A. Elgood, OBE, MC, DL, JP, CA, for the year 1954:

I am glad to report that the year 1954 was marked by a continuous and heavy demand for the products of all our glass and closure factories and that accordingly the manufacturing capacity of the group was fully employed. In consequence trading results compared favourably with those for 1953.

The company's range of "Sherdley" tableware and "Ravenhead" stemware products provided an increased contribution to the group profit and the distinctive "Ravenhead" stemware range was enlarged and additional machinery for its production introduced during the year.

GLASS CONTAINERS

The volume of glass containers manufactured and sold was greater than in 1953, but due to the incidence of furnace repairs and other factors was insufficient to meet in full the requirements of customers. With further serious advances in cost imposed upon us in the early months of the year, reluctantly we had to increase the selling prices of glass containers, a step which we had resisted to the limit of our resources. This price advance followed a period of almost two years of stable price conditions for our customers. Price increases are not lightly imposed and that they have been so relatively modest in their character is due in no small part to the fact that our operation is on a continuous process basis. In consequence our customers have the full benefit of productive units working twenty-four hours of the day and seven days of the week, production stoppages being limited to periods of furnace repair and the year-end holidays only. While this is of benefit to users of glass containers, on the other hand the difficulty of manning a continuous process industry in these days when the five-day week is so common is one of the permanent problems your board and management have to face. For the benefit of our customers we might also associate this point with the difficulty of dealing with a fluctuating demand for our products. Being in continuous production, we cannot cope with heavier calls on our production facilities by the introduction of additional shifts or overtime. In the light of the increasing postwar demand for our products, I can only say that expansion within the company and throughout the glass container industry has been steady and considerable, with the availability of labour becoming the limiting factor in 1954, a condition which has continued into the present year.

As a result of the slender margin of profit earned on glass containers in the first half-year, the year's profit from that section of our operations was but slightly in excess of that for 1953.

OTHER ACTIVITIES

The requirements of our closure division were met by increased output of closures by Kork-N-Seal Limited. That subsidiary company, which had a satisfactory year's trading, resulting in improved earnings, is now faced with a heavy programme of capital expenditure required to increase further the supply of its range of products.

In the engineering division, Dilworth and Carr Limited more than maintained its business outside the group and, with Lunn Engineering Works, continued to provide essential engineering supplies to our glass and closure factories.

The development of increased capacity for glass container manufacture in Scotland, to which reference was made last year, became partly effective during 1954 but is not yet completed.

In the export field in the face of fierce competition, 1954 provided an all-time record in sales both by value and by volume. I fear this may reflect the general buoyancy of world trade rather than competitive ability.

That is the background against which the group trading profit before taxation was earned. At £865,640 that profit represented a recovery to the level of 1952 earnings. It was achieved after making increased provision for depreciation of fixed assets and after charging an increased cost of pensions and group life insurance. Income from trade and other investments and miscellaneous income and profit on sale of investments was slightly higher than in 1953.

The directors have paid an interim dividend of 7½ per cent less income tax to ordinary stockholders. They recommend payment of a final dividend for the year on the company's ordinary stock as increased since the year-end of 6¼ per cent less income tax and amounting to £86,996. The resultant balance carried to the holding company's balance sheet was £297,342, and after dealing with the profits of the subsidiary companies, the balance carried to the consolidated balance sheet was £416,600, compared with £429,739 at the close of 1953.

CURRENT TRADING

Trading has continued into 1955 at a satisfactory level and the volume of orders on hand is substantial. It would, however, be imprudent at this stage of the year to attempt to forecast what the remaining months will have in store for us, particularly as in common with so many other industries all sections of our group have already this year met claims for higher wages, nor is there any certainty that other costs beyond our control may not be subject to increase.

We are under pressure in export markets and continuously rising costs make the outlook uncertain at a time when in sharp contrast our overseas competitors find it possible to reduce their export prices to a level which appears to us uneconomic.

As unquestionably a national problem is involved, I must again refer to the physical difficulty and cost of export. Three years ago in my statement to stockholders we welcomed the announcement made in the House of Lords on March 11, 1952, that a Ports Efficiency Committee was being established with the object of ensuring a quicker flow of traffic through the ports of the United Kingdom. Our subsequent experience of the prospect then offered suggests that improvement at the requisite level is as remote now as then. In these export problems we do not believe the experiences of your company to be uncommon and in consequence we have an alarming picture if, as in fact we know, present living standards can only be maintained by increased exports.

VINE PRODUCTS, LIMITED

RECORD RESULTS IN JUBILEE YEAR

The twenty-ninth ordinary general meeting of Vine Products, Limited, was held on May 3rd at Surbiton.

Mr Alexander Mitsotakis, chairman and managing director, in the course of his speech, said: It is my good fortune and a good augury for the future that in this, the jubilee year of the company, I am able to present accounts which show the best results yet achieved, the profit during the year being considerably higher than that of the previous year, justifying your board's recommendation of a higher dividend.

BRITVIC RESULTS

The substantially increased profit of the company is a continuing proof of the statement we have so often made, which I cannot help repeating, that both consumer and distributor recognise the pre-eminent quality of our products; and so the first buys V.P. Wine because it is the best of its kind, and the second, because it is the biggest seller.

Profit before taxation amounts to £685,798, showing an increase over the previous year of £123,376. The results of BritviC, Limited, are in accord with the statement I made to stockholders on October 12, 1954, and, apart from one of its subsidiary companies, the sales and profits of the acquisition were satisfactory. The sales of the widely known finest quality fruit juices of this subsidiary continue to be satisfactory, and I have an encouraging report as to this year's prospects.

These results, coupled with the extra work and responsibilities connected with the acquisition of BritviC, have put additional burdens and strain on us all.

Concluding, Mr Mitsotakis announced his decision to retire from the position of chairman and managing director and said that his place would be taken by the deputy managing director, Lord Marchwood.

The report was adopted and the proposed dividend of 25 per cent, less tax, was approved.

	Years to Dec. 31, 1953	1954
CONSOLIDATED EARNINGS:—	£	£
Trading profit	590,926	696,532
Total income	601,209	733,431
Depreciation	37,235	45,636
Taxation	315,118	363,930
NET PROFIT	247,304	321,868
Ordinary dividends	114,097	143,962
Ordinary dividends (per cent)	22½	25
Retained profits	124,407	173,715
CONSOLIDATED BALANCE SHEET:—		
Fixed assets, *less* depreciation	306,465	729,218
Trade investments	29,668	27,651
Net current assets	2,373,443	2,326,908
Stocks	1,256,523	2,144,266
Debtors	1,143,036	1,620,015
Cash & gilt-edged stocks	890,070	237,514
Bank overdraft	...	165,434
Future tax reserve	248,450	392,749
Revenue reserves	1,086,334	810,625
Capital reserves	252,793	633,404
Ordinary capital	922,000	1,047,000

GENERAL ACCIDENT

The sixty-ninth annual general meeting of the General Accident Fire and Life Assurance Corporation, Limited, will be held on May 25th at Perth.

The following is an extract from the circulated address of the chairman, Sir Stanley Norie-Miller, Bt, MC, JP:

The net income from all sources amounted to £47,036,828, an increase of £2,389,864, which can be regarded as highly satisfactory. Appropriate allocations to underwriting reserve accounts have been made, the sum of £458,725 has been transferred to staff and widows pension funds and the general reserve has been raised to £2,500,000 by a transfer of £500,000 from profit and loss account.

The net new life assurance completed during the year by the General Life Assurance Company again surpassed all previous records at £7,150,955.

Whilst the general run of business produced more favourable results during the past year, we suffered abnormal losses from elemental risks, namely three unusually severe hurricanes in North America and an earthquake in Adelaide, Australia. Such occurrences which must come our way from time to time serve to emphasise the prudence of building up and maintaining adequate reserves to withstand the shock and preserve a balanced trend of business from year to year We have not only met these losses without perturbation; we have materially strengthened our reserves at the same time.

Balance Sheet: Total assets have increased by £8,392,326 to £79,979,085.

USA: Another year of progress reflects the greatest credit on our personnel in the United States. The revenue profit established a new record.

JOHN HOLT & COMPANY (LIVERPOOL) LIMITED

RECORD TURNOVER

The fifty-eighth annual general meeting of John Holt & Company (Liverpool) Limited will be held on May 6th in Liverpool.

The following is an extract from the circulated statement of the chairman, Mr John A. Holt:

The gross trading profit for the year has fallen by £204,434 compared with that of 1953. Trading conditions in West Africa have remained difficult, and West Africa continues to be overstocked with all classes of general merchandise, and particularly textiles. The overstocked position has resulted in profit margins falling below what might be considered the level of a fair return on the capital employed. Our turnover has increased over that of the previous year by more than £3,500,000, reaching another record figure of more than £26 million. The reduction in the United Kingdom rate of company income tax is most welcome. The anomalous position, however, has now been reached in the Gold Coast and Nigeria, where the standard rate of company income tax is higher than in the United Kingdom.

The accounts of The Guinea Gulf Line Limited have been issued separately. As I have previously stressed, although satisfactory profits have been made, it is essential that these be put to reserve in order that we may be able to have the necessary funds to finance the replacement of steamers at the present exorbitant cost.

We have acquired all the equity capital of Holt's Transport Limited, which operates the Niger and Benue river fleets. These two great rivers are Nigeria's natural highway in the development of great areas. Holt's Nigerian Tanneries Limited, which started producing leather in 1949, has continued its work of research and development, with encouraging results. Expansion has been severely restricted by the imposition of an Export Duty of no less than £60 per ton on all shipments.

Shareholders may be aware of our close association with Richard Costain Limited in Costain (West Africa) Limited. This company is playing a leading part in the development of Nigeria as public works contractors and civil engineers.

THE LEADING BELGIAN BANK WITH 133 YEARS OF EXPERIENCE

BANQUE DE LA SOCIÉTÉ GÉNÉRALE DE BELGIQUE S.A.

3, Montagne du Parc, Brussels (Belgium)

ASSETS — BALANCE SHEET AS AT DECEMBER 31, 1954 — LIABILITIES

	Fr	Fr.
CURRENT ASSETS:		
Cash in hand, at the Banque Nationale and the Posts:		
Cheque Office (1)		2,221,377,780.22
Money at Call		225,118,999.—
Balances with other Banks		776,693,099.93
Head Office, Branches and Affiliated Banks (2)		345,941,322.98
Other short-term assets		1,110,046,622.16
Bills Portfolio:		
Trade bills	5,007,584,842.58	
Government bills rediscountable with the Banque Nationale	3,125,000,000.—	
Government bills mobilizable up to 95% with the Banque Nationale	7,209,100,000.—	
		15,341,684,842.58
Loans and advances on securities		408,266,937.34
Liabilities of customers for acceptances		3,072,104,025.14
Sundry debtors		5,248,796,530.63
Securities Portfolio:		
Legal reserve securities	70,000,000.—	
Belgian government securities	6,195,902,405.—	
Foreign government securities	5,431,049.—	
Bank stocks	737,305,361.35	
Other securities	464,193,964.—	
		7,402,832,779.35
Other assets		72,322,931.44
FIXED ASSETS		
Bank premises	125,000,000.—	
Participation in real estate subsidiary companies	1.—	
Amounts due from real estate subsidiary companies	1.—	
		125,000,002.—
		Fr. 36,410,184,873.77

(1) £1 = 140 Belgian francs.
(2) Affiliated Banks.

	Fr.	Fr.
CURRENT LIABILITIES:		
Preferred or guaranteed creditors		
Banque Nationale de Belgique		
Other creditors	28,867,197.62	
		28,867,197.62
Balances due to banks		1,492,066,897.09
Head Office, Branches and Affiliated Banks (1)		131,910,319.15
Acceptances		3,072,104,025.14
Other short-term liabilities		494,703,672.43
Bills in course of collection		167,247,352.69
Deposits and current accounts:		
at sight or at one month's notice	23,167,893,660.86	
time deposits	4,566,819,881.53	
		27,734,413,442.39
Bonds and Notes (2)		870,693,000.—
Amounts callable on securities		471,610,000.—
Other liabilities		358,740,550.27
CAPITAL AND RESERVES		
Capital	1,000,000,000.—	
Legal Reserve (Royal Decree No. 185, art. 13)	70,000,000.—	
Available reserve	802,129,379.04	
		1,872,129,379.04
PROFIT AND LOSS ACCOUNT		
Balance brought forward	2,904,134.84	
Profit for 1954	215,874,422.12	
		218,778,556.96
		Fr. 36,410,184,873.77

(1) Affiliated Banks.
(2) Notes.

CONTINGENT ACCOUNTS

	Fr.	Fr.
Assets pledged as collateral:		
for own account with the Banque Nationale (credit unused)	2,110,000,000.—	
for account of others	23,317,560.—	
		2,133,317,560.—
Securities pledged for own account		130,799,990.—
Guarantees received		16,176,929,673.34
Guarantees given for account of others		4,192,476,800.67
Bills rediscounted		3,181,418,643.39
Forward exchange		871,145,981.—
Securities held in safe custody		99,772,997,486.92
Monetary reform loan (law of 14.10.45, art. 1)		
(a) for private holders	3,790,370,000.—	
(b) for tax-collectors		
		3,790,370,000.—
Other accounts		8,830,849,181.81

Principal Correspondent in London: BANQUE BELGE POUR L'ETRANGER (OVERSEAS) LIMITED, 4, Bishopsgate, E.C.2.

BLAW KNOX, LIMITED

The annual general meeting of Blaw Knox Limited was held on May 5th in London, Mr J. M. Wallace (the chairman) presiding.

The following is an extract from his circulated statement: The trading profits for the year amount to £428,128. After making full provision for taxation and depreciation, disposable profits for the year are £185,319.

It is gratifying to report that sales of construction machinery exceeded the previous year, although profits margins were lower.

During 1954 important development work was carried out, which resulted in the successful introduction of new products.

Further work resulting in improvement to our standard equipment was effected and the vigorous policy of overall development of new products continues.

The Tower Department's turnover for 1954 was higher than in any previous year and the unfilled orders give hope that 1955 will be equally successful providing adequate supplies of steel are available.

The volume of orders in hand is at a satisfactory level and we continue to receive valuable orders from home and abroad.

Sales of our open hearth equipment, whilst slightly lower than 1953, were maintained at a satisfactory level.

Past experience has proved the ability of your company to meet competition and to take advantage of trading opportunities at home and abroad, and whilst forecasts of the future can easily be upset, we can reasonably look forward to a satisfactory volume of business being maintained in all departments.

The report was adopted and the total ordinary dividend of 30 per cent was approved.

RAPHAEL TUCK & SONS

INCREASED TURNOVER

The fifty-third annual general meeting of Raphael Tuck & Sons, Limited, was held on April 29th in London, Mr Desmond Tuck (chairman and managing director) presiding.

The following is an extract from his circulated statement for the year to April 30, 1954:

Our recovery from the considerable dislocation caused by a very serious fire which destroyed one of our important warehouses and factories in Northampton in October, 1954, is already manifesting itself and whilst certain merchandise is taking longer to replace than others, we should be back on the road to normal again in a few months.

In the financial year under review, the turnover exceeded that of the preceding year by some 20 per cent.

Our export trade continues to be encouraging, and our overseas agents are selling our merchandise successfully to the farthest corners of the world.

We are alive to all developments and trend of new ideas, and our pioneering spirit, which dates back to the early 70's, still remains. As far as our present-day efforts are concerned, I claim it can be truly said that Raphael Tuck & Sons, Limited, is a name to conjure with more than it ever was. Just as we pioneered fine art publishing in the early days, so today we pioneer contemporary developments. Our productions not only reflect public taste of the present but the trends of tomorrow, and in all this we strive, with no small measure of success, to maintain Tuck's traditional quality, with the important objective of selling to the great mass of the British buying public.

The report was adopted.

SAPONG RUBBER

In his statement which accompanies the annual accounts for 1954 the chairman, Mr H. W. Horner, says:

The final decisions have now been taken concerning the company's liability to taxation in respect of the years following the Japanese invasion of North Borneo, and these decisions have set free a sum of £7,227 from the provision which had been made for tax on the payments received as grants from the North Borneo Government in respect of war damage. This sum, together with a further £5,168, has been transferred to the capital general reserve, making it £125,000.

Of the year's profit, £18,564, taxation absorbs £8,950. The board recommend payment of a dividend of 7½ per cent for the year, which will absorb, after deduction of income tax, £5,175.

The local Government has recently established a fund to stimulate the replacement of old rubber by new trees of high yielding types. Payments will be made at fixed rates per acre towards the cost of replanting or new planting, from funds obtained by the imposition of a special cess of not less than 2 cents (0.56 penny) per lb. on all rubber exported. It seems wrong to impose this cess on all producers, whether or not they have funds, labour and suitable land to undertake replanting, especially as in North Borneo labour is already insufficient in the aggregate even for current production. This company will be able to claim payments from the fund in respect of its plantings since 1952, which total 373 acres. The Government of North Borneo have been negotiating for the recruitment of settlers from the Philippines, and there is reason to hope that these negotiations will have some success, which will ease the labour situation.

PEARL

ASSURANCE COMPANY LIMITED

Chairman: **G. R. L. TILLEY, M.A., F.C.I.S.**

Points from the Annual Report and Balance Sheet for the year ending 31st December, 1954.

POLICYHOLDERS' FUNDS £212,626,659 **GROSS INCOME £44,289,683**

INVESTMENTS

The Assets show an increase of £9,039,273. The valuation of the investments taking Stock Exchange securities at middle market prices showed a comfortable margin compared with the values shown in the Balance Sheet after taking into account the Investments Reserve Funds.

LIFE BRANCHES

In the two Life Branches the total sums assured on new policies issued amounted to £52,496,202 compared with £49,760,330 for 1953 and the total sums assured and bonuses in force (including the Capital Redemption Fund) amounted to over £513 millions (an increase for the year of over £23 millions).

FIRE AND ACCIDENT

In this Branch the premium income was £7,330,222.

REVERSIONARY BONUSES

ORDINARY BRANCH—A reversionary bonus of **£1 18s. 0d.** per **£100** sum assured on United Kingdom policies entitled to participate in full profits.

INDUSTRIAL BRANCH—A sum of **£1,737,188** has been allocated to provide bonuses and other benefits to policyholders in the Industrial Branch making a total allocation up to date of **£24,265,205.**

CHIEF OFFICES: HIGH HOLBORN, LONDON, W.C.I.



TRAWLERS (GRIMSBY) LTD ENJOYS GOOD YEAR

New Trawler Building Programme Under Way
Expansion in 'Sea Sparkle' and 'Westwick'
Frozen Foods Continues at Healthy Pace

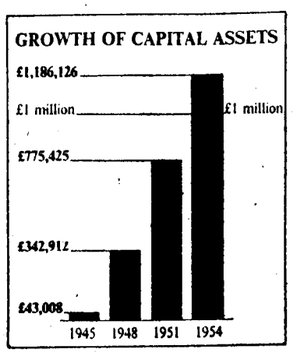
NEW ISSUE PROPOSED

The 34th Annual General Meeting of Trawlers (Grimsby) Ltd. was held on 29th April in London. The following is an extract from the statement of the Chairman, Mr J. Carl Ross:

Trading profits for the Group at £375,451 for 18 months are satisfactory compared with £247,866 for the previous 12 months. Depreciation of £190,000, which with other charges reduces the profit before taxation to £128,924, compares with £69,773 (12 months) after taking £20,178 applicable to previous years into account.

There is a net profit after tax of £71,534. After minor adjustments and adding the balance brought forward, there is available for distribution to shareholders £116,777.

The Board recommends a final dividend of 6 per cent less income tax on the ordinary



stock for the 18 months ended 30th September, 1954, making 18 per cent for the period, and that £24,035 be transferred to General Reserve making that fund £150,000.

Since April, 1954, there has been an improvement in trading conditions and profits throughout our Company.

Ordinary capital reflects the bonus issue of stock and the issue of £10,000 stock in connection with the acquisition of further shares in a subsidiary. Total reserves applicable to the ordinary stock of £292,105 is £622,664. Over the last 10 years, as the Chart shows, there has been a remarkable and steady rise in the Company's capital assets.

Fleet Building Programme.

Our Distant Water Fleet has been increased by the purchase of H. Croft Baker & Sons Ltd. which owns four vessels and one vessel building. In February approximately 60 per cent of the issued share Capital of Hull Merchants Amalgamated Trawlers Ltd. was purchased. This company owns five Distant Water trawlers and has another due for delivery at the end of this year. Your company now has a fleet of 34 Trawlers—22 Distant Water vessels, 10 of which have been built since 1942, and 12 Near and Middle Water trawlers, and we have contracted for an additional three Distant Water vessels.

Grants and Loans on favourable terms are now made by the White Fish Authority to assist in building vessels to fish in Near Water grounds. Your Board decided to take advantage of these facilities to replace 11 vessels by new tonnage and the first vessel has already been delivered.

Developments in Distribution.

Our Distributing Interests have been extended very considerably during the last two years. We now have depots all over the country to ensure the prompt delivery of fresh fish from our merchanting businesses at Grimsby and Hull. From these depots our own transport delivers direct to customers throughout England and South Wales.

Increasing Demand for Frozen Foods.

The Company's fresh frozen food business continues to expand and prosper. 'Sea Sparkle' fish fillets are now well established and are sold not only in this country, but also in the U.S.A. and many other overseas countries.



Westwick Frosted Products Ltd. has become a 100 per cent subsidiary. Its fresh frozen fruits, vegetables and poultry are of top quality. Output and sales go up yearly and the increased demand from catering establishments, shipping lines and the general public indicates the goodwill enjoyed by these superb products.

New Issue.

To provide for continuing expansion, your Board has decided to raise approximately £146,000 (after expenses) by a rights issue of 584,210 ordinary shares of 5/- each at 5/3 per share in the proportion of one new share for every two held.

MILFORD DOCKS COMPANY

INCREASED INCOME

The annual general meeting of The Milford Docks Company, Limited, was held on April 29th in London.

In the unavoidable absence of the chairman, Commander R. H. Bristowe, DSO, RN (Retired), due to illness, the meeting was presided over by the deputy chairman, Lieutenant General C. M. P. Durnford, CB, CIE.

The following are extracts from the chairman's statement circulated with the report and accounts for the year to December 31, 1954:

The profit and loss account shows that the income has increased by £12,192 to £196,565 as compared with 1953. As stated in the report, against a fall of 2,861 tons or 9.6 per cent in the fish landings the efforts of your board have secured an increase in general cargo trade of 18,141 tons or 48.2 per cent.

After adding the amount brought forward from 1953, the balance on profit and loss account available for appropriation amounts to £22,042 and your directors have decided again to recommend a dividend at the rate of 5 per cent less tax. This will absorb £15,177 leaving a balance of £6,865 to be carried forward to 1955.

Your board would have liked at the end of their first year to have presented you with more favourable figures but feel that the measures of reorganisation which they have introduced supply a basis for quiet optimism as to the future of your undertaking. In fact, the trading results for the first quarter of the current year already show a marked improvement over the same period of last year. In addition formal application has been made to the Ministry of Transport for permission to increase maximum statutory charges to the levels obtaining at other ports. Non-statutory charges have recently been raised comformably. Additional Customs facilities have been granted to the port on the application of the board.

CAPITAL EXPENDITURE

During the year £24,830 has been expended on new capital equipment, the main items being a new diesel locomotive and a new 5-ton mobile crane. Additional cargo handling equipment has also been purchased in order to increase the facilities for the handling of general cargo in the port. Capital expenditure has also been incurred on the reclamation of land north of the docks, which play an important part in the future development of the undertaking.

As foreshadowed in my statement last year the company has invested £56,000 in the Milford Haven Dry Dock Company, Limited. This company has been dormant for some time and has been reconstituted with a nominal capital of £150,000 of which, at the present time, £100,000 has been issued. The balance of the issued capital of £44,000 has been taken up by Messrs C. H. Bailey Limited, the South Wales ship repairers, and Messrs Peter Hancock & Sons Limited, ship repairers of Milford Haven, in accordance with our original intention. The remaining £50,000 shares will be issued in the near future.

Since I last addressed you much of importance has happened. We have made considerable progress in connection with the extensions proposed, to which we refer as "Phase II." Plans have been substantially completed with the advice of our consulting engineers and approved provisionally by the Government departments concerned.

The report and accounts were adopted.

CROFTS ENGINEERS (HOLDINGS)

YEAR OF CONTINUED PROGRESS

IMPORTANT NEW ACQUISITIONS

The seventh annual general meeting of Crofts Engineers (Holdings), Limited, was held on May 5th at Bradford, Sir Arthur Croft (chairman) presiding.

The following are extracts from the chairman's circulated statement:

I am in the happy position of being able to inform you of the company's continued progress; the profits of the group are again increased.

The trading profit before providing for taxation is £706,716, compared with £679,795 for 1953. Taxation absorbs £350,240, leaving £356,476, which is the net profit of the group.

During the year £400,000 was capitalised from the general reserve by paying up in full 1,600,000 shares of 5s. each for distribution to the ordinary shareholders in the proportion of one new share for each held.

In view of the continued progress made the directors feel that the equity shareholders should receive an increased benefit, and therefore they recommend a final dividend of 15 per cent on the ordinary shares, making a total distribution for the year of 22½ per cent (this is equivalent to 45 per cent on the lower capital).

GROUP BALANCE SHEET

During 1954 great changes have taken place in our group; besides completing all extensions in hand at our Bradford works, we have increased the number of companies in the group by acquiring the whole of the share capital in two other businesses, i.e., J. Parkinson and Son (Shipley) Limited, Shipley, Yorkshire, and Carter Gears Limited, Thornbury, Bradford 3. Both are prosperous concerns with great futures. J. Parkinson and Son (Shipley) Limited are makers of high-class machine tools, i.e., milling machines and Sunderland gear cutting machines, also the noted Parkinson patent vises, gear testing machines, etc. They have a very large order book, and extensions have been put in hand to increase outputs, also shorten delivery dates.

The acquisition of Carter Gears Limited is an important addition to the power transmission engineering side of our business. It is a highly successful company; the patent hydraulic variable speed gears produced by these works are in increasing demand.

J. Parkinson and Son (Shipley) Limited was acquired as from April 1, 1954, and the group profits, therefore, include the profits of that company for nine months. On the other hand, Carter Gears Limited was acquired as from December 31, 1954, and therefore no part of their profits up to that date are included. For the current year, 1955, both these companies will have a full year's trading with us, so our combined results should be enhanced accordingly.

PROSPECTS

Competition is keener, but all companies in our group have good order books, and we look to the year 1955 with considerable optimism. To maintain our competitive position, substantial capital expenditure will be required and commitments on this account amount to approximately £243,000. A considerable part of this will be expended in 1955, but deliveries of new plant may extend over the next four years.

Increased moneys are required for developments in all our companies, and as soon as convenient the directors propose to put forward a scheme for further increasing the capital.

Our subsidiaries in Canada and South Africa continue to progress, and our direct export trade has been maintained in spite of difficult trading overseas.

The report was adopted.

NOTICES

UNIVERSITY COLLEGE IBADAN, NIGERIA

DEPARTMENT OF EXTRA-MURAL STUDIES

Applications are invited from *Honours* graduates for (1) Tutorship in Industrial Relations, (2) 3 Tutorships or Assistant Tutorships in Economics, Government or History. Appointment for 3 years in first instance. Salary scales: Tutors £900 x £50—£1,200 p.a., Assistant Tutors £750 x £50—£850 p.a., point of entry determined by qualifications and experience. Child allowance £50 p.a. per child (max. £150 p.a.) for children resident in Nigeria or £100 p.a. per child (max. £300 p.a.) for children resident elsewhere. Outfit allowance £60 on first appointment, F.S.S.U. Passages paid for member of staff, wife and children (under 11 years) on appointment, overseas leave and termination. Part furnished accommodation at rent not exceeding 7.7 per cent. of salary. Applications (10 copies) naming 3 referees and stating full qualifications and experience to be received by June 20, 1955, by Secretary, Inter-University Council for Higher Education Overseas, 1, Gordon Square, London, W.C.1, from whom further particulars may be obtained.

LEEDS

INDUSTRIAL PREMISES

Valuable Freehold Single Storey Premises eminently suitable for Light Industrial User; total floor area 60,640 sq. ft. including excellent Administrative offices and Canteen. The site, 8¼ acres, provides ample room for extension and yard space. Electric power and other services. For Sale by Private Treaty with Vacant Possession. Apply:—Bramham and Gale, Chartered Auctioneers and Estate Agents, 19 East Parade, Leeds, 1. 'Phone 31141/4.

DAVID BROWN TRACTORS (ENGINEERING) LIMITED

MELTHAM MILLS, YORKSHIRE,

have a vacancy for a SALES STATISTICIAN (MALE), age 21/35 years, for advanced Statistical calculations and interpretations. A degree in Statistics or Mathematics desirable but not essential if experienced in this class of work and possessing a good educational background. Superannuation scheme in operation and good welfare facilities. Write, stating age and giving full details of education, qualifications and experience, together with salary expected, to Personnel Department.

MINISTRY of Labour and National Service invite applications from men and women with considerable experience as whole-time personnel officers for appointment as Personnel Management Advisers in Midland and North-West Regions. Applicants should have understanding of principles basic to good human relations and wide knowledge of modern personnel practice. Experience in developing personnel policy and ability to assist in solution of detailed personnel problems is essential; lecturing experience an advantage. Salary according to qualifications and experience within scale: Birmingham and Manchester £1,028—£1,240 (men); £902—£1,121 (women). Posts are not pensionable. Applications, giving age, education, qualifications, experience and present salary to B.Y.174, London Appointments Office, Ministry of Labour and National Service, 1-6 Tavistock Square, London, W.C.1, by May 31, 1955. Original testimonials should not be sent.

ACCOUNTANT required for medium engineering works of large group of companies on Merseyside.
Duties will include the introduction of modern accounting methods, responsibility for costing, and the presentation of financial operating reports to the Directors.
This post offers an attractive salary and excellent prospects to a young man with recognised academic qualifications in accountancy and some knowledge of engineering.—Write Box 941.

PROGRESSIVE appointment open in North London for University graduate engineer with ten years' industrial experience. Administrative ability and good common sense essential in order to control 1,500 employees on production of domestic appliances. Initial appointment will be Assistant to General Manager. Excellent prospects.—Box 945.

BEDFORD COLLEGE
(UNIVERSITY OF LONDON),
REGENT'S PARK, N.W.1

The Council invites applications from men and women Honours graduates for an ASSISTANT LECTURESHIP in the Department of SOCIOLOGY, SOCIAL STUDIES AND ECONOMICS, vacant October 1, 1955. Salary scale £600 x £50—£700 per annum. Applications by *June 4th*. Further particulars from the Secretary.

TRAINING AND EDUCATION OFFICER

Applications are invited for the post of Training and Educational Officer to the NIGERIAN PORTS AUTHORITY, a recently formed Public Corporation offering good prospects.
This officer will be responsible to the Personnel Manager for designing, initiating and controlling vocational and educational training schemes for all categories of staff employed by the Authority. The post calls for a high degree of organising ability and candidates must have had considerable experience of such work with a large organisation. It is a pioneering post which calls for a really enthusiastic approach to a major problem. Experience of T.W.I. essential.
The Authority's interests include the operation of all ports and waterways in Nigeria. The successful candidate will, therefore, be required to undertake periodical visits to its various stations throughout the country.
The salary will be at the consolidated rate of £2,000 p.a. which figure includes an element of overseas pay.
Appointment will be for one tour in the first instance, thereafter, subject to satisfactory service, employment will be offered on a permanent basis and officers will be eligible for membership of such pension or provident scheme as the Authority may introduce. This will be on a non-contributory basis. It may be possible to preserve existing pension rights. The maximum tour is 15 months, but normally 10-12 months. Free first class return passages for officer and wife and assistance towards cost of, up to two, children's passages or an allowance in lieu. Partly furnished quarters provided at rental of 10 p.c of salary (maximum £150 a year). Outfit allowance £60. Grant of £100 to meet cost of soft furnishings, paid on arrival. Leave on full salary at rate of 7 days for each month's service. Free medical services. Car allowances payable and loans for car purchase in approved cases. Write to the Crown Agents, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience and quote M3B/35241/EN.

CAN I help you? Honours Economics and Law; high level administrative and executive experience in Public Service and publishing, including sales, experience of accountancy, finance and statistics and with an international manufacturing company. Age 29. Present salary £1,200. Seeking permanent progressive appointment perhaps in developing company. Write "P.S.P.", c/o Dixons, 1-9 Hills Place, London, W.1.

COACH BUSINESS for sale. Important West Country town. Sound flourishing business, seven good coaches. Extensive excursion licences; private hire. Selling on medical advice. Excellent garage premises would be sold additionally or leased.—Particulars from Ralph Cropper, Transport Consultant, 50 St. James Avenue, Beckenham.

WE are selling 88 Air Conditioners, Gasoline driven, 26,500 B.T.U. per hour, York model V-60, brand new, manufacturing cost $2,400 each. Price $550 free German sea port. Erfassungs- und Verkaufsgesellschaft mbH, Giessen (Lahn), Bergkaserne, Germany.

EXPORT SALES MANAGER. Man aged 30, who has understanding of a large number of Export Markets in which he has achieved successful sales results, now wishes to reside in U.K., and has ambition to obtain the post of Export Sales Manager, for which he feels his knowledge, energies and administrative ability are most suited. Particular experience advertising and marketing of branded products. Available January.—Box 942.

EXPERIENCED woman journalist (single) with knowledge of economic subjects required for post with British company in the East. Three year engagement.—Apply Box 946.

WOOLWICH POLYTECHNIC, LONDON, S.E.18.

Principal: J. S. Tait, PhD, BSc, ARTC, MIEE, AMIMechE

Applications invited for: Lecturer in Management Subjects (with particular reference to Factory Management and Organisation, Production Planning and Control and Work Study), with a degree or equivalent, industrial management and teaching experience. Salary scale (men) £965 to £1,065, (women) £772 to £852, and London allowance.

Assistants Grade B (a) for Legal Subjects, with a Law Degree or equivalent, and some practice and related subjects, with an Honours Degree in Economics and industrial and teaching experience. Salary scale (men) £525 to £964, (women) £475 to £772, according to experience and qualification, plus London allowance.

Assistant Grade A to teach General Commercial Subjects (including Pitman's Shorthand and Typewriting) with a degree or equivalent and commercial and teaching experience. Salary scale (men) £450 to £869, (women) £405 to £697, according to experience and qualifications, plus London allowance.

Particulars and application form from Clerk to Governors, to be returned within a fortnight of the appearance of this notice.

UNIVERSITY COLLEGE OF THE GOLD COAST

Applications are invited for SENIOR LECTURESHIP or LECTURESHIP IN ECONOMICS.

Salary scales: Senior Lecturer £1,700 x £75—£2,000 p.a., Lecturer £950 x £50—£1,600 p.a. Status and point of entry determined by qualifications and experience. Family allowance £100 p.a. per child (maximum £500 p.a.). Outfit allowance £60 on first appointment. F.S.S.U. Free passages for appointee, wife and maximum of five children. Part furnished accommodation at rent not exceeding 7.5 per cent of salary.

Applications (10 copies) naming three referees and stating full qualifications and experience, to be received by June 10, 1955, by Secretary, Inter-University Council for Higher Education Overseas, 1 Gordon Square, London, W.C.1, from whom further information may be obtained.

THE HOSIERY AND ALLIED TRADES RESEARCH ASSOCIATION

Applications are invited for the post of STATISTICIAN. The person appointed would act as chief assistant to the Head of the Statistics Department. Candidates should possess a degree in statistics or mathematics, and experience in industry would be an advantage. The department deals with a wide range of problems in fundamental and industrial research, calling for the use of varied statistical and mathematical techniques. Salary within the range of £500—£750 according to qualifications and experience. F.S.S.U. Pension Scheme in operation.—Forms of application and further details can be obtained from the Secretary, 4 First Avenue, Sherwood Rise, Nottingham.

THE PIGS MARKETING BOARD
(NORTHERN IRELAND)
CHIEF EXECUTIVE OFFICER

The Northern Ireland Pigs Marketing Board, constituted under the Northern Ireland Agricultural Marketing Acts, invites applications for the post of Chief Executive Officer from persons who have had considerable experience, in a senior administrative capacity, of the problems involved in a large-scale marketing organisation, preferably in connection with the pig and bacon industry.

The successful candidate will be responsible for carrying out the general policy of the Board, and his duties will include the conduct of negotiations in connection with the purchase and sale of live and dead pigs, the control of the Board's finances and the general supervision of the Board's staff.

Applicants should be between the ages of 30 and 45, but persons above the age limit, with exceptional experience of the type required, will be considered.

The salary will be on a scale of £2,000 with increments of £100 to £2,500, but the Board may pay a commencing salary above the minimum to a specially qualified applicant. It is the intention of the Board to introduce a contributory pension scheme in the immediate future.

The appointment will be subject to confirmation on the completion of a probationary period of one year.

Other things being equal, preference will be given to persons who have served in H.M. Forces during the 1939-45 War.

Application forms may be obtained from the Secretary, Pigs Marketing Board (Northern Ireland), 36 Victoria Square, Belfast, to whom they should be returned duly completed, with copies of two recent testimonials, so as to reach him not later than May 21, 1955.

SHIRTS, BLOUSES AND CHILDREN'S WEAR FROM HONG KONG

Reliable quality, competitive prices, prompt service, supervised exports. The Swedish-owned Elof Hansson concern has more than half a century of experience in international trading. Reference: The Royal Swedish Consulate General, 605 Fu House, Hong Kong. —Please airmail detailed inquiries to Elof Hansson Limited, Suite 314, Alexandra House, Hong Kong.

IMPORTANT and rapidly growing Pharmaceutical Manufacturers situated in London, with international affiliations have an opening for Senior Export Assistant. Responsibilities will include the dealing with all correspondence from associated companies and agents overseas, relative to the development of our extensive sales programme. Previous experience is essential in this connection. We prefer a man with knowledge of the chemical and/or pharmaceutical industry and he should be within the age group 30/40. The qualities we are looking for include ambition and ability to obtain promotion on merit to a supervisory post, either at home or overseas. Replies, which will be held in strict confidence, should give full details of past experience and present salary.—Box 934.

PERSONNEL OFFICER required as assistant to the Personnel Manager of an expanding light engineering group in the motor components trade. The factory concerned is situated in the Thames Valley and at present employs 1,600. This is an interesting appointment in a developing department and will require a man with at least two years' experience in industry. One-year course in personnel management an advantage.—Please write, giving full details of age, qualifications and experience, to Box 937 quoting "WPO."

ACTUARY fully or partly qualified required by London Stockbrokers for Gilt-edged department. Similar experience in a stockbroker's office or in the investment department of an Insurance company or pension fund is considered necessary. Age 28-40. Salary according to qualifications and experience.—Write Box "J.C.", c/o J. W. Vickers & Co., Ltd., 7/8 Great Winchester St., London, E.C.2.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER IN SOCIOLOGY in the Department of Social Anthropology. Salary on a scale £650—£1,350 per annum; initial salary according to qualifications and experience. Membership of F.S.S.U. and Children's Allowance Scheme.—Applications should be sent not later than May 28, 1955, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF ABERDEEN

Applications are invited for the post of ASSISTANT IN POLITICAL ECONOMY at a salary on the scale £550 p.a. to £650 p.a., with initial placing according to qualifications. Superannuation (F.S.S.U.) and Children's Allowance. Part of removal expenses refunded. Conditions of Appointment and forms of application should be obtained from the undersigned, with whom applications (two copies) should be lodged not later than May 23, 1955.

W. S. ANGUS,
Secretary.

The University, Aberdeen.

AVELING-BARFORD LTD.

Notice is hereby given that the Transfer Books of the 5½ per cent Cumulative Preference Stock, the 5 per cent Second Cumulative Preference Stock, the Ordinary Stock and the "A" Ordinary Stock will be closed from Tuesday, May 17, 1955, to Tuesday, May 31, 1955, both days inclusive.

By Order of the Board,
H. C. RYAN, Secretary.

Invicta Works, Grantham. May 3, 1955.

THE AGRICULTURAL RESEARCH COUNCIL require a Statistician at their Unit of Statistics, attached to the Department of Statistics, University of Aberdeen. Applicants should have a good Honours degree or post-graduate diploma in statistics, or a good Honours degree in mathematics with post-graduate experience in statistics. Appointment in Scientific Officer (salary £467—£845, men) or Senior Scientific Officer (salary £970—£1,125, men) grade according to age and experience. Superannuation under F.S.S.U.—Applications, with names of three referees, to the Secretary, Agricultural Research Council, 15 Regent Street, London, S.W.1, by May 31st.

AN IDEAL OPPORTUNITY exists for a high-level technical commercial manager in a leading company in the Radio, Television and inter-service component industry. It is necessary that any applicant should be a qualified engineer and have experience of high level negotiations in commercial and technical fields. The opportunities that go with this appointment and within the company in question cannot be bettered and the right man could progress far, consistent with his own efforts. The policy of the company is progressive, imaginative and expansive, therefore the salary offered will be up to £3,000 per annum, plus an excellent pension scheme and other benefits associated with this position. All applications will be treated with the strictest confidence and will be dealt with, personally, by a director of the company.—Please reply, giving full details, to Box 933.

A NATIONAL EMPLOYERS' ORGANISATION in Westminster requires (1) an Assistant Secretary, and (2) an Information Officer. Post (1) involves secretarial and administrative work of a varied nature. It requires a disciplined mind, clear thinking and initiative. Maximum age limit 30; minimum starting salary about £600 p.a. Post (2) involves preparation of a bulletin of press extracts and keeping a small library. It requires sub-editing experience and careful conscientious work. No age limit. Starting salary about £500 p.a.—Applications, stating post applied for, age, education, qualifications, experience and salary required, to Box 935.

GENERAL SALES MANAGER is sought for a long established Midlands firm of international repute selling a group of high quality precision industrial instruments and machine tools on a world-wide basis. An engineering background is desirable and applicants, who should be between 30 and 45, must have had practical postwar commercial experience. Starting salary is dependent on age and background but not less than £1,500 p.a.—Write MD Box 932 in strictest confidence.

QUALIFIED COMPANY SECRETARY/ACCOUNTANT (35) requires appointment in London area carrying responsibility and commensurate remuneration. Extensive commercial and professional experience includes taxation, mechanised accounting, costing, budgetary control, etc. 5½ years as Company Secretary.—Box 931.

THE Economists' Bookshop, 11-12 Clement's Inn Passage, London, W.C.2, invites you to submit lists of books on Economics, History and Social Services, you may wish to sell (*periodicals excluded*).

H.M. INSPECTOR OF TAXES, university graduate, age 29, wishes to settle in London and seeks responsible post with commercial concern.—Box 936.

FEDERATION OF BRITISH INDUSTRIES invites applications for new appointment of Overseas Publicity Officer. Previous experience in overseas editorial publicity essential. Commencing salary £1,000 upwards depending on qualifications and experience. Applications in writing to HWB, F.B.I., 21 Tothill Street, S.W.1.

SENIOR investment statistician, 32 (actuary), seeks change industrial company, institution or substantial stockbrokers. Thorough knowledge investments and finance, experienced reviews, market letters, etc. Salary £1,500.—Box 939.

BARRISTER, just 40, single, athletically fit. Experienced Negotiator and Administrator. Not "grooved," but 8 years' experience of "fair trading" and similar associations. Deep interest Foreign Affairs. Desires to move.—Box 944.

ORIENTAL CARPETS and rugs skilfully restored by craftsmen weavers. Specially reduced terms during summer months.—Yakoubian Bros., Ltd., 7 Milk Street, E.C.2.

A CAPABLE Administrative Assistant is required by a company specialising in Product Development. Applicant should be experienced in all phases of office routine. A statistical background would be highly desirable. Apply to F. C. Chaplin, Bedford Attwood and Co., Ltd., Chantrey House, Eccleston Street, London, S.W.1.

FOREIGN LADY (naturalisation applied for), mid-thirties, Economics graduate (London), Bar Student, seeks interesting post, not as typist, where experience in documentary credits, knowledge of French, German, some Italian, a keen intelligence and enthusiasm for hard work would be useful.—Box AP/134 c/o 95 Bishopsgate, E.C.2.

LONDON OFFICES WANTED.—About 10,000 sq. ft. between St. James's Square (S.W.1) and Berkeley Square (W.1). Full particulars and price (covering scale commission) required by the Country Gentlemen's Association Ltd. (Estate Agency), Axtell House, Warwick Street, London, W.1.

ECONOMICS Graduate seeks administrative employment in Industry. Age 35. Linguist. Car owner.—Box 938.

have been made and, in certain cases, g...

SENIOR SCIENTIFIC OFFICERS; SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for pensionable appointments. Applications may be accepted up to December 31, 1955, but early application is advised as an earlier closing date may be announced. Interview Boards will sit at frequent intervals. The Scientific posts cover a wide range of scientific research and development in most of the major fields of fundamental and applied science. In biological subjects the number of vacancies is small; individual vacancies exist for candidates who have special knowledge of, or who are interested in palaeobotany, foraminifera, and recent and pleistocene mammals.

Candidates must have obtained a university degree with first- or second-class honours in an appropriate scientific subject (including engineering) or in Mathematics, or an equivalent qualification; or possess high professional attainments. Candidates for Senior Scientific Officer posts must in addition have had at least three years' post-graduate or other approved experience.

Candidates taking their degrees in 1955 may apply before the result of their degree examination is known.

Age Limits: Senior Scientific Officers, between 26 and 31, but specially suitable candidates under 26 may be admitted. For Scientific Officers between 21 and 28 during 1955 (up to 31 for permanent members of the Experimental Officer class). Salary (London) Senior Scientific Officers: (men) £1,100—£1,185; (women) £893—£1,077. Scientific Officers: (men) £492—£885; (women) £492—£795. Women's scales subject to improvement under equal pay scheme. Somewhat lower rates in the provinces.

Further particulars from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S.53/55 for Senior Scientific Officers and S.52/55 for Scientific Officers.

Royal Mint has a vacancy to be filled as Scientific Officer or Senior Scientific Officer according to qualifications and experience. Candidates must have first- or second-class honours degree in Metallurgy, or in Physics and Chemistry if with metallurgical experience. The general qualifications and conditions are as set out in the main advertisement above. Candidates for this post should quote S.4424/53/55 and the closing date for applications is May 31, 1955.

THE National Institute of Economic and Social Research has in several of its research projects vacancies for research workers for *which it invites* applications from economists and economic statisticians. The fields of work involved include studies of Business Concentration in the United Kingdom, the Operation of Postwar Economic Controls, Postwar Monetary Policy, Trends in International Trade and the Measurement of Real Capital. In several cases, though not in all, the work will include case-studies of industries and individual firms.

Vacancies exist in each of the three grades of the Institute's Research staff, namely (i) Senior Research Officer (Grade I), salary scale: £1,100 x £50—£1,450; (ii) Research Officer (Grade II), salary scale: £700 x £50—£1,100; and (iii) Junior Research Officer (Grade III), salary scale: £500 x £25—£650. F.S.S.U. provision and family allowance scheme in operation. High academic qualifications and, for the higher grades, research or equivalent experience are essential. Appointments would be for one or two years in the first instance, with possibilities of extension. The Institute would welcome applications among others from candidates already in other posts who are in a position to arrange for leave of absence without pay, or secondment, for the necessary period; a part-time appointment would be considered in the case of an exceptional candidate. Where such an arrangement would involve an applicant in abnormal expenses (e.g. of removal of household or maintenance of a home in his existing area of domicile) the Institute would be prepared to consider making a grant toward such expenses. The Institute would also consider making a special appointment, outside Grade I, for an outstanding senior candidate.

Applications should include full details of qualifications and experience and an indication of the preferred field of work; also the names of two referees. They should reach the Secretary, 2 Dean Trench Street, London, S.W.1, by June 4, 1955.

LONDON NEWSPAPER STRIKE

Any important news items at home and abroad which readers may have missed during the absence of London Daily Newspapers are, of course, recorded and indexed as usual in KEESING'S Documentation of Current Affairs—more than a stop-gap: AN INSTITUTION FOR ALL TIMES. Full details from Keesing's, Keynsham, Bristol.

A MAJOR manufacturing organisation has vacancies of various grades for men of good education (professional qualification, or degree in engineering, economics or commerce preferred) in the department concerned with the financial planning, appraisal and control of an unprecedented capital expenditure programme. The ability to investigate, under broad terms of reference, to report and to make recommendations is essential, whilst successful applicants will probably have had experience either in the control of capital expenditure (or other flow elements, e.g. production) against a forward plan, or of appraising the operational effect in financial terms of proposed capital expenditure. Positions are permanent and pensionable with good starting salary.—Please reply Box 926, quoting reference CPH/2.

NEW Luxury Hotel opening Whitsun. First-class cuisine. Every comfort. Californian swimming pool, cinema. Dominating views of sea yachting harbour, Sandbanks. Readers of "The Economist" welcomed.—Greystoke Hotel, Canford Cliffs 77256, Bournemouth.

INVESTMENT ASSISTANT required for pension fund work by motor manufacturing organisation of international repute. Previous experience plus degree or qualification in secretaryship or accountancy advantageous. Training given. Age 24-29.—Reply Box 923, quoting reference HIA.

OPENING in September—Battisborough House School. Beautiful position on South Devon Coast: boys 8-18, entry 8-14. Individual attention. Resident doctor. Home atmosphere, varied activities. Full charge during holidays. Full particulars from Headmaster, Battisborough House, Holbeton, Devon.

ADVERTISER on final leave. Recently commandant international civil airport in the Sudan, age 31, naval background, desires administrative post U.K. or abroad.—Box 930.

DOMINION OF CANADA THREE AND A QUARTER PER CENT REGISTERED STOCK, 1958-63. For the purpose of preparing the Interest Warrants due July 1, 1955, the BALANCES will be STRUCK at the close of business on June 1, 1955, after which date the Stock will be transferred ex-dividend. For the Bank of Montreal, Financial Agents of the Government of Canada in London.—A. D. HARPER, Manager, 47 Threadneedle Street, E.C.2. May 2, 1955.

JOINT INTELLIGENCE BUREAU OFFICERS (Grade III), MINISTRY OF DEFENCE. The Civil Service Commissioners invite applications for seven established posts to be filled by interview in June, 1955.

Age at least 26 on August 1, 1955.

Candidates must have a University degree (preferably good Honours degrees) or equivalent academic qualification, or Corporate Membership of a professional institution. Candidates without these qualifications may be considered if they have knowledge and experience of railway engineering and railway photographic interpretation or of line and wireless telecommunications.

The duties are research work of University type on matters of defence interest.

Salary for 45½-hour week: men, £515 to £837; women, £515 to £706, subject to improvement under equal pay scheme.

Starting pay may be increased for compulsory National Service in HM Forces. Promotion prospects.

Application form and further particulars from Secretary, Civil Service Commission, 6 Burlington Gardens, London, W.1, quoting No. 4451/55.

Completed applications to be returned by May 19, 1955.

ECONOMIC CONSEQUENCE OF SIR WINSTON, is the title of a lively article by Sir Oscar Hobson in the current issue of *The Banker*. Two leading articles in this issue survey Britain's Economy on Election Eve; Mr Butler's Act of Faith and The Boom and the Strain. America's Recovery Now surveys another essential facet in Britain's economic prospect. *The Banker* for May includes also: Are Building Societies Growing Too Fast? New Attack on Italy's Unemployment; The New Bank Salaries; and a special survey of the Scottish economy. Price 2s. 6d. (30s. per year) from bookstalls or 72 Coleman Street, E.C.2.

PERSONNEL. Bentalls Ltd. (of Kingston, Worthing and Ealing) are preparing to make an appointment in the staff management section of their Personnel Department, and invite applications from men or women aged 25 to 35 with experience in personnel work. Professional qualifications will be regarded as an advantage but are not essential.—Apply by letter to Personnel Controller, Bentalls Ltd., Kingston-on-Thames, Surrey.

DECCA RADAR LIMITED invite enquiries from Science or Engineering Graduates of proven ability in other fields who now contemplate a career in Electronics. The Company is expanding rapidly both in size and in scope of its interests; and it is felt that first-class men, after a period of training at a salary dictated to some extent by their standing in their previous field, could soon command positions of responsibility in the Research Laboratories of the Company. British Nationality is essential. A Pension Scheme is in operation. Letters giving full personal details should be addressed to the Research Director, Decca Radar Limited, 2 Tolworth Rise, Surbiton, Surrey, quoting reference RLA94.

A MAJOR ENGINEERING ORGANISATION intends to appoint one or two Personal Assistants to senior executives. These appointments will provide outstanding opportunities of advancement for qualified engineers who have had at least five years' experience in industry. Experience of the production of diesel engines or of heavy electrical equipment would be an advantage.—Applications should be made, in writing, giving full details to Box 929.

ENTERPRISING AND QUALIFIED MEN required for responsible posts in Management. Show initiative by working now for a professional qualification, by means of a Pitman Home Study Course. —Write for details to 41 Pitman House, Godalming, Surrey.

A LARGE and fast-growing industrial merchanting organisation requires a Managing Director whose functions will be to co-ordinate the various departments, study and implement most economic method of operations, prepare programmes of development including budgetary control and generally work from every angle to produce large turnover and profits. Only those who have such experience in big concerns should apply. First-class commercial and merchanting background essential. Write, stating age, experience, full details present occupation and when available, and indicate present salary, to Chairman, Box 902.

ABBEY SCHOOL FOR SPEAKERS, 36, VICTORIA STREET, London, S.W.1. (ABBey 6488.) Class or private tuition in Chairmanship, Meeting Procedure, Public Speaking. Industrial tutor available for Staff Courses at firm's own premises.

SENIOR EXECUTIVE ENGINEER seeks responsibility for production at board level.—Reply Box M/325, Strand House, W.C.2.

NORANDA MINES, LIMITED

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that an interim dividend of One Dollar ($1) per share, payable in Canadian funds, has been declared by the Directors of Noranda Mines Limited, payable June 15, 1955, to shareholders of record at the close of business May 13, 1955.

By Order of the Board,
C. H. WINDLER, Secretary.

Toronto. April 29, 1955.

EXPERT POSTAL TUITION

For Examinations—B.Sc.Econ., LL.B. and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education etc. Also many non-examination courses in business subjects. —Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2)

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4

Other Notices appear on page 529.

The Economist: Annual Air Subscription Rates

Anglo-Egyptian Sudan: £5.10s.
Australia: £8.5s. (sterling)
Canada: $21.50 or £7.14s.
East Africa: £5.5s.
Egypt: £5.5s.
Europe (except Poland): £4.15s.
Gibraltar, Malta: £3.15s.
Hongkong: £7
India & Ceylon: £6
Iran: £6 Iraq: £6
Israel: £6
Japan: £9
Malaya: £6.15s.
New Zealand: £9 (sterling)
Nigeria, Gold Coast: £5.5s.
Pakistan: £6
Rhodesia (N. & S.): £5.10s.
S. America and W. Indies: £7.15s.
Union of S. Africa: £5.10s.
U.S.A.: $21.50 or £7.14s.

Printed in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2. Published weekly by THE ECONOMIST NEWSPAPER, LTD., at 22, Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2½d.; Overseas 3d.—Saturday, May 7, 1955.



FLUORINE CHEMICALS

This drying kiln is but one process in the C.Z.C. Fluorine chemicals division at Avonmouth. As ever increasing research in the magnificent laboratories yields more potentialities of this new group of chemicals, so is production adapted and enlarged to meet the commercial demand. Fluorines have a great future and Consolidated Zinc Corporation who are pioneers in this field, are ready to meet it.

THE CONSOLIDATED ZINC CORPORATION LIMITED

95 COLLINS STREET, MELBOURNE, C.1

360 ST. JAMES STREET WEST MONTREAL

SECRETA... MADRAS GOVERNMENT 15 JUN 1955

The Economist

FOUNDED 1843

AY 14, 1955 ONE SHILLING

Electing Peacemakers

Strikes and the Stricken

What Western European Union Is

No Future for Free Markets?

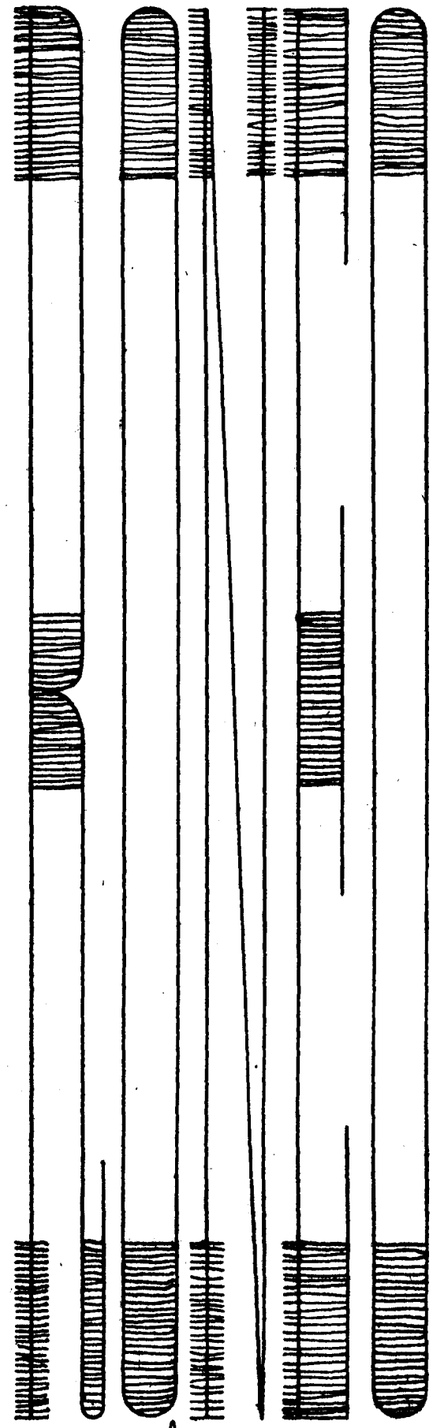
Shell's Modest Pearl

THE ELECTION OF 1955: Quiet Beginnings
AMERICAN SURVEY: Dilemma in Saigon
THE WORLD OVERSEAS: Myopic German Allies
BOOKS: Nineteen Twenty Nine

Annual Postal Subscriptions: by ordinary mail £3; by air see page 631

THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1

VOLUME CLXXV · NUMBER 5829



LATERAL FILING

Compresses a lot into a little space

Bulk filing can occupy a great deal of valuable space as many business houses know only too well. RONEO LATERAL FILING is designed to compress a mass of documents into the compass of relatively little floor space. It can be installed very economically in existing shelving and cupboards; also in "awkward" spaces (corridors, landings and odd recesses) which are not normally used to advantage. If desired Steel Units, with open or protected fronts, are available.
RONEO LATERAL FILING saves staff time by giving speedy reference and ease of access.



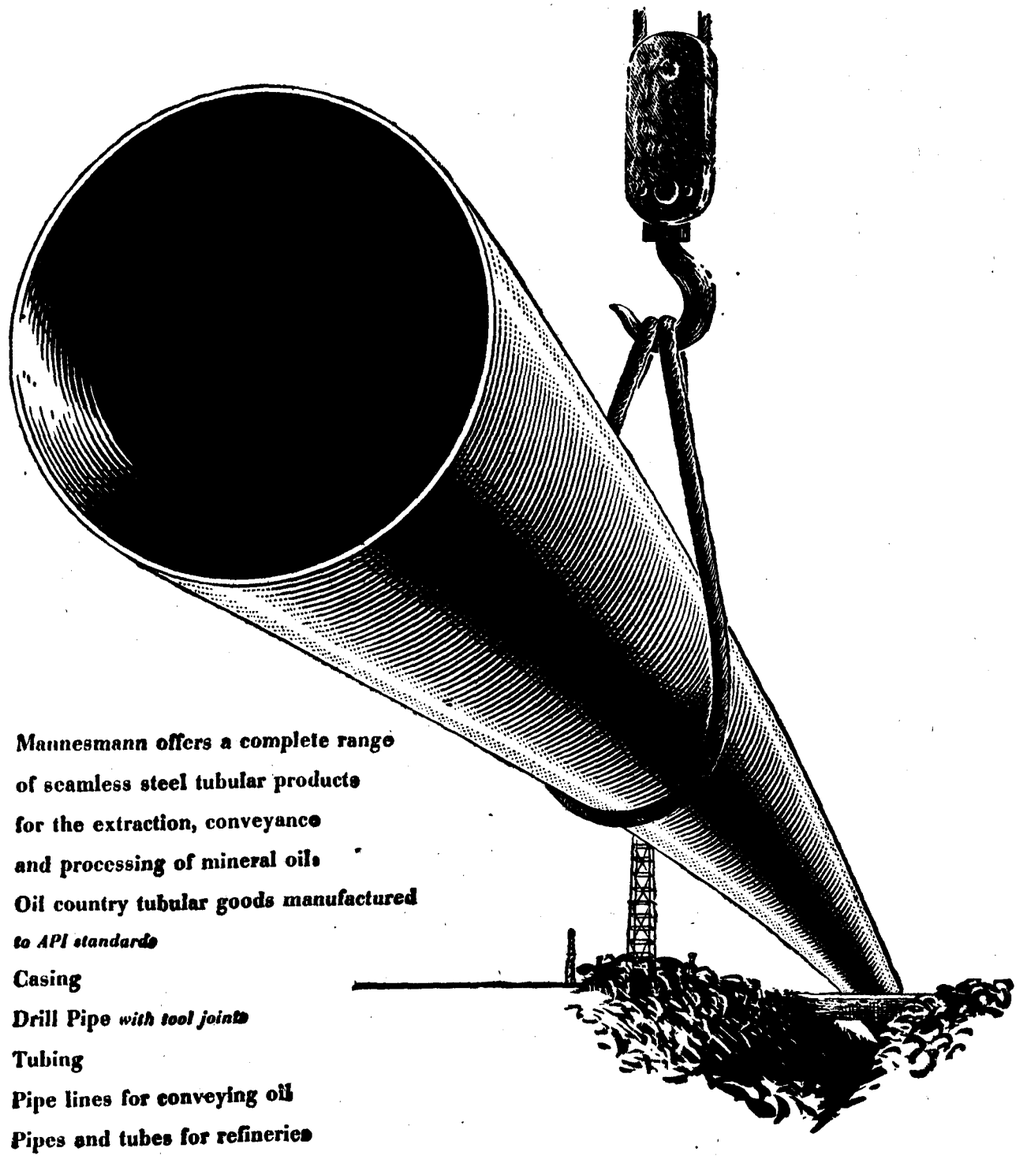
LOOK AT IT FROM HERE—THEN WRITE FOR FULL PARTICULARS TO RONEO LTD.



17 SOUTHAMPTON ROW, LONDON, W.C.1. TEL: HOLBORN 762

rone/306

MANNESMANN



Mannesmann offers a complete range of seamless steel tubular products for the extraction, conveyance and processing of mineral oils

Oil country tubular goods manufactured *to API standards*

Casing

Drill Pipe *with tool joints*

Tubing

Pipe lines for conveying oil

Pipes and tubes for refineries and cracking plants —
made of carbon and alloy steels

London Representatives:
MANNEX (LONDON) LTD.,
66 Victoria Street, London, S.W.1
VICtoria 6565

MANNESMANN EXPORT GMBH DÜSSELDORF



LEAD *protects*

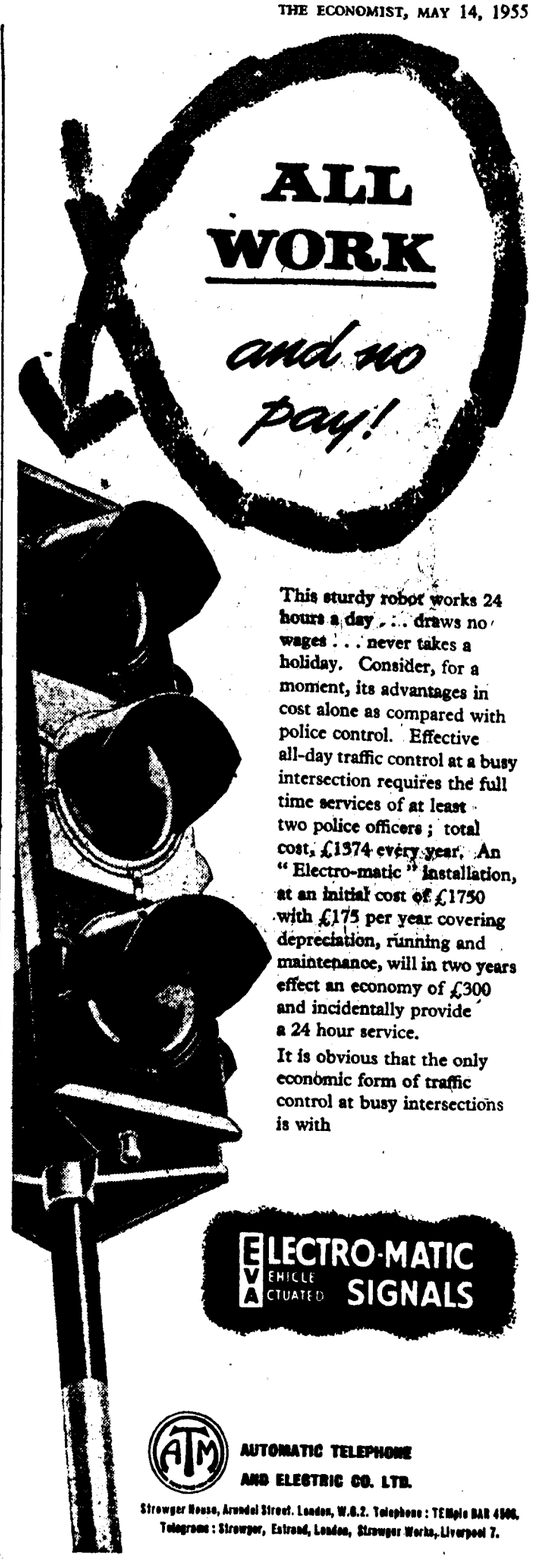
For cable covering, lead gives absolute protection and maximum resistance to corrosion by the soil and the elements. Only lead gives such impermeability, flexibility, proved longevity and ease of jointing. And cable sheathed in lead has greater overload capacity. There is nothing to equal lead for protection.



The ancient symbol for lead

Issued by LEAD DEVELOPMENT ASSOCIATION

EAGLE HOUSE · JERMYN STREET · LONDON · S.W.1. Telephone: WHITEHALL 4175



ALL WORK *and no pay!*

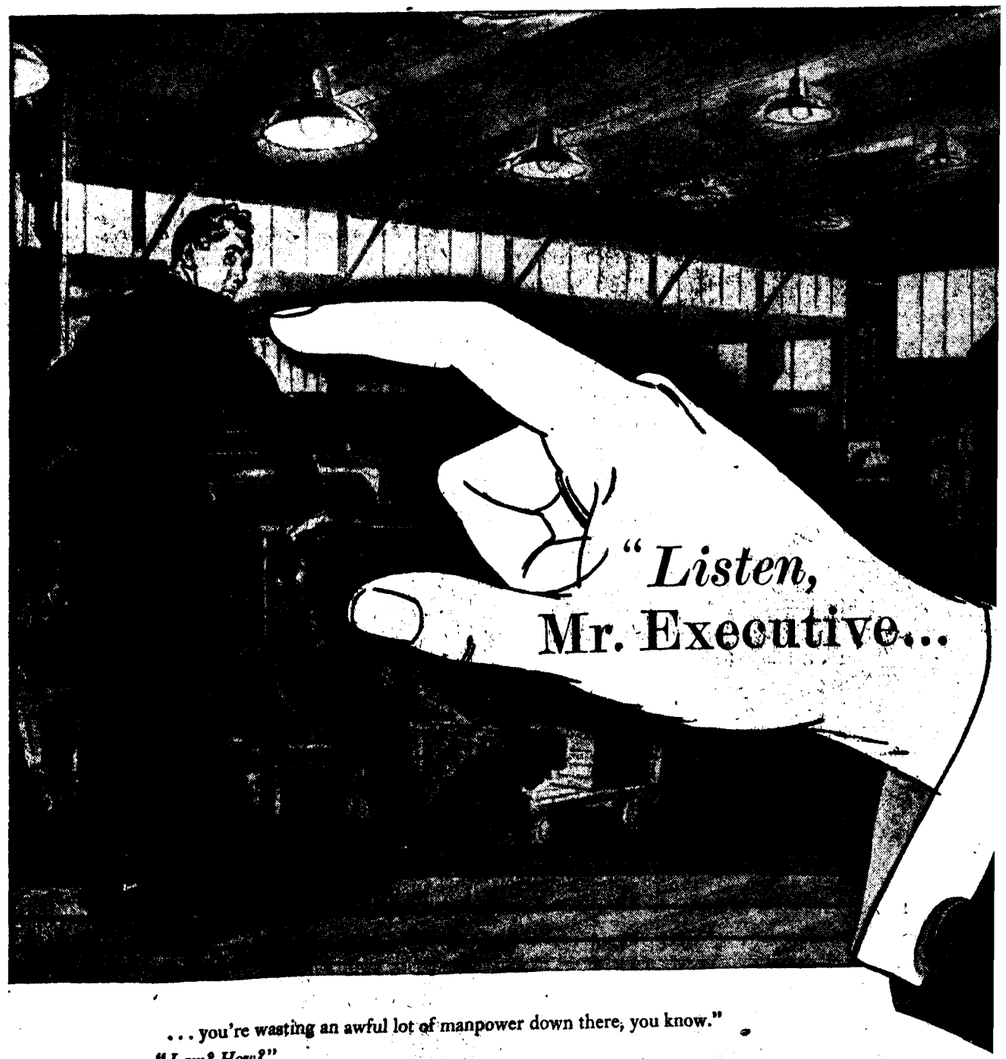
This sturdy robot works 24 hours a day . . . draws no wages . . . never takes a holiday. Consider, for a moment, its advantages in cost alone as compared with police control. Effective all-day traffic control at a busy intersection requires the full time services of at least two police officers; total cost, £1374 every year. An "Electro-matic" installation, at an initial cost of £1750 with £175 per year covering depreciation, running and maintenance, will in two years effect an economy of £300 and incidentally provide a 24 hour service.

It is obvious that the only economic form of traffic control at busy intersections is with

ELECTRO-MATIC VEHICLE ACTUATED SIGNALS

AUTOMATIC TELEPHONE AND ELECTRIC CO. LTD.

Strowger House, Arundel Street, London, W.C.2. Telephone: TEMple BAR 4566. Telegrams: Strowger, Estrand, London. Strowger Works, Liverpool 7.



"Listen, Mr. Executive...

. . . you're wasting an awful lot of manpower down there, you know."

"I am? How?"

"Well—all those men pushing trolleys, when *one* man with an electric truck could do the job by himself!"

"Maybe he could, but what about the continual battery replacement? We're not made of money, you know!"

"Batteries last a good deal longer than you seem to think—*years* longer, providing they're good."

"How good?"

"As good as an OLDHAM. The OLDHAM people have got the know-how about battery-making—their traction batteries are the best you can buy."

"Um . . . OLDHAM you say?—I'll remember that."

OLDHAM TRACTION BATTERIES

OLDHAM & SON LTD., DENTON, MANCHESTER. ESTABLISHED 1865

IT'S GILT EDGED!



"If you heard of an investment which returned your capital in just over eighteen months and then went on paying more than 65% year after year, you couldn't believe it," says Private Btu (the British Thermal Unit), *" but here is an actual* case."

FUEL EFFICIENCY PAYS

Economisers installed on waste heat boilers have saved a steelworks £17,000 a year, for an outlay of only £26,000.

Other examples of savings made by installing economisers are available.

The **COMBUSTION ENGINEERING ASSOCIATION** 6 Duke Street St. James's London SWI will put enquirers in touch with manufacturers whose technical representatives will give advice without any obligation to the consumers.

Issued by **N*I*F*E*S** National Industrial Fuel Efficiency Service

71 Grosvenor Street London WI *Telephone:* Hyde Park 9706

To exhibit at Charleroi . . .

is to reach to the very heart of one of Belgium's most important industrial regions.

2nd INTERNATIONAL TECHNICAL AND INDUSTRIAL EXHIBITION

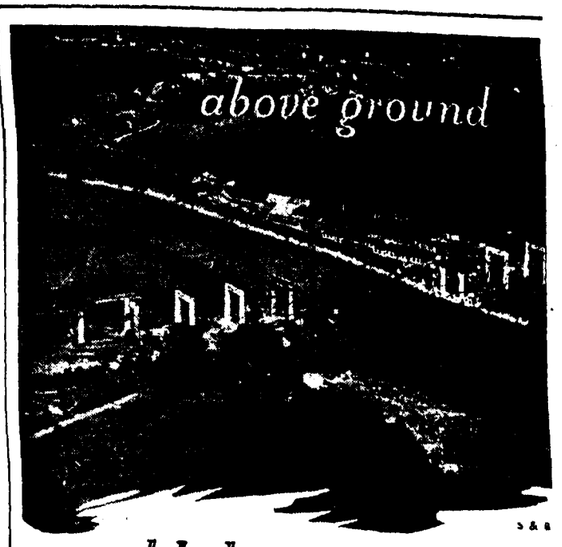
World Market for products of highest technical values



17th September—2nd October 1955

Mines and Quarries . Iron & Steel and Metallurgical Industries Mechanical & Metallic Constructions . Electricity—Electronics . Glass Industry . Chemical Industries . Ceramics Production and Distribution of Energy

Information and Documentation:
W. H. Wadmore, 56 Victoria Street, LONDON
PALAIS DES EXPOSITIONS CHARLEROI (Belgium)



S & B

and below Under the control of Cleveland's foundation engineers, the rock strata deep under the surface has been exposed and tested . . . . then concrete and steel is moulded in the foundations which are to support many thousands of tons of steel structure. There is no better plan than to place deep foundation construction in Cleveland's experienced hands.

CLEVELAND

Builders of Bridges & Fabricators of all types of structural steelwork



"We choose 'Grosvenor' and DOUBLE our smoking enjoyment"

The pure white plastic fibres of the tip—an exclusive feature of Grosvenor—yield more flavour from the fine tobaccos. A cool yet satisfying cigarette, good enough to bear the name of State Express.

If any difficulty is experienced in obtaining Grosvenor Tipped, please write to :—
The House of State Express, 210, Piccadilly, London, W.1.



Grosvenor TIPPED

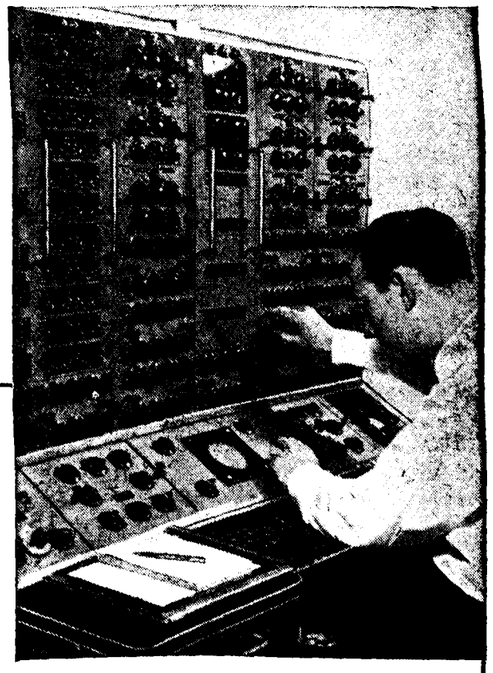
IN BOXES OF **20** for **3/7** AND FLAT CARTONS OF **10** for **1/9½**

Made by State Express

G.8

A month's work before lunch...

. . . and not just run-of-the-mill stuff; a month of complex calculations that would engage the full time and skill of a team of highly-paid mathematicians. Applied to the complicated problems of modern engineering or economic planning the Short Analogue Computor reduces the work of weeks into hours, months into days—a direct and indirect saving of money to the industrialist and the businessman.



If you design or build

SERVO SYSTEMS
VEHICLES
ELECTRICAL GENERATORS,
TRANSFORMERS, ALTERNATORS,
POWER SYSTEMS,
GOVERNORS FOR STEAM TURBINES ETC.
BRIDGES
ACOUSTIC EQUIPMENT
CRANKSHAFTS
ELECTRONIC SYSTEMS AND COMPONENTS
OR, OF COURSE,
AIRCRAFT

solve your problems with the Short Analogue Computor

Inquiries to:— SHORT BROTHERS & HARLAND LTD · COMPUTOR SALES DEPARTMENT · 208a REGENT STREET · LONDON W.1 · REGent 8716



Well up in textiles, Mrs. Buchan?

In recent times many new methods have reinforced the traditional skill of the textile manufacturer and aided his search for greater efficiency and better materials. Many improvements have come from the use of phosphates manufactured by Albright & Wilson. In the dyeing and processing of textiles, Calgon and other phosphates have helped to give the bright and colourful fabrics of today.

Chemicals for Industry **ALBRIGHT & WILSON**

ALBRIGHT & WILSON LIMITED • 49 PARK LANE • LONDON • W.1

THE CHAIRMAN SPEAKS

'Recovery has confounded the pessimists'

SAYS KENNETH M. CHANCE...



"When the second world war came to an end, this country had spent its all in its efforts for victory and there were many who could see no future for Britain as a great Power. Pessimists foretold starvation unless emigration was organised on a vast scale to reduce the population. The recovery already made has confounded the pessimists and great new industries in chemicals and engineering have been created for the supply to the world of manufactured products to pay for the food and raw materials that must be imported... In its small way B.I.P. has shown what can be done by private enterprise..." *Extract from the Annual Report of the Chairman —British Industrial Plastics Limited. Published in 'The Birmingham Post,' 1st April, 1955.*

Companies wishing their reports and statements to reach a wide and influential audience throughout the United Kingdom's most important manufacturing centre, publish them in...

The Birmingham Post

LONDON OFFICE: 88 FLEET STREET, EC4

• ELECTRONIC TUBES AND SEMI-CONDUCTORS • INCANDESCENT, FLUORESCENT, MERCURY AND SODIUM LAMPS • AMPLIFIERS, MICROPHONES AND LOUDSPEAKERS •

• RADIO AND TELEVISION RECEIVERS • MEASURING APPARATUS • ELECTRIC DRY SHAVERS • HEARING AIDS • GRAMOPHONE RECORDS • HOUSEHOLD APPLIANCES • RADIO BROADCASTING AND TELEVISION TRANSMITTERS •

• CINEMA EQUIPMENT • MAGNETIC TAPE RECORDERS • WELDING ELECTRODES AND MACHINES • PHARMACEUTICAL AND CHEMICAL PRODUCTS • VITAMINS AND VITAMIN PREPARATIONS • RADIO-ACTIVE ISOTOPES •

March into the future... *No. 4*



Maybe one day...

Once a boy has heard the call of the sea, he'll follow it for life. So the day will come, perhaps, when this youngster will command a ship of his own. For him, nothing else will do.

The sea can still be cruel, but Science has done much to tame it. The old-time mariners, with only the stars to guide them, would have marvelled at the ways in which Philips help the seafarers of the twentieth century — with radio, P.A. systems, depth sound apparatus and harbour radar installations! And, all the time, Philips are at work on new developments to bring even greater safety to the world's sea-ways . . . and to serve the seamen of the future.

PHILIPS

CONTRIBUTE TO THE BETTER WORLD OF TO-MORROW

• RADAR EQUIPMENT • AUTOMATIC AND LINE TELEPHONE INSTALLATIONS • MEDICAL AND X-RAY APPARATUS • SCIENTIFIC EQUIPMENT • DIAMOND TOOLS •

The Economist

FOUNDED 1843

MAY 14, 1955

ONE SHILLING

Electing Peacemakers 543
Strikes and the Stricken 546
What Western European Union Is . 547

THE ELECTION OF 1955

Quiet Beginnings 549
Tory Tide?; Radio and Television; The Marginal Constituencies—1; City or Suburban?; Cross Currents in West London; East Anglia's Dozen; Little Change in Wales?

NOTES OF THE WEEK

Bulganin Cocktail; Open House at Warsaw; Backing for Herr Ulbricht; Resolving Whose Crisis?; Bulletin of Trouble; Neutrals in Arms; Make-Believe about Cyprus; Waiting for Peking; Agricultural Fashions; Bombs and the Species; Japan's Run with the Red Queen; Plain Speaking in Belgrade; Coldest War; Disappointed Somalis; Mr Sweetman's Debut; Cold Comfort for Satellite Housewives; The Shape of the European Fund; Behind Germany's Dollar Barrier; Shorter Note. 554

LETTERS TO THE EDITOR . . . 564

BOOKS 565

AMERICAN SURVEY

Dilemma in Saigon 569
Doomsday Drive; Strength of Steel; Polio Strikes Back; IFC Goes to Congress; Dead End Kids; Delay on Bikes; The Right to Work.

THE WORLD OVERSEAS

Myopic German Allies 578
Self-Government in Singapore; Dirge for Haiphong; Pakistan and the Afghans; Reichstag Fire in Buenos Aires?; India's Socialist Property Owners.

THE BUSINESS WORLD

No Future for Free Markets? . . . 587
Shell's Modest Pearl 589

BUSINESS NOTES

Gilt-Edged Fall Further; New Issues Reviving; Sharp Fall in Trade Deficit; Investment in Flood; Capacity for Steel; Punctual Start for New Trains; The Bear in the Ascendant?; ICFC Finds Prosperity; Ten Minds with a Single Thought; BEA Breaks Even; CDFC and Bank Rate; Britannia on Trial; Finance for Films; Three Television Programmes?; Capitulation in Cotton; The Empire of Mr Clore; Houses for Tobacco; Shorter Notes. 591

COMPANY NOTES AND SECURITY PRICES 604

STATISTICS 607

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

Electing Peacemakers

THE temptation must be strong in the breast of any intelligent elector, after looking at what the parties have to say about the issues of foreign policy, to spoil his ballot paper. Of course one does not expect the wilder words hurled from the hustings to determine the exact course of British diplomacy; of course there is a deal of commonsense about world affairs to be found here and there in the manifestos; but the notes that have been struck loudest, by party leaders and party press alike, are doubly unfortunate. It is not merely that they are the wrong notes and that their deafening din distracts attention from the real issues. The thunder is not only stolen, it is also dangerous. The tactics the major parties have adopted for electoral purposes will do active harm to the cause of peace that they champion; and by adopting them, the party leaders have themselves cast doubt upon their qualifications as capable peacemakers.

It is as peacemakers without peer that both Tory and Labour leaders present themselves to the electorate. By common consent the vote is to decide not who shall finger the trigger, but who shall thrust and parry with the olive branch. In some constituencies, competitive peacemongering has taken on a ferocity surprising to all who do not know how ruthless even a pure pacifist can be. It has become possible for a local Labour party to issue circulars "rallying the common, decent people against the warmongers and millionaires. . . . What is at stake is peace or war." Tory posters demand votes for "the peace of Eden"; Tory canvassers recall Geneva. Mr Bevan, comfortably out on his limb again, has accused both the Government and, by implication, the Opposition of "playing" with the hydrogen bomb, in words so exactly similar to Marshal Zhukov's that he was lucky to escape the charge of plagiarism by virtue of having been the first to utter them by a few hours. The luckless British Communists, almost driven out of the peacemongery business by all this competition, rallied and faintly suggested that the free nations should dismantle their defences and hand Malaya over to the Chinese Communists; but their only reward was the summary verdict given in the Soviet press that the British elector had no chance of voting for peace, a verdict eloquent of Mr Khrushchev's contempt for Mr Pollitt's candidates.

Not everybody, of course, is talking nonsense. The Prime Minister himself and Mr Attlee have remained serene, and the drafters of the Liberal manifesto have contrived to remain dispassionate. But these are exceptions. The Labour leadership stooped, a fortnight ago, to the mean device of making the cessation of hydrogen bomb tests a key point in their manifesto, and of waiting until the next day, when attention was focused on the Tory manifesto, to publish their resolution supporting the production of the bomb. True, there is good Tory authority for the idea that tests are less necessary than before for the development of nuclear weapons. But a policy of producing bombs without finding out whether they work has no discernible relevance to world peace; one is left wondering whether Labour is really building

on people's dark suspicions that the weather used to be better before the artillery barrages of 1914-18.

There is nothing as dishonest as this in the Conservative proclamations. But Tories and Socialists are at one in the disingenuousness with which they extol "talks at the summit." This proposal has had a curious history. It was first made during the election of 1950 by Sir Winston Churchill, and was then described by Ernest Bevin, the Labour Foreign Secretary, as a dishonest stunt. But by the time Sir Winston repeated the proposal with all the authority of office in his famous speech of May 11, 1953, it was welcomed with much more enthusiasm by Labour than by his own colleagues, partly perhaps because they had not been consulted, but mainly because some of them could see the dangers in it. But those whose fingers are on the pulse of the people have been reporting ever since that it is throbbing to the prospect of another Yalta, until in this election it is apparently the one test by which every candidate will stand or fall. Everyone is for "talks at the summit." No one dare admit to scepticism about their value.

★

Yet, as every candidate who is in touch with the realities of affairs must know perfectly well, there are two awkward facts about the proposal. The first is that this yearning for the summit has been, and still is, embarrassing for allied unity. The second is that, since the death of Stalin, it has been meaningless. Without taking at its face value all that the Russians say about collective leadership, it is still obvious that in Moscow now there is no "highest level." The mystical belief that a Churchill-Malenkov meeting could dissolve into air the solid differences that an Eden-Molotov meeting would merely register has lost all content today when the prospect is of an Eden-Bulganin or Attlee-Bulganin meeting. It may be a good thing to hold a meeting at the "summit" in order to clear the air and remind people what foreign ministers are for. But that is not the way the parties are presenting the idea.

Their reiterated devotion to peace is in itself as admirable as the Five Principles of Mao and Mr Nehru, and as ill defined. It is certainly better that candidates should coo from the hustings than that they should rattle sabres. The damning objection to an election campaign focused on the hydrogen bomb and the "highest level" is that it fosters baseless, emotional hopes and fears, and diverts the voter's attention from essentials. The issue which the voter has to decide, in the field of foreign policy, is: which party is best fitted to steer Britain through the international hazards of the next few years? The manifestoes are the last place to start from when trying to answer that question. The place to start is the reality of the world beyond our shores.

The most cursory survey of the world of 1955 reveals that two developments are wildly improbable within the lifetime of the Parliament now to be elected. One is a new world war fought with hydrogen bombs, and the other a general and immediate relaxation brought about by a conference at the summit. It is a dictum accepted by both Tories and Labour, and publicly stated by both, that possession of the hydrogen bomb is the most powerful deterrent now available to the West. It is just as widely accepted that the causes of world tension are complex and deep, ranging as they do from the problems of German disunity and the international control of disarmament to the ferment of awakening Asia and Africa and the conspiratorial fanaticism of the world Communist movement. No British Government can undertake to ease an anxious world of its fears merely by convening a new conference, and any candidate who claims that his party will achieve such a miracle is both dishonest and contemptuous of the public's intelligence. A double-decker meeting of heads of governments and foreign ministers during the coming summer may or may not result in some useful local accommodations and provide a framework for further discussions; but it obviously cannot liquidate the armed might or shatter the dogmatic ambitions of the Soviet system, and while these things remain there can be precious little relaxation for the democracies.

★

The likeliest prospect before Britain and all other free nations is a period, which may outlast several Parliaments, of watchful, nerve-straining, "competitive co-existence" face to face with a vast, "monolithic" power controlled by men with a steely faith in their ultimate triumph. It is not an attractive prospect for a democracy. It requires painful honesty, and it probably costs votes, to present it from any constituency platform, when glibber tongues are scarifying the electorate with bomb-talk or sending it home to bed happy in the thought that the great men are at last going to meet and settle everything. And precisely because free nations are not at ease in a contest of this kind, there is all the more need for them to brace themselves to it. Democratic peoples and their party politicians seldom like to look more than a few months ahead; but fate has matched them, in a struggle for their own liberties, against a totalitarian system which is as unhurried as it is relentless.

The curious thing is that, though they are both now inviting the electorate to believe that these perils can be exorcised by negotiation—and by negotiation at one level rather than at another—both parties when in office have, to a commendable degree, pursued the opposite (and much more effective) policy of vigilance and strength. It was Ernest Bevin who, for Britain, first created this policy and fashioned the armed alliance with the United States and the other free nations. The Conservatives took it over and, whatever Sir Winston Churchill may have said from time to time, he and Sir Anthony Eden have carried on where Bevin and Mr Attlee left off. No one, moreover, can doubt that the policy of strength without provocation, though it has had its disappointments, has been on balance successful. For all the talk, there is no alternative policy for Britain, or for the western world as a whole, than to press on along the same unspectacular road. The choice between the parties, so far as it turns on foreign affairs, should turn on which of them can be expected to carry it on most resolutely.

★

On what is the independent elector to base his choice, if he can get so little help either from the manifestos, which are equally bad, or from the past records of the parties, which in this respect are about equally good? He must ask himself what are the qualities that will be chiefly needed in the next five years if the policy of peace through strength and moderation is to be carried nearer to fruition. The very absurdities of this election point the way to one of the answers, for they are due, of course, to the fact that a policy of vigilance is both hard on the purse and wearing on the nerves. It may be necessary to talk nonsense at the hustings; but which party will stand most doggedly by unpleasant necessities when the election is over? If Ernest Bevin were still alive, he could set up a strong claim for Labour. But he is dead, and his spirit is gone from the Labour ranks. During their three and a half years in opposition, his colleagues have shown little ability to stick doggedly to anything that might be thought painful to any elector. A Labour Government in office, conscious of responsibility and brought in daily contact with the realities, would of course be a very different thing from a Labour opposition soliciting votes. It would want to do the right thing. But it would start with many handicaps: with the memory of its three-way split on the central issue that is so inadequately labelled "German rearmament"; with its advocacy of a cut in national service in despite of the facts; with the corroding effect on its thinking of vague "progressive" optimism; and with the constant sniping of its Bevanite and pacifist fringes, ever ready to unite against anything that imposes any strain on anyone's nerves or pocket. These handicaps are stronger now than they were ten years ago, and even the ox-like strength of Bevin, with his ability to call up reserves of equal solidity from the trade unions, might not be enough today to push a firm policy ahead against them. And where is the Bevin to be put into the Foreign Office if Labour should win?

Apart from firmness in general, there is a particular firmness that is needed today. It does not take a very sharp eye to see that the immediate target of the Communist disrupters is to drive a wedge between the British and American peoples and governments. One of the first requirements for a Foreign Secretary in 1955 is that he should be able to strengthen and quicken that alliance of the English-speaking peoples, the miracle of 1949, on which the national safety of Britain and the peace of the world depend. No responsible person is against the alliance, which Labour created and the Conservatives have continued. The question is who can best maintain it, who can best bring the British people to remember its saving graces, and who can best prevail upon the Americans always to honour it in the spirit as well as in the form. Here again, Labour is in a weaker position than when it was in office. For in accordance with his general strategy of trying to cut the ground from under Mr Bevan's feet rather than directly outface him, Mr Attlee has pandered to the anti-Americanism of the left wing. The root-and-branch attitude that Labour has adopted towards American policy in the Far East, and Mr Attlee's waspish irresponsibility about Formosa in particular, have largely disqualified the party from working out the agreed joint policy for which an opportunity is now opening up; it would awaken no response either in its own ranks or in Washington if it tried.

The Anglo-American alliance is the one indispensable basis for peace. But of course it should not exclude a parallel policy of seeking the confidence of the peoples of Asia and Africa. Here perhaps Labour has an advantage; the party is making much of Mr Attlee's prestige as "the man who freed India." But this also happens to be the sector of policy where the departure of Sir Winston Churchill, with his trails of imperial glory, is of clearest advantage to the Tories. Since the Geneva conference Sir Anthony Eden has also acquired a niche in the Indian pantheon, and if he has still to overcome a handicap in dealing with "uncommitted" Asia, that is a much smaller factor than the advantage he and his colleagues enjoy in the United States. As for Africa, the two parties (whatever they may have said in opposition) have pursued identically the same policy in office.

★

Little has been said in this analysis of the Tories' merits and faults. For they are the devil we know; all their qualities are on view, and the only speculation is whether there will be a perceptible difference between a Churchill-Eden combination and an Eden-Macmillan one. The question is whether, in foreign affairs, the Labour combination (what would it be: Attlee-Gaitskell perhaps, or before long Gaitskell-Shawcross?) would be better. On analysis, that question has nothing, or next to nothing, to do with dramatic talks either at the summit or on any other level. It has little to do with ambiguous gestures about the hydrogen bomb. It turns on human qualities such as firmness and foresight, moral courage and loyalty to allies, on the ability to stand up to criticism and to defy the back benches. Does the present Labour team possess these qualities in the same degree—the by no means super-abundant degree—that the present government does? There was a day when one could honestly have answered yes. But for three and a half years past there has been far too much trafficking with nonsense for any such answer to be possible today.

Strikes and the Stricken

THERE have been two outstanding features of the small wave of strikes and strike threats that has washed over Britain since last autumn. One is that, for the first time since the war, some of these threats have been utterly unsuccessful; after the trouble at London docks last October, after the Communist assault upon the national newspapers, before the much more justified threat of an engine-drivers' stoppage matured, and after the one-day farce at London bus garages faded away last week, the organisers called their men back to work on terms that had been open to them before their demonstrations began.

The second feature is that public opinion has turned sharply against the strikers. In answers to a recent *News Chronicle* Gallup poll 52 per cent of those with definite opinions said that the present Government had not handled wage claims firmly enough, and only 13 per cent said that it had handled them too firmly; even among Labour supporters 48 per cent of those with definite opinions wanted a firmer policy, and only just over 23 per cent wanted one more complaisant to the claims for higher wages. Some of the most responsible trade union leaders are seriously worried about this shift in public opinion. Not many of them are willing to go so far as the irrepressible Mr O'Brien, who last week threw another bomb among his fellow union leaders and Labour MPs with the warning that "the pedlars and cheapjacks of phoney trade unionism" were "bound to invite sooner or later the introduction of repressive legislation"; but his fears are a significant straw in the wind. It is all to the good that trade union leaders should warn their followers that there will soon be people waving threats of this kind; but it would be very much to the bad if liberals joined thoughtlessly in the waving. There are sound democratic reasons for leaning over backwards in order to avoid any legislative interference with the basic right to strike, and to these sound democratic reasons there are allied some noisy political reasons as well.

The most obvious reform of government policy that needs to be introduced is much less dramatic, and should be much less contentious, than a change in the law. It so happens that Mr Butler, in what was admittedly a snap answer to a question at an election meeting, at last said exactly the right thing this week. He said that the ways in which some of these strikes are deliberately fomented "will have to be drawn more and more forcibly upon the attention of the country." The remark may appear, and was probably intended, to be banal; but whether Mr Butler realised it or not, he was in fact advocating a policy that would be quite different from that which Sir Walter Monckton and all his predecessors have followed since the war. The policy that Ministers of Labour have followed so far is always to be neutral about the issues, and as between the personalities, in any dispute; they express regret that the strike weapon, instead of the machinery of arbitration, is being used, but believe that their reputation for "impartiality" would be destroyed if they annoyed the organisers by revealing the way in which some of these stoppages are arranged. The change that is needed is that, in those disputes where the Minister knows that strikes have been deliberately fomented, ministerial neutrality should be abandoned and a quite frank statement about the methods of fomentation should be broadcast from St. James's Square.

★

It will always be a contentious matter to choose the disputes in which the Minister should come off the mediator's fence. Here it is necessary only to proclaim the principle that there clearly are occasions when he should do so; and to illustrate the principle by two outstanding examples, and opportunities missed, during Sir Walter Monckton's last six months of office. One of them occurred only last week. The one-day stoppage of some London busmen on May 4th followed meetings which were attended by a handful of men at each of the garages concerned, and which were craftily assembled after certain men who were known to oppose a strike had already gone home; the first intimation that some of the drivers received of the dispute was when they turned up for work on the following morning, and found that notices of an unofficial strike had been posted. Fortunately, not all of the drivers obeyed these notices; and none obeyed them for more than a day. This speedy return to work was due to swift public relations action by the Transport and General Workers' Union; and it represented a signal victory for Mr Tiffin, the new acting general secretary of the union, who—the public should devoutly hope—may soon be confirmed by his union's vote as Mr Deakin's successor. But agitators' trickery of this sort would be less frequently attempted if the tricksters knew that the Minister of Labour was occasionally—and the emphasis should be on "occasionally"—willing to turn a merciless spotlight of official publicity upon them.

A second example—there need be no apology for thus dredging up past history, for more of the chickens that it hatched are even now coming home to roost—was the London dock strike last October. That strike grew out of a ban on overtime, which in turn grew out of reaction to a case of "victimisation" that had been arranged by one of the victims himself. The man concerned was disciplined by a board which was not told the full facts of his case; and that disciplinary board included—herein lies the flagrant fishiness of

the whole affair—Mr Richard Barrett, the eventual leader of the strike. It can never be too strongly emphasised that the stoppage had no lasting effect (and could not have any lasting effect) upon arrangements for reporting those who refuse to work overtime at the docks, arrangements which today are exactly the same as they were before the strike started; the only consequence of the strike was that Mr Barrett demonstrated that he had the power to bring London docks to a halt—which was exactly what he wanted to demonstrate when the dispute was first arranged. If the Minister of Labour had so far forsaken his traditional neutrality as to publish the proceedings at that disciplinary board as soon as the ban on overtime was called, he would have lost Mr Barrett's "goodwill" along with Mr Barrett's face; but he would also have smashed the dock strike before it matured.

There will be those who will say that a ministerial policy of selective belligerency might endanger personal liberty, because it could lead the Minister constantly to range himself against small unions and unofficial leaders, on the side of the big bureaucratic union machines. This is a danger to be admitted; and, once admitted, to be watched. There will be others who will say that such a policy, which could be aimed only at unofficial strikes and not at official ones, would not resolve the great labour problem of our times: which is whether a country that needs to keep its prices competitive can afford the constant wage inflation that free collective bargaining within a fully employed economy may bring in its train. The answer is that nobody suggests it would solve such a problem. The threat of constant wage inflation can be met only by economic, not by administrative, measures (although it may be noted, in parenthesis, that the problem looked much more intractable before it was recently proved that strikes within a fully employed economy can sometimes be unsuccessful).

But if small unofficial strikes arranged by thoroughly irresponsible individuals or organisations could be stemmed by a little more courage and a great deal more publicity from the Ministry of Labour, then big official strikes by more responsible organisations might also be discouraged; the need for emulation of the agitators would no longer press so harshly upon union officials who naturally want to keep their jobs. The problem of strikes in a free and fully employed society can only be solved by stages; a stricken public has the right to ask that, in some way that is commensurate with individual freedom, the first stage should now be set. Somewhere among the 1,400 odd candidates now out on the hustings is the man who will become Minister of Labour on May 27th. He will perform a major service to the public if he can summon up some resolution, in this one important but not very difficult branch of his duties, before he sets foot in St. James's Square.

What Western European Union Is

FEW international organisations turn out as their creators expected. Western European Union, which officially opened for business last Saturday, starts with the added disadvantage that from the moment the idea was first tentatively put forward by Sir Anthony Eden last summer it has meant many things to many people. To some it was simply a means of getting the Germans safely into Nato; to others, a mechanism of surer control over a rearmed Germany. Some saw it as setting a pattern of controlled armament which in time might be extended; some as the promise of a new impetus to European unification. To practically everyone it was a symbol of British recognition that we are, among other things, Europeans.

Although it would be foolish for anyone to predict what the Union may eventually become, three points which bear directly on its future now seem quite clear. First, it is not the road to a new European unity. Second, disarmament is essentially a global, not a regional problem, and WEU is not the right point from which to tackle it. Third, in two of the new fields the Union is entering—arms control and, more tentatively, arms production—the more nearly it can become a limb of Nato the better.

Western European Union is a resounding name with many more overtones than Brussels Treaty. And the preamble of the treaty as now revised reads that the members resolve "to promote the unity and to encourage the progressive integration of Europe." But unity and integration have become words with no very precise meanings, and it is clear that in this context they have not the same sense as when they are used by M. Spaak, Mr Beyen or M. Monnet. By providing a new and stronger link between Britain and the six continental countries of the Coal and Steel Community, Western Union may allay fears that closer relations among the Six mean weaker ties across the Channel, and thus foster further integration of the economies of the Six. WEU may prove to be an umbrella in the shade of which a European union can flourish. But to see WEU itself as the foundation of a new union is to defy the evidence.

It is not by accident that its most "supra-national" features relate to arms control, and only to arms and armaments on the mainland. And the treaty between Britain and the Coal-Steel Community is exactly what it says, a treaty of association, not of participation. For that very reason, it was praised on both sides of the

House of Commons as a "model" for association with any new communities which may be set up. It is too soon to be sure how much support the "Europeans" will find for an extension of the Community's powers. But in one way both the demise of EDC and the transmutation of the Brussels Treaty into WEU may make the ground more fertile for progress in the economic field. The illogical link between integration and defence has at last been broken, and a British relationship that is understandable on both sides of the Channel has been written down in black and white.

*

WEU's relation to western defence has tended to confuse rather than to clarify. In the original French memorandum on arms control and arms production, circulated by M. Mendès-France at the London conference last September, three distinct concepts were confusingly intermingled. One was the idea that a rearmed Germany must be controlled more tightly than by simple membership in Nato. The second was that somehow what began as a scheme for controlled German rearmament might become the kernel of a general disarmament scheme; the third, that some pooling of armaments production might both contribute to the first objective of control and reap benefits from mass production and specialisation. Although the three points have since been disentangled and dealt with separately by officials, the fuzziness in the public mind remains. Yet it is here that it is most important to see what WEU is, what it is not, and what it should not become. The Paris agreements set upper limits on the forces to be maintained on the Continent by the member countries, specify the armaments to be controlled and those which in accordance with the voluntary renunciation of the German government are to be totally prohibited, and outline the composition and the powers of the agency which is to ensure that the armaments agreements are not violated. On Saturday an Italian, Vice-Admiral Ferreri, was named director of this agency. He will work closely with the Nato and Shape staffs and the intention of all concerned is to avoid duplication.

But the relationship between Nato and WEU in these matters is not that of two organisations working side by side and avoiding duplication. The crucial fact which the technicians understand but the public at large does not is that WEU is not and must not become disentangled from Nato. It has no separate command structure. The procedure for changing the limits on forces is inseparable from the process by which Nato decides on force goals. Inspection of troops, or armaments under the direct command of Shape, is a task for Shape, not for the WEU agency, and all German troops are to be under direct Shape control. The effective safeguard against any irredentist ventures on the part of a rearmed Germany is not the WEU agency but the logistic powers now given to Shape, the power to stop the flow of jet fuel through the Nato pipelines, and to cut off ammunition and other supplies.

One of the reasons that impelled the French to continue to urge an arms production plan on their reluctant partners was the fact that the WEU arms control agency has no powers over the production of controlled items; it is an inventory control, not a capacity control. The French were logical enough in arguing that supervision of production, not of stocks, is the key to a watertight armaments control. But it is a mammoth undertaking and only worth the trouble if the alliance is to be based on the premise that one member is determined to wreck it. Western European Union is not based on that assumption; and although on paper the control agency looks like the heart of the Union, it will only become important if the basis for the alliance ceases to exist.

*

But the French advocated an arms production pool not only as a control device but also on the ground that more specialisation and standardisation mean greater efficiency and smaller budgets. There is something to this argument, but the size of the prize has shrunk the closer it has been examined. In the first place the armaments industries were found to be rather more efficient than the civil servants had supposed. In the second, many small arms were already being manufactured either on a large enough scale to be economic or in conjunction with civilian goods. In the third, there is already a surprising amount of specialisation among WEU countries. The fruit of the study which began last January has therefore been a standing committee to further "the closest possible co-operation between member countries of the WEU in the field of armaments." The WEU committee may or may not show that more can be done on a narrower basis than has already been done in Nato, but it will surprise no one if its work now fades from the world of high politics.

During the nine months since the London meeting of last September, it has thus become increasingly clear what WEU is and what it is not. It is a symbol of a new relationship between Britain and the Continent; and it is a group of Nato countries which may go further than Nato as a whole in co-ordinating production and in submitting their armaments stocks to impartial checking and the size of their continental forces to unanimous decision, as a sign of their mutual confidence. It is a temporary home for the Saar. It is a means of extending the undramatic but useful co-operation of the Brussels Treaty powers on cultural and social questions. But it is in no way analogous to any group composed of Eastern Germany and chosen satellites which may now be shaped in Warsaw as a useful pawn in future bargains. The seven WEU countries lie at the heart of Nato; and it cannot be said too plainly and too often that any arrangement that limits the strength of WEU limits the strength of Nato.

The Election of 1955

For the next few weeks comment upon the course of the election campaign, based partly upon despatches from correspondents in the constituencies, will be presented in this special section of *The Economist*.

Quiet Beginnings

BY A ROVING CORRESPONDENT

THE campaign began in earnest with the dissolution of Parliament. Many constituencies took it as the occasion to hold their formal adoption ceremonies and to start on the full routine of canvassing and meetings—although in large parts of the country there was a tendency to hold fire until the municipal elections were over. Partly because of this, partly because passions are as yet so little aroused, and partly because there is never very much to be seen or sensed outwardly during an election campaign, the general impression derived in travels about the country is still one of remarkable tranquillity.

Agents on both sides profess to see straws in the wind blowing their way. But they are very small straws. One candidate observed "I never saw such an election. No one seems to expect any change. The H.Q.s on both sides seem interested only in the seats where the majority is reckoned in hundreds." The extraordinary modesty about their prospects expressed by Conservative and Labour alike is in baffling contrast to 1950 and 1951. It reflects perhaps a growing cynicism about the extent to which the standard-bearer or the organisation can make any difference to the result. It also reflects a growing, and almost certainly an exaggerated, feeling that the political situation is static, that very few votes are likely to be changed by arguments or by events, and that people are not seriously interested in the issues.

Not everyone shares this pessimism. Many Labour candidates claim, somewhat surprisingly, that the Labour manifesto is well received. They also agree that they like taking the offensive and being free from the obligation—placed on them in the last two elections—of defending a Government and all its actions. Their themes vary, but few seem to agree with the Conservative agent who said "If they had any sense they'd concentrate on the cost of living alone. They're too vulnerable in every other direction—and especially on the H-Bomb." The H-Bomb is nowhere being neglected by Labour candidates; but the treatment varies from the firm support given to it by Sir Hartley Shawcross to the outright rejection given by Mr Maurice Orbach. There cannot be many who manage so neat a position as the M.P. whose wife, disagreeing with him on the subject, wrote to the local press telling all his constituents to write to him demanding the banning of the bomb. "It's odd. We honestly didn't plan it. But now I seem to have won over all the anti's through her while remaining loyal to the party line myself."

The Conservatives, on the other hand, do not seem to be at all unhappy about their transference from an offensive to a defensive role. They are genuinely proud of the Government's record and they manage to convey their pride to their audiences. Moreover they still find ample scope for offensive tactics in pointing to the divisions of the Labour Party and the extravagances of Mr Bevan. "Some of my fellows are worried when Nye comes to speak in their constituencies," said a senior Conservative. "I tell them they should welcome him. Nothing does our cause more good—especially with the Liberals." In general the Conservatives are placing a striking degree of emphasis on the theme of "Eden the Peacemaker." In itself this may be a very good election cry. But it is hard to avoid the feeling that it is largely designed as an antidote in advance to any "warmonger" or "H-bomb" scare that may develop. In some ways it seems that the Conservative campaign is designed to win the last election rather than the present one.

*

This is, perhaps, merely an illustration of the general conservatism of politicians in their style of electioneering. This conservatism is strikingly exemplified by the way in which so many agents on both sides are repeating almost exactly their 1951 plan of organisation. The canvassing follows precisely the same routine. The candidate's time is used just as it was before: he is sent out by his agent to tour the streets with a loudspeaker, to attend cottage meetings, to interview constituents; at lunch time he speaks at factory gates, and in the evening he manages a quick shuttle between two or three schoolrooms or parish halls. On the Labour side there has perhaps been a greater tendency to move

meetings out of doors than on the Conservative. There is no doubt that the summer election is more unanimously welcomed by Labour than by the Conservatives. Their cadres of workers are less diminished by the call of farms and holidays ; and they believe that the lighter evenings will help them to overcome the advantages, both in canvassing and in getting their supporters to the poll, which the Conservatives normally enjoy with their vastly better organisation.

But whether such considerations will really make a difference to the result is open to doubt. There is nothing to be observed in the constituencies that would justify any assumption that the outcome of the election is a foregone conclusion. It would seem likely to be determined by the mood which the party leaders and the national press manage to create in the next ten days, far more than by any efforts on the local level.

Tory Tide?

THE Conservatives may get a boost to their morale this week-end when the results of the borough elections are announced. These elections are likely to show some quite considerable Conservative gains of seats, although probably not of councils ; but it will be important to remember, when reading the results, that Labour is defending some wards that it won under quite freak conditions in the Tories' very bad year of 1952, and that a solid mass of Labour supporters never votes at local elections anyway (partly because it does not know that these elections are going on). A reasonable "bogey score" for the Tories, if they are to maintain their position on May 26th, will be to recapture just under half of the 600 borough council seats that Labour gained in 1952. They may also hope to recapture up to half of the 440-odd seats that Labour gained in the urban district councils in 1952. In those of the elections for urban district councils that took place on the first two days of this week, Labour seems to have lost between 80 and 90 seats ; but in only four or five cases has control of the councils changed hands. A spot check in two or three cases, on which no great reliance should be placed, suggests that the Tories just about came up to bogey ; in some places they may have exceeded it.

The other current source of Conservative glee is, of course, the swing to them reported in this week's *News Chronicle* Gallup poll. It suggested that, among those who say they have made up their minds, the Conservatives might poll 49½ per cent, Labour 47 per cent, and Liberals and others 3½ per cent. This indicated Conservative lead of 2½ points dwindles to a lead of 1½ points if one includes the vaguer preferences of the "Don't knows," and to a Labour lead of 1½ points (Labour 46½ per cent, Conservatives 45 per cent, Liberals and others 8½ per cent) in answer to the question, "Which party do you think is best for people like yourself?" But even if Labour led by 1½ points in the votes cast on May 26th, the Tories should still have a majority of between 10 and 20 in the House ; and a Tory lead of 2½ points in votes cast (which would represent a swing of rather over 1½ per cent compared with the 1951 general election) should give the Conservatives a majority of about 80 or 90. Calculations of this sort stretch the use of the polls further than the pollsters themselves would claim to be justified ; but Labour supporters were stretching the tool—and their imaginations—even further three weeks ago.

Radio and Television

SIR ANTHONY EDEN'S opening election broadcast proved to be an orthodox party brief ; it was a piece of *précis* reading from the very excellent campaign material that the Conservative Central Office has prepared for its candidates, but no more than that. As such it cannot have given many people the impression of a great Prime Minister, but it probably helped to get across the general slogan of "onward from success" on which the Conservatives so wisely rely. It therefore piled up more marks than the first Labour election broadcast, which wasted the considerable asset of Mr Griffiths's magnificent radio voice. As Mr Griffiths's gentle Welsh cadences rolled over the air, announcing that he was going to talk about the family, Conservatives must have shuddered with the thought of a devastating Labour success to come ; but they perked up briskly when it became evident that he was chiefly interested in the "great family" of mankind, who do not all have votes. Mr Griffiths appeared to be saying that a lot of Africans and Asians, including his good friends Mr Nehru and Mr Krishna Menon, are either underdeveloped or do not have enough to eat ; and that Labour would put this right. With all respect to Mr Griffiths's high humanity, it really is not possible to sell to the British public a policy of "gimme" and "give them" at one and the same time.

On Tuesday, the long awaited television battle opened —and opened with yet another opportunity missed. Mr Macmillan came to the screen straight from the Paris conference, and any competent producer would have cast him as breathless with good news ; instead he came over merely as breathless with a strange nervousness—tired and forgetful of his words. The most effective part of the programme came when Mr Macmillan was off the screen: in the Tory Central Office's film, which made reasonably successful play with Labour's wilder prognostications and posters in the campaign of 1951, and with the queues and rationing under Labour rule.

Next day, Labour showed that it had learned nothing from the Tories' television mistakes. Its programme presented Mr and Mrs Attlee as two "normal people" in a strictly middle-class drawing-room. But nobody can be normal with the television camera looking on ; they can merely act normalcy, which is a very different—and in this case mildly unsuccessful—thing. The programme, and the presence of the polished Mr Percy Cudlipp as interviewer, confirmed that an unpractised performer always compares unfavourably with a professional on this cruel medium. It also confirmed that, so far, this aggravating screen can hardly have won either party a single vote.

The Marginal Constituencies—I

THE general election of 1951 showed that there were 34 Labour seats and 33 Conservative seats, which would have been lost to the other side if 2 per cent of the electorate had changed its allegiance. Three of these constituencies (two Labour and one Tory) have now been struck off the electoral map by the boundary commissioners, while five of the eleven entirely new seats are regarded as sufficiently open to set the local candidates' nerves on edge. In addition, because of the depredations of the boundary commissioners and the movement of population, there are about a dozen other seats that should clearly now be regarded as being in this "2 per cent marginal" category. This means that there are about eighty constituencies, almost equally divided between the two parties, which are of particular interest in this campaign. There are several other seats —perhaps between fifty and a hundred—that deserve to be called "marginal" under some definition of that term. But it is in the most critical eighty that the battle is likely to be lost and won.

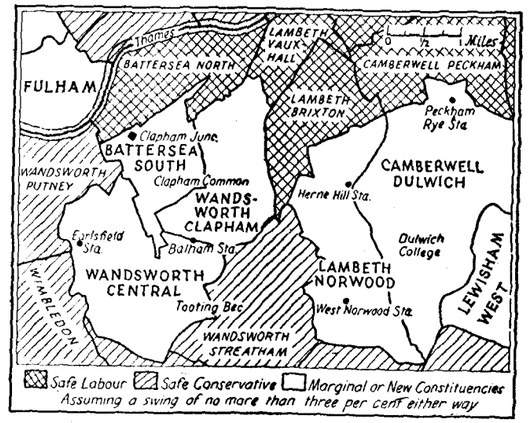
In editing surveys from correspondents or informants in the different areas—a first batch of which is published below, with a second batch to follow next week—an attempt has been made to concentrate particular attention upon these eighty critical seats. The convention used is to set them in bold type whenever they are first mentioned. It is hoped that the surveys published this week and next will cover the areas in which the majority of these seats are contained. At the end of this section next week, an attempt will be made to summarise the conclusions that appear to emerge. The aim will be to show how the calculations that a statistician can make in London are diluted by reports from the spot. Meanwhile, it is the reports from the spot that are published below.

City or Suburban?

SLOWLY, slowly, north of Tooting, suburbia dies away. And in the area where it fades into the great smoke, into the 10,000 to 20,000 Labour majorities of Battersea North, Lambeth Vauxhall and Camberwell Peckham, lie four of the six really marginal, and one of the five possibly marginal, Parliamentary constituencies within the county of London. Three of these really marginal constituencies lie together in the west—**Wandsworth Central, Wandsworth Clapham,** and **Battersea South.** In the general election of 1950 Labour won all of them ; in the general election of 1951 the Conservatives won only Battersea South ; in the London County Council elections of 1952 all three went Labour ; and in the London County Council election of 1955 all three went Conservative, but in a muffled struggle in which a high proportion of Labour supporters from the singularly unsuburban streets to the north and round the railway lines clearly did not bother to come to the poll.

In the present election the Conservatives will have to fight bitterly to maintain their toehold at Battersea South. Mr Partridge's success, in turning the Labour majority of 368 in 1950 into his own majority of 494 in 1951, was due mainly to the disappearance of the Liberals, whose candidate secured 2,949 votes in 1950. This time the Liberals have reappeared. Their candidate is, among other occupations, a magician, and he has the disadvantage of looking like one ; but he has the advantage of having appeared on television as a teller of tall stories, and the knowledge that in local elections since 1950 Liberals here have done surprisingly well. In any case Battersea is a place for fighters. By this time next week, it thinks, a native son of this constituency will be heavyweight champion of the world.

The position in Wandsworth Central and Wandsworth Clapham is more straightforward. If there is a swing of as much as 2 per cent to the Tories in either, Labour will lose the seat ; otherwise Mr Adams and Mr Gibson will hold



on to the seats they held by majorities of 1,183 and 1,308 in 1951. There are no third candidates. In Wandsworth Central, as in Battersea South, the electorate has been diminishing, and some (probably Labour) voters have moved out of demolished pre-fabs or overcrowded tenements into new pastures. The Conservative majority in Wandsworth Central—which includes the wards of Tooting, Earlsfield and Graveney—was quite comfortable in the recent LCC elections. The casual traveller through it by car cannot readily understand why the Tories have not captured it in Parliamentary elections, while they have captured the more northerly and congested territory of Battersea South. Wandsworth Clapham is a different matter, and the very narrow Tory majorities in the LCC elections suggest it will be a harder nut for the Tories to crack.

Immediately east of this complex of three marginal seats, the fairly safe (majority 5,353) Labour seat of Lambeth Brixton stretches sufficiently far south to lop off all the unsuburban streets from Mr Duncan Sandys's Tory stronghold of Wandsworth Streatham. Next door to it Brigadier Smyth, VC, has a congested area to the north of his constituency of Lambeth Norwood, and a bare majority of

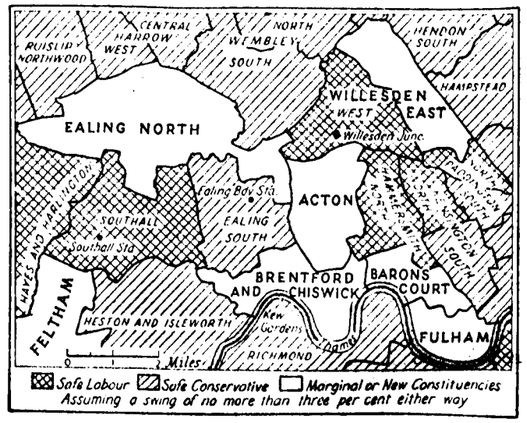
2,949 to defend ; but it would need a swing of nearly 3 per cent to unseat him, and the seat is regarded locally as only "possibly marginal." **Camberwell Dulwich** is a much more serious centre of battle. Mr Robert Jenkins won this seat for the Conservatives in 1951—turning a Labour majority of 1,325 in 1950 into a Tory majority of 691—and did so in a three-cornered fight. There will be three candidates again this time. The new Liberal candidate is a bus driver, while the old one was a barrister, and the Tories may hope that this will increase his appeal to Labour voters rather than to their own. But they would still be much happier if the tempter was away. In Camberwell Dulwich, as in all the other constituencies that have been discussed in this note, there are no boundary changes to complicate comparisons with 1951.

Cross Currents in West London

THERE are four specifically marginal seats in West London, and boundary alterations have created two entirely new constituencies which may be debatable. The obviously marginal seats* are **Brentford and Chiswick,** which the Conservatives held by 1,510 votes in 1951 ; and Acton, **Willesden East** and **Ealing North,** which Labour held by 1,991, 1,868 and 120 votes respectively. Of the three latter, the constituency obviously ripe for Tory picking is Ealing North. In 1951, Mr Hudson's Labour majority was cut to 120 in a straight fight ; but in 1950 the Liberal candidate polled 4,855 votes and the Labour majority was 2,404. Presumably this means that three-quarters of the ex-Liberal vote in 1951 went to the Conservative, and only a quarter went to Labour. The Tory's task this time will be to prevent his share going back to the Liberals, and to hope that Mr Hudson's does.

The more hopeful seat seems to be Willesden East, where the Labour member in the past Parliament was the left-wing Mr Maurice Orbach. Mr Orbach has made a statement widely taken to mean that he disfavours Britain making the hydrogen bomb, contrary to official Labour policy restated by Mr Attlee in response to a telegram sent by his opponent. His insistence in 1951 that Conservatism meant a greatly increased risk of war may also prove embarrassing. The local Labour view is that these excitements will help rather than damage his cause, by working up an apathetic electorate ; and in any case the constituency, in which there is a turnover of 8,000 a year from migration, tends to become more of a Labour seat. But it would take only a 2 per cent swing to put the Tories in at Willesden East, and a 3 per cent swing to put them in at Acton. Brentford and Chiswick may also be deteriorating as a Conservative seat, and Labour will need only a 2 per cent swing to capture it.

The Boundary Commission has redrawn the constituency map of Fulham and Hammersmith. Where there were four Labour constituencies—West and East Fulham, and North and South Hammersmith—there are now three constituencies only. North Hammersmith is the least affected, and has become even more safely Labour by acquisitions from East Fulham. The new Fulham is made up of half of West Fulham (held by Dr Summerskill by 2,583 votes in 1951) and two wards of East Fulham (held by Mr Michael Stewart, the present candidate, by 2,473). The Conservatives think it has improved on balance for them, but their prospects seem slender. The new **Barons Court** is a much more hopeful seat for the Tories—with strong Conservative areas in Barons Court itself and on the Chiswick frontier, and with hopes that the old South Hammersmith section may split fifty-fifty. Hammersmith



traders are said to be responsive to the Butler budgets. In the LCC elections, on a low poll, however, the Tories only just got one candidate in out of three at Barons Court, and even then the bitterness created by the Hammersmith council's differential rent scheme was helping the Conservative cause. But the Conservatives have a good candidate and a strong organisation. Conservatives who believe that a strong candidate is almost as good in some cases as a general swing are also hopeful about Kensington North, held by Labour by 4,000 in 1951. Here that rare manifestation of a Tory working man, Mr Bulbrook, has intensively canvassed for four years. In the LCC elections the Labour majority was cut from 2,500 in 1952 to just over 400 in 1955 ; and Conservatives say that Mr Bulbrook, an ex-wrestler, is the man to make the last heave.

East Anglia's Dozen

TEN or eleven—and perhaps twelve—seats in East Anglia and rural Essex are either clearly marginal or have been so reorganised as to be doubtful. In five of them the winner's majority was less than 1,000 in 1951. Thus the whole area, which was predominantly Conservative between the wars, has become hotly debated ground. A two per cent swing rightwards would net four seats for the Government **(Lowestoft, Norfolk North, Hornchurch** and **Maldon).** A swing of that order in the opposite direction would give Labour three Tory seats **(Norfolk South-West, Kings Lynn** and **Yarmouth),** and there are some people who think that it would also bring in the re-arranged constituency of Billericay. In addition the present "two per cent marginal" Conservative seat of

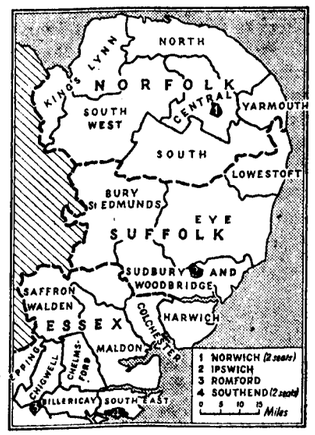
* To avoid confusion with the previous note, it should be explained that these constituencies are technically in the County of Middlesex, not of London.

Romford seems almost bound to go to Labour in any event, as a result of boundary changes ; and changes in candidatures have cast a shadow over the Conservative seat of Eye (the former Liberal member, Mr Granville, has switched to become the Labour candidate, and might take some of his personal following with him). The majorities in 1950 and 1951 for the debatable seats are given below:

Marginal Conservative	Majority		Marginal Labour	Majority	
	1950	1951		1950	1951
Norfolk:			Norfolk:		
King's Lynn	270* (Lab)	937	North	2049*	279
South-west	260* (Lab)	442	Suffolk:		
Yarmouth	1162* (Lab)	1025	Lowestoft	3322*	847
Norwich Sth.	2325	1848	Essex :Maldon	1724*	704
Suffolk: Eye .	627* (Lib)	2189*	Hornchurch .	1767*	1034*
Romford	1269*	1298			
Billericay† ..	4366*	6323			
Essex: S.W..	new constituency				

† Largely reorganised. * Liberal stood.

While Billericay has become marginal, the new constituency of South-East Essex—to which Mr Braine, the former member for Billericay has moved—should be a Conservative gain. The other new constituency of Chigwell is even more safely Conservative, and the Tories are fairly comfortably in control of all the other seats shown in the map except for the Labour strongholds of Ipswich and Norwich North. One other possible exception is Epping, in which the sitting Tory, Mr Finlay, has some reason to be disturbed both by the growth of the new town of Harlow and by the fact that the Liberals are putting up Mr John Arlott.



The Liberal vote is an important factor in East Anglia, but it is not necessarily decisive. In 1950 the Liberals contested all the seats listed in the table except Norwich South ; they polled 50,000 votes and held one seat, Eye for their party. Their poll in six seats exceeded the winner's majority. In 1951 they appeared only in Eye and Hornchurch ; their only appearances so far this time are in the same two. The splitting of their vote in 1951 was accompanied in most cases by a rise in Tory and a reduction in Labour majorities, and Labour's loss of King's Lynn and Yarmouth was clearly attributable to it. The Tories' hopes from Norfolk North, Lowestoft and Maldon this time are based partly on the thought that some of the quite substantial minority of 1950 Liberals who voted Labour in 1951 will this time be "fair-minded" enough to plump for their side.

The Conservative candidates are not, however, relying simply on Liberal votes. They feel they have recovered the prestige they lost between 1945 and 1950, when Labour members demonstrated to East Anglia how closely a sitting MP could watch constituents' interests in the welfare state. In the past 3½ years Tories have shown how different they are from the prewar type of Norfolk Tory, who used to recline rather lazily on large rural majorities. In Norfolk, particularly, the farmworker's vote is all-important ; its attitude approximates closely to the industrial vote, since farms here are large and mechanised and often owned by farming companies. But resentment of the treatment of the workers on big estates before the war, though an active memory, has lessened as the result of rapid rural improvements since 1951, especially in housing. Conservative candidates find contentment and a disposition to leave things as they are ; Labour candidates are seeking for issues to rouse the countryside. Some candidates think that side issues might sway the decisive few hundred votes ; in marginal Maldon, for example, the popular Bevanite member, Mr Driberg, is not standing again.

Little Change in Wales?

A GLANCE at past election results shows how little either of the major parties has to hope for or to fear from Wales. Of the 36 seats 4 are securely Conservative and 23 are even more securely Labour, while the Liberals have—for the moment at least—a firm grasp on two seats. In only seven seats is there any chance of a change. The two Conservative gains of 1951, **Barry** and **Conway,** would fall if there was a 2 per cent swing to Labour ; but there has so far been no announcement of a Liberal re-intervention at Barry and Conway was won last time in a three-cornered contest (the Liberals are fighting there again). Labour's only two gains in the whole of Britain in 1951 were in Wales ; but Merioneth and Anglesey, which were wrested from the Liberals, are now probably fairly secure. In Merioneth the Liberals have split and, although the Conservatives are giving a clear run to the newly formed National Liberal faction, the Labour member is hardly in danger ; in Anglesey, the loss of Lady Megan Lloyd George, cannot help the Liberal chances. Another former Lloyd George stronghold, **Pembroke,** is the scene of an interesting fight : in an effort to oust the reformed Bevanite, Mr Desmond Donnelly, both Conservative and Liberals are uniting in support of a popular local Independent. If this newcomer gathered all the anti-Labour votes of 1951, then Mr Donnelly would lose by about 1,500 ; but Lady Violet Bonham Carter's experience at Colne Valley last time showed that portmanteau candidates rarely do sweep all their potential pool. The other two marginal seats in Wales are Swansea West where the last Labour majority was 2,160 ; and **Carmarthen** where Sir Rhys Hopkin Morris, as an Independent Liberal backed by the Conservatives, scraped in by 467 votes. The Tories would need a 3 per cent swing at Swansea West ; but Labour is marking up Carmarthen as a probable gain.

Notes of the Week

Bulganin Cocktail

THE invitation to a conference at both the highest and lower levels that was sent to Moscow on Tuesday secured the diplomatic initiative for the West for less than twenty-four hours. On Wednesday morning the Soviet press devoted its front pages to a massive new statement of international policy, and on the same day Marshal Bulganin amplified this text in his opening speech at the Warsaw conference. The Soviet prime minister referred in passing to the arrival of the western invitation ; this was the first that the peoples of the Communist world had heard of it, and it was effectively swamped by the mass of the new Soviet policy statement. Together with the Marshal's speech, this covered almost every aspect of world affairs ; room was found for an appeal to " uncommitted " countries in Europe and Asia to follow Austria's example, for an attack on the West's strategic trade controls, for denunciation of the forming of " aggressive blocs " in the Middle East and of Nationalist Chinese " piratic sorties against merchant shipping."

At first sight, the only major shift in the Soviet position is in regard to disarmament, but it is an important one. The classic Russian gambit has been employed of dramatically presenting as a brand-new Soviet formula something that the West had been suggesting for years. Since 1952 the western powers have upheld in all disarmament negotiations the principle that national armies should be reduced to absolute levels—not, as the Russians were maintaining up to a few weeks ago, in proportion to their present strength, a formula that merely meant perpetuating the Communist advantage. Now, blandly disregarding its origins and all the arguments they have used to discredit it, the Russians put forward as their own not merely the West's principle but even its figures: Russian, Chinese and American armed manpower to be reduced by stages to between 1½ and one million each, British and French to 650,000 each. The elimination of nuclear weapons would be total but would not be carried out until three-quarters of the cuts in conventional arms had been made.

Open House at Warsaw

TAKEN in isolation, the new Soviet position on disarmament would be a highly encouraging example of what the West can expect to gain from patient and unwavering firmness. But unfortunately it is not isolated. The Russians have simultaneously made it clear that their terms for any kind of general settlement embrace the same quite unacceptable conditions as before. In great detail, they have repeated their insistence on " the liquidation of military bases on foreign territories "—which means the winding up of Nato and the total removal of American forces from Europe, as well as the total withdrawal of American and British military protection from every part of Asia from Japan to Jordan ; the evacuation first of the bulk and then of the whole of the allied and Soviet forces from Germany ; and the reorganisation of all Europe in a " security " system under Russian leadership and without the United States.

The orientation of the Warsaw " conference " of the Soviet Union and its satellites was skilfully adjusted to fit in with the Russians' larger strategy. The new " alliance " between the East European allies, which now draws in the East German " Democratic Republic," has not been presented simply as a counter to the new structure of Nato and Western European Union including Western Germany. On the contrary, Marshal Bulganin announced in his opening speech—and nobody at Warsaw is likely to oppose his view—that what is being set up there is a security system which anybody could join, and that it was being formed only because Nato had refused to accept the Soviet Union as a member. In fact, the Warsaw alliance is to be Mr Molotov's familiar " all-European security system " in embryo. The German Social-Democrats and other neutralists who are proposing very similar kinds of all-European security systems will now have an opportunity of seeing what the founder members make of their club. The sight may be illuminating.

Backing for Herr Ulbricht

THE celebration of VE Day in East Berlin brought home one of the great differences between Austria and Germany, even in the Soviet view. In Austria the Russians are not abandoning a Communist regime, or even a strong Communist party. They can say that Austria is becoming free and independent, but not " democratic "—in the Communist sense—without having to admit any political defeat. It is very different in the German " Democratic Republic." There they are faced with the question whether they can afford to risk abandoning a Communist spearhead. So far there is no sign that they will. Marshal Zhukov was accompanied to Berlin by a member of the Soviet party's central committee, Mr Pervukhin, whose task it was to hearten the German party functionaries. " In their noble struggle for the reunification of their fatherland on democratic foundations," he said, " the German people can count on the loyal and consistent support of the Soviet people and the peace camp." And Mr Pervukhin made it clear that when the Russians say that Austria should be an example to the Germans, they refer to the method of negotiation more than the actual settlement itself. He indicated that it is for the Germans, like the Austrians, to send the leaders of their main parties to Moscow to negotiate.

Herr Ulbricht went out of his way last Sunday to dash the hopes of German industrialists. He said:

> Freedom for the people means depriving of their predominance those industrial and banking magnates in Western Germany who have combined with American finance capital and sold the interests of the German nation. Some Social-Democratic functionaries are wondering what will be done with the publicly owned plants in the German Democratic Republic after reunification. . . . In our view this is simply not a question for discussion, because no one will be able to give those plants back to capital ; and if certain West Berlin provocateurs become insolent they will feel the fists and the weapons of the Fighting Groups in Berlin's factories.

It is to be hoped that the Communist leader's words will be noted in the Federal Republic, where industrialists are inclined to think that in the event of reunion they would not only keep their position in the West but regain their assets in the East. Firms looking for American capital are already optimistically re-valuing their Soviet Zone property. In point of fact, even the West German economists who have studied the probable results of reunion envisage that the big concerns would have to remain nationalised. If the former owners were to be compensated and the economy of the Soviet Zone restored, American aid would be needed on a large scale ; but it is hard to see a new Marshall Plan being offered to help a neutralised " democratic " Germany. It might be salutary if this warning were given from Washington as clearly as Herr Ulbricht uttered his threats from East Berlin.

Resolving Whose Crisis?

A LIBERAL election manifesto should be the manifesto of a pressure group rather than of a party ; the Liberals have the great advantage that they will not do much good for themselves by stooping to dishonesty in the search for votes. Unfortunately " Crisis Unresolved " hardly lives up to this advantage, intelligent and realistic as much of it is. Even the title is a mistake. With Lady Megan Lloyd George beckoning Liberals to the left, and Lord Samuel warning them at all costs not to go there, the other parties can be excused for claiming that if there is an unresolved crisis anywhere it is within the Liberal party itself.

The crisis to which the Liberals refer, however, is the long-term problem of the British economy: " will either the Conservative or the Labour party have the courage, on this side of disaster, to stem the tide of rising prices, subsidies and nominal wages ?" This is a very proper question to ask—although it is a pity, after the surprising successes of the last few years, to frame it in quite such a doom-laden note. The same sort of mistake of emphasis mars too many of the Liberals' proposed remedies. To the Liberals free trade still means tariff cuts rather than the much greater problem of import restrictions; they still enthuse crankily over co-partnership ; they expect altogether too much from a fierce frontal attack on monopolies ; and they are dishonest enough to pretend that, having lowered prices by this means, an abolition of farm subsidies would not harm agriculture. There is no point in justifying a sensible policy by nonsense excuses.

The outstanding merits of the manifesto are that it lays great emphasis on personal freedom, and that the Liberals show themselves to be the only party ready to face the problem of modern trade unionism. This last is a question that Labour cannot, and the Tories dare not, discuss. The Liberals state an issue on which electors are increasingly wanting some detailed proposals for ministerial action ; alas, all that they come up with is —a Royal Commission. They are still the party with the best emotions, but they have not—in this document—managed to ally to them the brightest ideas.

Bulletin of Trouble

TO add to the serious strikes already in progress there is the threat of another dock strike in the northern ports. This is again the work of Mr Barrett's National Amalgamated Stevedores and Dockers, and is part of its long quarrel with the Transport and General Workers' Union. The NASD is asking this time that it should be represented, alongside the TGWU, on the local joint committees, as it already is in the Port of London. The port employers say that the unions must sort it out, fearing that if they admit the stevedores' union to the committees immediately the TGWU members will walk out. On the other hand Mr Barrett has already twice shown that his strike threats are no bluffs, and that he can get the other union's men out too. He plainly thinks that he can do so again.

About 4,000 dockers in Liverpool have been idle in any case, and 47 ships at anchor outside the mouth of the Mersey because of the unofficial strike of some 500 tugmen. They want higher pay for overtime, and a working week of 44 hours—which, in practice, means more overtime. These are the only two points, out of nine claims presented on the tugmen's behalf by the Transport and General Workers' Union, which the employers were unable to accept. The men were told by their union that talks would begin within an hour of their return to work, and the employers have made it clear that they are ready to let the matter go to arbitration. Yet the decision to return to work on Thursday was passed by only one vote.

Finally the last has not yet been heard of the strike in the Yorkshire pits, at a cost so far of 700,000 tons of coal. Some pits voted to go back to work at the beginning of the week on the advice of the National Union of Mineworkers, but the agitators got busy, dashing about in taxis, for which somebody must have paid ; and at the time of writing 43 pits are idle, affecting 60,000 men. The fillers are not content to wait for the revision of piece rates and allowances that could be expected from the experimental scheme now being tried out in the area, but say they must have an assurance of benefit now. However, they are getting short of money, and the men who have been put out

of work by the strikers' action may be getting short of patience; there is some hope that the fillers themselves will soon opt for wages rather than national assistance.

Neutrals in Arms

IF the ambassadors in Vienna succeed in bringing the negotiations for an Austrian treaty to a close in time for the foreign ministers to sign it on Sunday as the timetable requires, it will be a diplomatic *tour de force*. They have still several hurdles to clear at the time of writing. But one thing has emerged with notable clarity from the Austrian discussions and the Soviet comments accompanying them. That is the strong element of "double talk" involved in the Russians' advocacy of neutrality *à la Suisse* for Austria. While *Izvestia* has been assuring the Austrians that "the Swiss model" is just the thing for them, *Pravda* has been denouncing as "enemies of Austria's independence" those who raise the question of their country being permitted to raise somewhat larger, but still modest, armed forces.

In Moscow's eyes it is evidence of militarist intrigue to make such a suggestion at the moment when Austria is to relinquish all thought of alliances. But is it? The experience of other small countries centrally situated in Europe is exactly the opposite: that the price of true "alliance-free" neutrality is the maintenance of a sizeable national defence. Both Switzerland and Sweden enforce conscription. The Swiss take pains to ensure that anyone who thinks of violating their neutrality will find them a hard nut to crack; and the Swedes carry a heavier arms burden than their neighbours, the Danes, who are members of Nato. It is clear that the Swiss model is not really what Moscow has in mind for the Austrians at all.

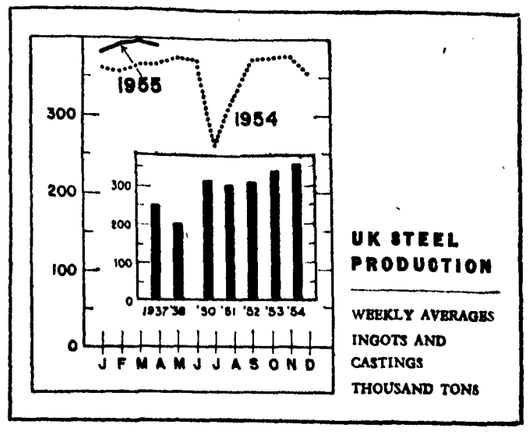
Make-Believe about Cyprus

THE Cyprus problem is in danger of being turned into a tragic game of "let's pretend." The Greek government pretends, in an "information document" circulated to the United Nations, that British troops transferred from Suez to Cyprus are being used "as an instrument of colonial domination" and that their "repressive activities" are causing concern to the Cypriots. The British Government pretends—as last week's Commons debate lamentably showed—that it can continue to treat Cyprus as a purely internal problem, refuse even to talk to Athens and eventually settle things quietly with Archbishop Makarios. The Archbishop and his supporters, on the other hand, seem to pretend that they have only to stick uncompromisingly to their guns to win victory. There are also lesser participants in the game, principally the Greek and Cypriot Communists, whose efforts are more comic than tragic, since their chief pretence is that everyone else—whether it be the Archbishop, the Greek Premier, or the Greeks and Cypriots found guilty of dynamite-smuggling last week at Paphos—are all tools or "worshipping lackeys" of the British. The only interested parties who are content to remain spectators and get on with their daily business are the great majority of the ordinary people of Cyprus.

It is obvious that there can be no progress towards a Cyprus settlement until those principally concerned in arranging one come to terms with reality. It is inconceivable that the Greek government should really think that it will help its case to refer, in an international document, to the troops of its wartime ally and Nato partner in terms that are usually the preserve of Communist propagandists. But it is possible to find some excuse for its action both in domestic pressures and in the natural frustration caused by Britain's refusal to acknowledge Greece's interest in the problem. It is, indeed, extraordinary that British spokesmen on Cyprus still seem to imagine that they do not have to take this into account, that they can get away with generalities about economic and social progress and polite regrets about the slow progress towards a constitution. Britain cannot simply give way to the demand for *enosis*; but equally it cannot continue to ignore the Cypriots' need to give expression to their "Greekness." If a *modus vivendi* is to be worked out on this basis it will certainly need the help and co-operation of Athens.

Waiting for Peking

WITH most people's eyes on the diplomatic duel in Europe, it is difficult to tell whether the latest developments in the Formosa situation are encouraging or disturbing. The British *chargé d'affaires* in Peking has managed to see Mr Chou En-lai, but his inquiry about the precise meaning of the Chinese prime minister's well-publicised remarks at Bandoeng secured only the answer that further explanation would be given in due course. Has Mr Chou really not yet made up his mind what he meant when he spoke three weeks ago? For the outside world,



it is a matter of urgent interest to know which represents China's real attitude—Mr Chou's talk of peace and negotiation at Bandoeng, or the continued military buildup on the mainland opposite Formosa and the Nationalist-held offshore islands. On the face of it, the Peking government would be acting very foolishly if it destroyed all the Asian goodwill it has just won at Bandoeng by attacking the islands in the near future. But the Indians, at least, seem decidedly anxious about the possibility of a new flaring up of conflict in the Formosa Straits. The date of Mr Krishna Menon's journey to Peking was abruptly put forward, against a background of nervous comments in Delhi; it is not yet known what passed between him and Mr Chou, but it is clear that Mr Nehru attributes great importance to the mission.

For their part, the Nationalists, by announcing the laying of mines around the islands (which implies the endangering of shipping entering the ports of Amoy and Foochow) have shown that they mean to stretch to the limit the definition of independent "defensive" action which their agreement with the United States allows them. They could hardly have shown the world more clearly that they still prefer a tense atmosphere to any possibility of a *detente* between the Americans and Peking. But each such provocative act on their part must strain their allies' patience the more, and it may be doubted whether they can go any further without jeopardising their whole relationship with Washington in view of its present mood. Meanwhile it still rests with Mr Chou and his colleagues to decide whether or not a cease-fire conference will be held; and as yet there is no sign from Peking to encourage any great hopes.

Agricultural Fashions

THE agricultural policies of the parties are being defined and debated with a welcome and unusual degree of precision. They deserve study, not simply as an election issue, but as a portent of what awaits the farmer and consumer when one or the other gets in. Labour, with its bland willingness to "plan" everything (except, it insists, consumption), says that it would guarantee fixed prices to farmers, encourage them to expand their output by another third or so, and dispose of everything they produced by regulating imports and controlling the marketing machinery. The Conservatives offer a soberer programme under which farmers would be encouraged to base their production upon the needs of the market, while continuing to enjoy the present price guarantees and special aids and subsidies.

Both parties emphasise their willingness to spend more money on rural housing and amenities—the Conservatives rather frighteningly boasting that the "progress" already made in doubling water and sewage grants will be intensified. But it is left to Labour to wave the flag of rural equality as such, and to extend this principle, not only to education, but to farm wages. Each programme strikes only one warning note, and on different topics. The Conservatives would seek to reduce the "formidable" outlay of £250 million a year on subsidies; Labour would deny producers control over the marketing of livestock and cereals, because of the proposed integration of marketing and import controls. Otherwise, both parties support the present producer marketing boards but even the Conservatives, very understandably, are cautious about their extension to other commodities.

Thus the alternatives are between a new dive into state planning and a continuation of the present compromise between free markets and public protection. Labour's plan would insulate British farming once again from the market and completely disguise its real cost: the result could only be a highly inefficient agriculture. The Conservatives' policy is at least more realistic, but with the danger that it may degenerate into innumerable dribs and drabs of special aids and protection, developed piecemeal and unrelated to any sound policy of value for money.

Bombs and the Species

IT is nothing new for the electorate to vote on issues which it does not understand, but one issue of this election has reached a new level of the esoteric. The Labour party, like the Conservative party, is in favour of manufacturing the hydrogen bomb, but, as *The Times* remarks, is against any attempt to see whether it works. Its promise to ask the United States not to carry out any more tests appeals to several strands in the nation's thinking—from the tendency to blame the Americans for everything to vague fear and bad conscience about making the bomb at all. The best of it, from Labour's point of view, is that assurances that the tests are harmless have just enough unproven points to enable politically minded scientists to cause alarm.

It is estimated that the extra dose of radioactivity produced by hydrogen bomb explosions so far will ultimately, when all the radioactive dust settles, amount to 0.1 roentgens per person permanently in the open in the south-west of the United States. The British figure will be about 0.03 roentgens, and as the average person spends about 90 per cent of his time under cover of some sort his uptake of radioactivity would in practice be only a tenth of that—0.003 r. The natural background of radiation, due to cosmic rays and radioactive substances in the body and atmosphere (and unaffected by cover) is in most countries about 0.1 r. a year. But it varies in different parts of the world. In North Sweden it is three times as high as the average, but the Swedes seem none the worse; in the Andes it is five times as high—but that, perhaps, is not such a convincing example. But taking the average background of 0.1 r. a year—or about 3 r. during each person's reproductive life—the effect of the bomb tests so far is to increase the annual dose of radioactivity by 3 per cent. If ten times as many bombs are exploded will this be enough to damage the human race?

Genetic changes in any race come about partly from mutations—that is, accidental changes in the genes, which are the links in heredity; and partly by selection, through variations in the length and strength of fertile life. Nobody seems to worry about the selection side of genetics—which is just as important—although mankind has grossly interfered with the old law of survival of the fittest. If mice are any guide, it seems that, of the mutations that have occurred in the past history of man, practically all come from chemical

or thermal changes, and only one or two per cent from radioactivity of all kinds. A 30 per cent increase in a phenomenon already only one or two per cent important seems nothing to worry about.

There is obvious need for research into the question, but as it is impossible to experiment with human beings such research can never be conclusive. Meanwhile, a committee of the Medical Research Council has been appointed to review the existing scientific information, and its report will be published as a White Paper. This is likely to be reassuring, at least in the short run—but it will not, of course, appear before the election.

Japan's Run with the Red Queen

IF Mr Hatoyama, the Japanese prime minister, knows his "Through the Looking Glass" he will sympathise with Alice, who, after running and running with the Red Queen, found herself just where she was when she started. The details of the trade agreement signed in Tokyo last week between a group of Japanese businessmen and the visiting Chinese trade delegation make a cautionary tale for politicians who talk too smoothly at election time. In the elections of last February Mr Hatoyama's Democratic party made great play with an undertaking to expand Japanese trade with mainland China; and on coming to power they at once faced the problem of making good their word. The new agreement, reached after more than a month of bargaining and several near-breakdowns, leaves the planned level of trade between the two countries exactly where it was in the previous agreement—at £30 million each way for the coming year. This represents only about six per cent of Japan's total trade, and is rather less than the value of the agreement which Japan signed, without fanfares or fuss, a fortnight earlier with the Nationalist government on Formosa. Nor is even this volume likely to be reached in practice. Many of the things the Chinese want to import are on the list of embargoed strategic goods, and they are unwilling to take the products of Japan's light industry instead. In turn, China's industrial commitments and agricultural troubles make it difficult to spare the things that Japan wants.

Mr Ishibashi, the Japanese minister of international trade, estimated that about a third of the planned trade will in fact be fulfilled. This is little better than what happened last year, when China's actual imports from Japan came to a quarter of what had been scheduled. Nor have the recent talks in Tokyo made any headway over the method of payment: transactions will continue to be paid for in sterling, as in the past, until the two state banks can agree about some other formula, disagreement over which was one of the points on which the Tokyo discussions nearly foundered. The chief aim of the Chinese has been to manœuvre Mr Hatoyama's government into giving its official backing to the compact, as the first step towards securing Japan's recognition of the Peking regime. So far they have signally failed to do so: and although Mr Hatoyama has incautiously talked about "support and assistance" for the agreement, that was probably only a symptom of his chronic eagerness to be friendly to everybody. It may be clear to him now that for economic as well as strategic reasons Japan cannot expect any impressive increase in its trade with China.

Plain Speaking in Belgrade

MR MENDERES, the Turkish prime minister, is to be congratulated on his plain speaking in Belgrade last week. So is the Jugoslav government, which made no attempt to hush up its Turkish allies' criticisms of its estimate of the international situation; Mr Menderes's forthright remarks about "neutralist illusions," the "peaceful" Atlantic bloc and the need for "concrete and precise proof" of a more conciliatory Soviet attitude were fully published in the Jugoslav newspapers.

It seems doubtful, however, whether Mr Menderes had much success in his private talks with Marshal Tito in bringing him round to his way of thinking. The Turkish premier realises that any relaxation in international tension that there may be—and he is rather doubtful about this anyway—is due to the way the West has stood firm and looked to its defences, and he would very much like the Jugoslavs to overcome their reluctance to undertake specific military commitments towards their Balkan allies and to agree to set up a Joint Chiefs of Staff. Tito, on the other hand, is much more optimistic and feels that this is an inappropriate and tactless moment to emphasise closer military co-operation.

There is no reason to doubt the sincerity of these views or to suspect that Marshal Tito is completely taken in by the Soviet blandishments now being showered on him. But the fact remains that his much-publicised determination to blaze his own trail and remain independent of both power blocs has made it difficult for him to agree to turn the Balkan alliance (which is indirectly linked with Nato and receives western armaments) into a really effective bulwark of peace and stability in the region. It is a welcome sign of the sturdiness of this alliance that its members should feel free to talk frankly, to agree to disagree, and to part friends. But since they were brought together in the first place primarily by their need to combine their defences, and since (*pace* Marshal Tito) this still remains the most compelling link between them, it is a pity that they cannot concert the means to satisfy it fully.

Coldest War

ANTARCTICA, although the bleakest of continents, has long been the object of ardent claims. Across its frozen wastes run imaginary boundary lines which divide the polar "cake" into great slices in the names of Britain, Norway, France, Australia, New Zealand, Chile and Argentina. The United States has explored a large segment, and, without making claims, has indicated that it would not welcome intrusion there. South Africa has shown distinct interest in the polar continent for meteorological and whaling purposes; and the Russians have laid a foundation for possible



Queue Questions **6**

THE BUSES MUST GO THROUGH

In these talks we of London Transport have explained to those that have to queue for our services the problem that we are trying to solve on their behalf. There will always be queues as long as we all go to and from our work at the same time, but these queues would be very much shorter if street congestion could be cured or eased.

We have urged the private motorist to leave the car at home and to rely on public transport for travel in Central London. This would mean a saving of road space, an easing of the conditions facing the bus driver in his exacting duty to the public, an improvement in the regularity of the service.

But everyone can help as well. All road users by granting the bus a friendly measure of priority on the streets can materially assist towards a smoother, more efficient service. All, from the policeman on point duty to the pedestrian, from the lorry driver to the barrow boy, can help to speed the bus on its useful way.

A full bus delayed for a minute by some check in the traffic wastes an hour, for it is carrying not goods but people each with his personal timetable; it is introducing anxiety and frustration not only to the driver but to each of its passengers.

Every day nearly ten million passengers are carried on London's buses. We can hardly be accused of selfishness in asking for priority on their behalf.

The buses must go through.

ISSUED BY LONDON TRANSPORT

DAISEE JUTE

gets the sack



THIS isn't the kind of sack you don't want. **This is a jute sack—and that is a Good Thing. For sacks carry your coal, your sugar and your flour. Sacks carry fertilizers and seed and grain. And because sacks must be tough, the best sacks are made of jute.**

Just like rope. And twine and hessian and scrim. All these are made of jute. Jute backs your lino and your carpets. Jute lines your shoes and shapes the shoulders of your suit.

What amazing stuff is jute. How unromantic and how unregarded. But how very vital! For always, everywhere, jute is at its necessary task. All praise to jute!

JUTE INDUSTRIES LTD

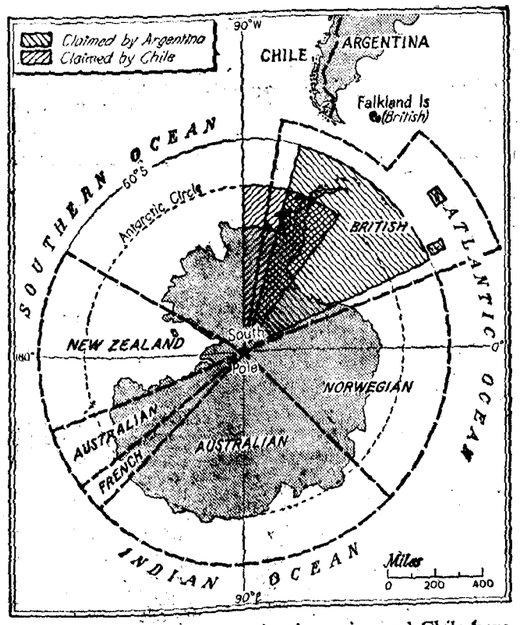
—makers of bags and sacks; twines, cords and ropes; jute carpets and furnishing fabrics; yarn for carpets, cloth for backing linoleum, for tarpauling, roofing felt, dampcourses and plasterers' scrim; cotton belting and webbing and canvas.

There may be an application of jute to your business. Why not write to us:—

JUTE INDUSTRIES LTD · MEADOW PLACE BUILDINGS · DUNDEE



claims by listing the Antarctic, like radio, among their discoveries. But the most serious point of friction has been in the Falkland Islands Dependencies, a finger of ice-covered land thrusting up towards the tip of Latin America, and until recent years an unchallenged part of the British Antarctic sphere. British titles to the territories go back to a number of dates between 1678 and 1843, and are based on a series of acts of annexation and effective exercise of judicial and other authority. But in 1925 and 1940 respectively Argentina and Chile raised claims to areas which overlap both with the British sector and with each other. Argentina has gone further by disputing the status of the Falkland Islands themselves, a settled British colony with 120 years of undisturbed history.



In the Antarctic dependencies Argentina and Chile have set up a dozen bases, in the face of regular British protests, and are consistently rejecting offers of international arbitration. The British Government has now decided to submit its case to the International Court at The Hague unilaterally. The Chileans and Argentines cannot be compelled to accept the Court's authority or even to appear before it, but there are grounds for hoping that the Chileans at least may yet agree to arbitration, and in any case the British move will bring the matter before the eyes of the world's foremost tribunal, which can now invite all other interested parties to follow suit by submitting their views.

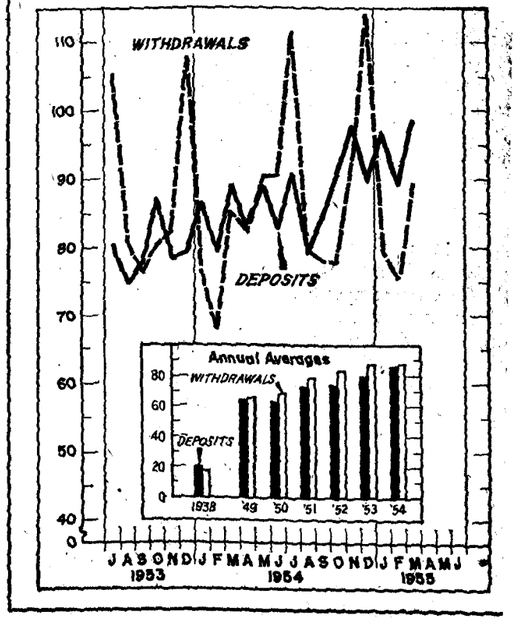
Disappointed Somalis

THE delegation from Somaliland which has been visiting Britain to protest against the fulfilment of the Treaty of 1897 under which a large area of the Somaliland hinterland has been handed over to Ethiopia, has gone away disappointed. They intend to try to bring the dispute before the International Court of Justice at The Hague, for which purpose they seek a sponsor in Uno. They have sent a petition to the Secretary-General. The Government has apparently made it clear that Britain cannot act in the matter; this would offend the Ethiopians from whom certain promises about the administration of the territory, and in particular the promise to allow the tribes concerned to use the grazing grounds without hindrance, have been extracted. Ethiopia has now moved in, apparently with a considerable protective armament, and announced the liberation of the area. As Britain considers that Ethiopia's title to the area is sound, and the Treaty must be fulfilled, it only remains for the Somalis to prove to the Court that Britain was in fact unable to make such a treaty under the terms of the protectorate established in 1886, and that therefore both Britain and Ethiopia are *ultra vires*.

Inevitably, Somalis feel that the whole area in which their people live and graze their herds is "national territory" some day to be united in a single state instead of, as now, divided into British, Ethiopian, French and Italian zones—the last-named being due for independence under United Nations mandate in 1960. They are a vigorous and expanding people, and before European control was asserted in the Horn of Africa, were steadily pressing south and west. They are today an important part of the Kenya police force. The growth of a sense of betrayal among them—they are bitter not only about the 1897 treaty but also about the failure to consult them in 1955 and 1897—will add yet another complication to the many in East Africa. Developing their homeland will not prove easy, nor necessarily an effective sop, and it will be expensive, but it is the only restitution that Britain can make. Somalis who learn that

SMALL SAVINGS

POST OFFICE ACCOUNTS AND NATIONAL SAVINGS CERTIFICATES (£ MILLIONS)



Ethiopia is negotiating an oil-prospecting concession with an American firm in the grazing grounds that they have "lost" will certainly think so.

Mr Sweetman's Debut

OUR correspondent in Dublin writes: The Irish budget was awaited with exceptional interest this year. It was the first to be presented by the coalition government, which was elected last June after a successful campaign against what it called the "austerity budget" of *Fianna Fail* in 1952. There was also a new Minister for Finance, Mr Sweetman, who, being only the sixth to hold that office in over thirty years, promised at least some novelty of approach.

His description of the general economic situation was reassuring. Industrial production has shown a further increase; and, in spite of last year's weather, agricultural output is up. The export trade has also expanded—in spite of the fact that the removal of controls in the United Kingdom has removed protection for sterling area products, and thus brought a number of temporarily flourishing Irish exports to a sudden end. At £5 million, the deficit in the Republic's balance of payments in 1954 was the lowest since supplies became available after the war. An agreeable oddity was a small surplus with the dollar area. It may well be felt that the export trade has become dangerously dependent on the high prices for cattle; but the fact remains that 1954 was a good year.

It was not expected that this prosperity could be translated into large remissions of taxation. Mr Sweetman did no more than to give a small increase in old age pensions (which are traditionally of high political importance) and to raise the income tax allowances. No doubt he was under some pressure to do more, and his restraint is a good sign for the future. The job that he has inherited is not an enviable one. The budget of 1952 brought austerity to the Irish tax-payer, but it was followed by an increase in public expenditure on current and capital account. As things are, Mr Sweetman seems committed to borrowing £31 million for the programme of capital investment. No immediate relief seems possible from high taxation and large borrowings; and no reserve of taxable capacity is being built up against future needs. This springs also from the incidence of taxation; agricultural prosperity does little or nothing to increase the revenue, so that the burden falls with special severity on a comparatively small number of income tax-payers. It could not be expected that Mr Sweetman would solve these difficulties; it must be counted in his favour that he has refrained from making them any worse.

Cold Comfort for Satellite Housewives

In recent weeks, four East European satellite countries have announced a round of price cuts. Only East Germany and Hungary have failed to follow suit, probably because in both the economic situation is just that much too unfavourable; in East Germany inflationary pressures are causing serious alarm, while in Hungary the disastrous consequences of the oscillations in economic policy since July, 1953, are notorious. For once, the Communist regimes in Prague, Warsaw, Bucharest and Sofia have not taken their cue from Moscow, which this year has so far withheld its customary spring price reductions. But far from striking out on their own, the satellites are merely making a show of catching up with their Soviet mentors. Until this year, the Russians have cut prices regularly since 1947; in the satellites, price reductions have been less numerous and more modest.

This year's price cuts are on an even smaller scale than usual. In Poland they represent a saving to the population half as great as last year's price cuts were supposed to afford; in Bulgaria the saving is about two-thirds as great, in Czechoslovakia less than a quarter. In Rumania the price cuts—the first to be given there—are quite inadequate to offset the price increases caused by the abolition of rationing last December. And the benefits which even these modest reductions bring to all four countries are more apparent than real. Very few basic foodstuffs have been affected; bread, flour, sugar, potatoes and eggs cost as much as ever, and only in Bulgaria and Rumania have the prices of a few meat products been reduced. Many of the clothes and consumer goods that now cost less are reported to be in short supply or else unobtainable. In short, the average family, which spends most of its worldly wealth on keeping the wolf from the door, will be just as badly off; only the few who have money to burn on household or semi-luxury goods—if they can find them—will profit.

That these cuts give so little cause for rejoicing shows how modest (and perhaps how inefficient) has been the switch-over to consumer goods production and how unsuccessful the attempts to get the peasants to grow more. Now, with the apparent swing-back to concentration on heavy industry, the dearth of consumer goods is likely to be even worse. Unless the present frenzied drive to step up agricultural production succeeds in filling the shops with more foodstuffs, the outlook for the consumer in Eastern Europe is not encouraging.

Evils of War and Peace

In truth, it is now perfectly clear that many of the evils and losses we ascribe to war have been the results of mismanagement and misgovernment. Thus, about half the burden of the national debt was imposed on us by taking up money on erroneous principles, and the whole of the debt was incurred more from a wish to shirk responsibility and avoid unpopularity than from any real difficulty of providing for the cost. In fact, loans saved nothing; they wasted our resources and caused greater weakness than would taxes to pay all the expenses of war as they arose. Though we, as a contemporary tauntingly says, are "obliged to swallow the loan" because he and other writers mislead public opinion, and continue the delusion that loans add to the national power, we only swallow it as the starved people, being governed by ignorance, were obliged for many years to swallow the corn law; and though we cannot help the mischief caused by ignorance and avarice, that does not make loans less a costly and destructive means of waging war, and does not make it less an error to attribute to war the evils of improvident borrowing. To war men are impelled by their natural impulses, which carry forward society in its course; and it is the duty of observers carefully to discriminate the effects of these different impulses. To argue against them is absurd; they are part of man's nature, necessary to his continuance on the earth; all we can do is to observe their effects and modify their direction. But if we attribute to one impulse what is the consequence of another—if we ascribe to the hasty impulse which makes men risk something to redress a wrong or stay oppression the manifold evils which sordid, slow, calculating, dishonest greediness inflicts on society—we do injustice to ourselves and the Creator, and perpetuate chronic and permanent evils that we have learnt from experience are worse than the swift and violent evils of war.

The Economist

May 12, 1855

The Shape of the European Fund

CONVERTIBILITY rumours have blossomed with the chestnuts this May, as last, in Paris. At the end of April the managing board of the European Payments Union was as near agreement as seemed possible on the related questions of the extension of the EPU and the charter for the European Fund which is to succeed it. This week the deputies of the special ministerial group on convertibility are meeting in Paris to resolve the few unsettled issues. But their prospects of complete success are dim, and it seems unlikely that there will be any final settlement until the finance ministers themselves meet in June.

The crux of the problem is whether, when sterling becomes convertible, the European Fund which is to replace the Union will simply give short-term credits to countries in temporary balance-of-payments difficulties, or whether it will continue EPU's clearing functions, although on a 100 per cent gold payment basis. Most of the Europeans concerned would like the clearing function to continue; partly because they feel it will help them resist the temptations of bilateralism, partly because they are now accustomed to the EPU and are reluctant to dismantle too much of the system until they are sure convertibility is here to stay, and partly for the tactical reason that it would make it harder, although not impossible, for the British to have a flexible exchange rate, which the continentals, in general, oppose.

The British argue that special clearing mechanisms have no place in the convertible world and that almost by definition convertibility means restoring to the Bank of England and other central banks functions which are normally theirs. Many of the fruits of convertibility such as increased competition from dollar goods will be sour ones in the short term even if they prove beneficial in the long run. And it is too much to expect that the British will abandon their position that, with convertibility, the Bank should come back into its own. But whether the prize will be as substantial as the Bank of England hopes is another question. For underlying the arguments on the nature and functions of the new fund there is considerable doubt whether the water is yet quite warm enough for the plunge. The trade balance and the vagaries of the transferable sterling rate have been watched almost as anxiously in Paris as in London. If Mr Butler is there to chair the ministerial group on convertibility when it meets in June it will be his confidence rather than his arguments that carry the day.

Behind Germany's Dollar Barrier

ENOUGH time has now elapsed since a number of countries—Western Germany, Holland and South Africa—liberalised their imports from the dollar area to justify an assessment of the results. In Western Germany figures have recently been made available which bring the story up to February, 1955. These figures have been analysed in an article published from official sources in Bonn; it is an instructive indication of what has happened in a country that has liberalised, and a guide to those that contemplate similar steps.

The German figures show that, since the first dose of liberalisation in February, 1954, imports from the dollar area, calculated on a monthly average basis, have risen 60 per cent above the monthly average for 1953. The trend shows up clearly in the table below:

('000 dollars)	Total Imports	Imports from dollar area
Monthly average 1953	46,625	22,430
Monthly average 1954	56,576	33,916
Monthly average Mar. '54-Feb. '55	61,600	38,900

Last November the Germans doubled the "free-list" of imports from the dollar area, and this led to a further substantial rise in imports. A third release is soon to be made and, according to some reports, will for the first time embrace agricultural items. It appears that in the first stages the heaviest cost of additional imports from the dollar area fell on industrial raw materials, such as cotton; but subsequently imports of machines and machine-tools took over the lead, apparently owing to the early delivery dates and attractive payment terms offered by American suppliers.

This evidence, fragmentary as it is, confirms the belief that there is a substantial head of dollar-buying power dammed up behind the barriers of discriminatory import controls. But the Germans at least are satisfied that it is not such as to inundate their dollar balance of payments They are pressing forward with the process of freeing dollar imports in the conviction that this additional freedom, bringing as it does the stimulus of competition from outside, will in the end prove beneficial to the German economy.

SHORTER NOTE

The Buganda parliament, the Lukiko, has accepted, with modifications, the constitutional reforms designed to convert the province into a constitutional monarchy and permit the Kabaka's return, but has approved a resolution opposing the plans to instal a ministerial system at the centre with an Asian minister, as well as European ministers, and so treat the country as a "multiracial" state instead of a wholly African one. A delegation will be sent to London to urge the Kabaka's immediate return—under the original offer, his return was to follow an initial period during which the new Buganda constitution was tested in practice.

Letters to the Editor

Soviet Riposte in the Middle East

SIR—With reference to the last paragraph of your comment of April 23rd, 1955, I should like to point out that by the treaty of 1921 between Iran and the Soviet Union, the right of entry into Iran of Soviet troops is restricted to the circumstances laid down in the letter of December 12, 1921, written by Rotstein, the then Soviet Minister in Teheran, to Mocharos-Saltaneh, the then Iranian Minister for Foreign Affairs. This letter is an integral part of the treaty and states that Articles 5 and 6 are intended to apply only to cases in which preparations have been made on Iranian soil for a considerable armed attack upon Russia or the Soviet Republics allied to her, by the partisans of the regime which has been overthrown, i.e., the Tzarist regime.

It is therefore clear that Articles 5 and 6 of the treaty do not, as suggested in your comment, give an unconditional right to Russia, nor do they prevent Iran from joining a regional defensive pact according to the Charter of the United Nations, to which both Iran and the Soviet Union adhere. Furthermore, it follows that, as has been emphasised on several occasions, both officially and unofficially, by Iranian statesmen, Iran reserves her freedom of action to join any multilateral or bilateral pact which she considers to be in her national interest and for the preservation of her independence.—Yours faithfully,

S. H. V. SANANDAJI

Embassy of Iran, S.W.7

Progress at Lake Copais

SIR—In the letter which appeared in your issue of April 30th, Mr. P. X. Levandis, the Greek Minister of Agriculture, states that the Lake Copais estate has exhibited notable progress since its ownership passed from the British company to the Greek State in 1953. In support of his statement Mr Levandis purports to show that the results achieved are better than those obtained by the British company in previous years.

In giving comparative figures of production of the estate under British ownership in the years 1951 to 1953 Mr Levandis has quite unwittingly misrepresented the facts. Three-fourths of the land was cultivated by Greek tenants and one-fourth directly by the British company. Production per hectare from direct cultivation by the company was from 40 per cent to 50 per cent greater than that from land cultivated by tenant farmers. The figures given by Mr Levandis relate only to tenant cultivation, whereas a proper comparison would be with the average production of the whole of the estate. As regards wheat production the correct figures (expressed in terms of kgs per hectare) are as follows. Under British ownership, in 1951, 2,345; in 1952, 2,281; in 1953, 2,550. Under Greek ownership, in 1954, 2,300.

With regard to cotton, the British company took a fixed rental per stremma for cotton grown by tenants The total crop was not weighed and thus there was no means of ascertaining correctly the average yields obtained from cotton grown by tenants. Cotton grown by direct cultivation, however, was all weighed and for the years 1951 and 1952 the average yields were 1,692 and 1,615 kgs per hectare respectively. This compares with a yield of 1,500 kgs per hectare obtained by the Greek Copais Organisation in 1954. No figures can be given for the year 1953 because the estate passed to the Greek Government in July of that year.—Yours faithfully,

F. W. WILLS,
Liquidator, Lake Copais Co., Ltd.

London, E.C.2

Fraud at Lloyd's

SIR—Your story of April 9th tells us that Wilcox was heavily indebted to his syndicate throughout the year except on December 31st, when he gave it a cheque on his private account, and then, on January 1st, drew a cheque in his own favour on the syndicate's account. This ceremony unrepeated might have suggested to a bank manager in New York a violation of Sec. 1292-a of our Penal Law which makes it a crime for any person with fraudulent intent to

> make . . . a check . . . in his own behalf . . . upon any bank . . . knowing at the time of such making . . . that the maker . . . had not sufficient funds in or credit with such bank . . . for the payment of such check. . . .

The repetition of this ceremony year after year would certainly prompt an alert manager in New York to make discreet inquiries if not to lodge a complaint with the authorities.

The case shows the wisdom of American insurance laws which in effect subject the accounts of insurers to government audit at least once in three years.

Perhaps this case also suggests that it may be wise to reconsider your penal laws relating to cheques, if they permit year-end "window-dressing" by any so naïve a device as that used by Mr Wilcox.—Yours faithfully,

New York HAROLD MANHEIM

ECONOMIC CONTROL

Michael P. Fogarty

To answer questions arising from the development of economic control, the author re-defines the scope and nature of economics, explaining what an economist does, marking the junction between economics and ethics, and setting economic problems against their wider cultural background.

21s. net

Maurice Dobb

ON ECONOMIC THEORY AND SOCIALISM

21s. net

Routledge & Kegan Paul

NOTABLE BOOKS

The Economics of Location
Losch A. 60/-

John Maynard Keynes—Economist and Policy Maker.
Harris S. 15/-

An Economic History of Sweden.
Hecksher E. F. Transl.: G. Ohlin. 40/-

On Economic Theory and Socialism.
Dobb M. 21/-

Mathematical Thinking in the Social Sciences.
ed. Lazarsfeld P. F. 80/-

The Economic Development of Nigeria.
(*International Bank for Reconstruction and Development*) 60/-

We Mail To All Parts of The World
Postage Extra

THE ECONOMISTS' BOOKSHOP
11/12, Clements Inn Passage, ALDWYCH, LONDON, W.C.2.

Books & Publications

Nineteen Twenty Nine

THE GREAT CRASH, 1929.
By John Kenneth Galbraith.
Boston: *Houghton Mifflin Company.* 221 pages. $3.00.

THE great crash on the New York stock exchange in October, 1929, has meant many things to many men. One of the most brilliant of American financiers, on vacation in Paris, was informed by wire that he had been wiped out on the market; he remarked quietly that he would now be home in time for the Harvard-Yale game. To Fitzgerald, the champagne poet of the blazing twenties, October 19, 1929, signified the coming of doom over the Babylon of the west. To Marxists the great collapse has always been proof of their theories, and to ordinary men and women who experienced its aftermath it has suggested that prophets—especially financial prophets—are justly without honour in their own country. To Professor Galbraith, who writes on economic subjects with lucid vivacity, and who can make the Dow-Jones share index lose several points by remarking that 1955 bears certain resemblances to 1929, the great crash should afford the opportunity for a very important book.

Most passion spent, such a book would examine the structure of the boom that led to the fantastic prices on Wall Street after 1927, that provoked the creation of 140 investment trusts during that year, and that culminated in the speculative drive of July and August, 1929. It would seek to answer the crucial question of whether the crash was an "accident"—in the genuine sense of the word—or a necessary part of a free business cycle, aggravated by local circumstances. That is the real problem, and those who argue that 1929 cannot happen again do so precisely because the American market today is "free" within very special limits. Finally, such a book would study one of the most obscure and difficult problems to arise out of the history of the crash. What is the exact connection between the events of October, 1929, and the depression of 1931? Could anything have been done to regain equilibrium in that crucial year 1930?

No one would be better equipped to write such a book than Professor Galbraith. Unfortunately, it cannot as yet be said that he has done so. "The Great Crash," which will be published in Britain later in the summer by Messrs. Hamish Hamilton, is an expanded version of recent work for periodicals, and it has the virtues of vulgarisation. It gives a racy chronicle of the hour to hour disasters that led to the final breakthrough of October 29th when sales in the first half-hour were "at a 33,000,000-a-day rate," and which demonstrated the futility of all previously known rescue drill. It describes, with angry relish, the fatuous optimism and official blindness that endured even after the storm broke. It is rich in anecdotic material, but here a desire to be popular declines into extreme bad taste. We find a famous Harvard economist deriving humour from the fact that

> the head of the Rochester Gas and Electric Company took gas. Another martyr dipped himself in gasoline and touched himself off. He not only made good his escape from his margin calls, but took his wife with him.

Above all, "The Great Crash" treats the questions of causes and consequences in a very compressed and inadequate way. Professor Galbraith implies that the men involved were knaves and fools or that any idiot could have done things better. Admitting that the crash "can be much more readily explained than the depression that followed it," Professor Galbraith spends little time on seeking a connection. His generalisations on the bad distribution of income, on the weak corporate structure and on the lack of economic intelligence are starting points for an inquiry rather than conclusions. No doubt Britain's return to the gold standard was related to the subsequent easing of credit in New York, but to state that Sir Winston Churchill stood in the visitors' gallery in Wall Street on October 24, 1929, "viewing his awful handiwork," is to be more irresponsible and superficial than a fine economist should be even in his lighter moments.

The Gentlemen in Whitehall

HIGHER CIVIL SERVANTS IN BRITAIN.
By R. K. Kelsall.
Routledge and Kegan Paul. 249 pages. 25s.

MR KELSALL has collected data in great detail about the way in which senior administrative civil servants reach their posts. He presents statistics for those who could be so described in 1929, 1939 and 1950, showing their method of recruitment to the service, their education, their social origin and the speed of their advancement in relation to these factors. He describes and discusses the different methods of recruitment and promotion since the reforms of 1870. He has been at great pains to collect his information, much of which was not available before his researches. The results are very much what casual observation would suggest: the progress of the service from the variegated results of patronage, first to a fairly close reserve of the professional classes, and more recently to a wider field of recruitment. But this is not to belittle the value of Mr Kelsall's work; the facts have never before been so fully or clearly set out.

One cannot praise so whole-heartedly Mr Kelsall's comments. As another worker said of his own book, the study is in the spirit of the day; it presents features of a high, almost a repulsive, morality. Mr Kelsall takes as self-evident, and therefore neither states nor questions, a number of moral principles which seem (in spite of some practical inconsistency among themselves) to be as follows: (*a*) access to jobs in the civil service is a *natural right* which should be determined on a strictly egalitarian basis, any bias in favour of the upper middle classes being the greatest sin; (*b*) promotion is better than examination entry, on egalitarian grounds and because it diminishes the number of the expensively educated; (*c*) civil servants should be imaginative, intelligent and forceful reformers, preferably trained in the social sciences. A progressive bureaucracy seems to be the author's ideal. Accordingly, he scarcely considers what, under a parliamentary democracy, are the nature and limitations of a civil servant's duties and his relation to his minister, or how far, at different times, the methods of recruitment in fact enabled successive governments to hire the kind of administrators that they wanted.

Mr Kelsall's book is part of a programme of sociological research sponsored by the London School of Economics, but his discussion of the problem is curiously unacademic: it mirrors his own views and not those of the universe which he studies. Nevertheless, we remain grateful to him for his factual analysis.

Journalist in China

NO FLIES IN CHINA.
By G. S. Gale.
Allen and Unwin. 166 pages. 15s.

NO one who reads this book from cover to cover can fail to receive some impression of what the new China is like. Whether the impression is correct must depend partly on the author's accuracy in describing what he saw and felt, partly on the reader's sympathy with the author's character and approach, and partly on the reader's own political views. It may even be argued that the new China lives in so many different forms in so many different minds that there can be no absolute truth about it. But in practical everyday terms this argument is too sophisticated for all but the few, and for the great majority Mr Gale's work of exploration will prove unusual and rewarding.

The author, who is on the staff of the *Manchester Guardian*, travelled

across Russia to China as a member of a team of seven journalists who were, ostensibly, to accompany and report on the visit of Mr Attlee's Labour delegation last year. In reality, the journalists saw very little of the delegation, travelling as a rule at different times and by different aeroplanes. The book has therefore become an independent report, "one man's view of China." Fortunately for the reader, this one man can write attractively and lucidly, possesses a flair for conveying the mood as well as describing the actual surroundings in which he spent three hectic weeks in China, and is able to limit his political digressions to what is either apposite or original. Consequently this is an important book.

Even if he is sometimes a little loose with his facts, there are no flies on Mr Gale. He incisively describes the hallmark of dictatorship in the immense intelligence of men like Chou En-lai, compared with the dreary unwillingness to be caught thinking lower down the hierarchy. He appreciates that this is the first real revolution in China for two thousand years, and that it is "the more shocking, more unnatural, more excessive . . . because . . . its ideas were alien entirely." He gives chapter and verse to emphasise that this is a genuine and not phoney Communism, and yet he is crystal clear that it is popular. "The Government has a very firm hold on the country and it seemed to me that the country liked it that way."

China has indeed gone through a revolution, and it is far too soon to say where the chain reaction will end. But it is certain, first, that China is now on the way to becoming a great power in fact as well as in name, and, second, that Mr Gale's book provides a modest and balanced view of the reasons why. Already those on the Left, for whom the Chinese revolution has the kind of sentimental fascination that prevents them recognising facts when they see them, are scoffing at it. And it is in the interest of the whole free world that Mr Gale's book should reach as many American readers as possible.

Improving the Poor

THE BRITISH WORKING-CLASS READER 1790-1848.
By R. K. Webb.
Allen and Unwin. 192 pages. 18s.

THESE notes in the margin of early nineteenth-century history have not much to do with their title. In his opening chapter Dr Webb argues that more people must have been able to read in the England of that time than has usually been thought, because such a lot of reading matter was provided for the classes, of manual labourers in town and country, generally held to be the least literate. He keeps clear of statistics of literacy; and for the rest of his book he describes "efforts to provide good or safe reading matter for the newly literate" in "areas of economic and social conflict," excluding newspaper material, and choosing somewhat haphazardly among the pamphleteers. He has made some use of the papers of the Society for the Diffusion of Useful Knowledge, and deals with various other apologists for things as they were.

Most of the booklets he discusses were futile. In part, this was because their authors chose weak premises from which to argue; still more, it was because the men of real ability on the side of law and order, of property and the established church, were too busy disputing with each other at Westminster to have time or inclination to put what they took for granted to common men. Paine and Cobbett and Lovett, giants of radical journalism, had no one of their own stature in the lists against them. Moreover, those who tried to counteract their doctrines usually did so in a style not easily "understanded of the people."

Though Dr Webb has put a lot of work into getting this book ready—nearly thirty pages, out of less than two hundred, are taken up by notes and index—it is doubtful whether it was really necessary; and the doubt is strengthened by a saltless and often turgid manner of writing. His judgment of which details are significant, and therefore worth reprinting, is not strong; and his work would have been more interesting and more readable had he boiled it down into an article or two for a learned journal.

Nursing Sister

LIFE IN OUR HANDS.
By Pamela Bright.
MacGibbon and Kee. 208 pages. 12s. 6d.

THIS is the personal story of a nursing sister who landed in Normandy soon after D-Day and served with a casualty clearing station in France, Belgium, Holland and Germany. British soldiers, German prisoners and—after peace was declared — victims of concentration camps were cared for with the same skill, though not quite the same sympathy; the German prisoners simply did not want any. Eventually, when the station was disbanded, Miss Bright was posted to a medical unit for sick members of the British delegation to the Potsdam Conference.

Acutely sensitive to the mental and physical suffering of the soldiers, she writes, without heroics, of the day-to-day work of doctors, sisters and orderlies, and of the anguish of men who were afraid to die—and of men who were so badly mutilated that they were afraid to live. One gradually realises that it is not only a sense of vocation, but also the conditioning process in a nurse's training that enable her to face continuously people in the unnatural state of mind produced by pain. But it is a pity Miss Bright takes herself so seriously and a relief when her halo wavers once. She would not be nice to Lord Haw Haw, who remained contemptuous and unrepentant after he had been captured in a wood in Schleswig-Holstein and taken to the hospital with a bullet wound in his leg.

Written with sincerity and insight, the book is a story of devotion to humanity and reveals an awareness of the continuity of nature beside the hideous interruption of warfare. It is an aspect of the war seldom recorded — perhaps because nurses are not in the habit of writing books.

Psychology Choice

THE VALUE JUDGMENT.
By W. D. Lamont.
Edinburgh University Press. 350 pages. 25s.

WE have become familiar, in recent years, with the use of the techniques of modern philosophy to help in resolving problems of economic theory. It is unusual, however, for a philosopher to turn to economic theory in the hope that it may illumine a philosophical problem. It is doubtful whether this book justifies the experiment. Dr Lamont has followed up his hunch that the economic theory of consumers' behaviour or, more generally, of the allocation of scarce resources might throw light on the general problem of the attribution of goodness or of value. He is concerned to discuss what we mean when we say, making neither a moral nor an aesthetic judgment, "*A* is better than *B*." What he has written, however, is an essay on the psychological process, and the rational grounds, of choice which suggests an answer to the question "how do we make our decision when we have to choose between *A* and *B*?" His underlying assumption is that whenever we judge one thing to be better than another we are, logically speaking, envisaging a situation of enforced choice between them, in terms either of personal possession, or of the continued existence, of one or the other.. But surely this is not true. Our actual choices depend, as the author emphasises, on the total situation we are in when the choice must be made; it is, however, only occasionally that we use the word "better" as shorthand for "better for me in my situation." Indeed, we often make a clear distinction by saying, for instance, "that restaurant is better, but I prefer this."

The author's discussion of the grounds of choice is, however, interesting. Using the economist's concept of opportunity costs, or resources forgone, he maintains that the order of "value" is the inverse of the order of opportunity costs; that is, that when I choose A rather than B I do so because I expect A, together with the resources this choice will leave me, to minister to my general welfare more satisfactorily than B, with the resources which that choice would leave me. This lengthy, and somewhat turgid, discussion of what might be termed the psychological preparation for the market place comes at a time when economists seem to be agreeing that the subject is irrelevant to their problems; but has it any more to do with the traditional philosophical problems of "the good" and "the better"?

THE STORY OF THE (R) ROBINSON GROUP



Showplace out of paper

On a site in London rises a great new exhibition centre—the famous Empire Hall, Olympia. Opened in 1929, it marked a new era in packaging, for by that time the cement industry had generally adopted the multi-wall paper sack.
Robinsons of Bristol introduced the paper sack into this country. Since then, besides cement, their paper sacks have carried such diverse contents as mattresses, whalemeat meal, carpets, milk churns and bacon sides, etc.

Beginning in 1844 with the supply of wrapping paper to grocers, the business grew rapidly, embracing the manufacture of printed paper bags, folding cartons and boxes, fibre-board and corrugated 'containers, and highly specialised packs for every conceivable purpose.
In these and other developments Robinsons have led the way, and today are one of the largest groups in the world specialising in packaging and colour printing.

Robinsons of Bristol
AND ASSOCIATED COMPANIES

HOME E S & A ROBINSON LTD BRISTOL · THE ROBINSON WAXED PAPER CO LTD BRISTOL · STRACHAN & HENSHAW LTD BRISTOL KEYNSHAM PAPER MILLS LTD KEYNSHAM · R. L. SHIRLEY & CO LTD LONDON · WARREY & SON LTD LONDON · SELLOPRINT (LONDON) LTD LONDON · LABELON ADHESIVE TAPES LTD LONDON & CO LTD LONDON · THE NEW MERTON BOARD MILLS LTD LONDON · PAPER SACKS LTD NORTHFLEET · SACK FILLERS LTD NORTHFLEET · KENT KRAFT MILLS LTD NORTHFLEET JOHN LAIRD & SON LTD GLASGOW · FIFE PAPER MILLS LTD MARKINCH AND LEVEN

OVERSEAS E S & A ROBINSON (CANADA) LTD TORONTO · E S & A ROBINSON (INC) WILMINGTON DELAWARE U S A · E S & A ROBINSON (PTY) LTD JOHANNESBURG AND CAPETOWN SOUTH AFRICA · ADHESIVE TAPES SOUTH AFRICA (PTY) LTD JOHANNESBURG · PAPER SACKS SOUTH AFRICA LTD CAPETOWN DURBAN AND PORT ELIZABETH · PAPER INDUSTRIES (PVT) LTD BULAWAYO SOUTHERN RHODESIA · PAPER HOLDINGS (PVT) LTD SALISBURY SOUTHERN RHODESIA · ABEL DYKES LTD AUCKLAND NEW ZEALAND

COMMENCING MONDAY NEXT, MAY 16th



A NEW twice daily service direct to —

GERMANY

BY

LUFTHANSA

GERMAN AIRLINES

THE NEW AIRLINE WITH AN OLD TRADITION

Bookings accepted by all approved travel agents

LONDON · DUSSELDORF · HAMBURG
LONDON · FRANKFURT · MUNICH

Also services from Germany to France and Spain

117/119 REGENT STREET, LONDON, W.1. *Telephone:* REGent 1501

American Survey

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

Dilemma in Saigon

Washington, D.C.

FOR the past three weeks the mood of official Washington has matched its physical environment of flowering dogwood and burgeoning blossom. Whether the cheerful talk of a break in the cold war really reflected a firm conviction that the two great Communist powers might prove more tractable henceforth, or was simply a recognition that American policy must now prove itself more flexible if the Administration was to keep the initiative, not only diplomatically abroad, but also politically at home, the buoyant phrases of the President and his Secretary of State moved one irreverent journalist to comment that the "foreboding season was over." Spurred on by Democrats who realised that public opinion was alarmed, aware of the limited success of its allies at the Bandoeng conference, and probably taking into account the uncertain temper of Britain during an election campaign, the Administration was talking less in terms of force and more in terms of negotiation.

To this picture of a world grown suddenly more sane there was, however, one dark exception—the eruption of violence and the crisis of confidence in southern Vietnam. Its impact in the United States has been sharp and bitter, not merely because the revolt of the Binh Xuyen sect and subsequent events have come within an ace of shattering the government of the American-supported Premier, Mr Diem, but because they have once again threatened the old friendship between the United States and France.

Looking back over the development of events in Indo-China since the Geneva armistice, most Americans feel that they have little reason to reproach the Administration for encouraging Mr Diem, and good reason to reproach France for not doing so. Given the assumption that the most strenuous possible effort must be made to build an economically and politically stable state in southern Vietnam before the general elections prescribed by the armistice agreement for mid-1956, it was essential to find and support the most enlightened nationalist available. It is true that the choice of Mr Diem, a shy, rigid Catholic, to lead a predominantly Confucian country caused some surprise. But there was as little respect for the Emperor Bao Dai. To disagreement over France's continuing support for him was added first, the conviction that France had consistently mismanaged the training of the Vietnamese armies and, second, the growing suspicion that French policy was more concerned with protecting its commercial investment in northern Indo-China than with the establishment of a stable government in the south.

Nor is the amused tolerance with which some British quarters are sometimes inclined to regard the frenzied American activity in Saigon kindly received, for it is readily recalled that the Administration's determination to prevent Vietnam, if possible, from falling within the Communist orbit derives in large part from its concern for the security of Malaya. It is irritating enough for a country with the historical origins of the United States to be assailed at the Bandoeng conference or in the United Nations for its support of the colonial powers, but doubly irritating to be sniped at by the colonial powers themselves.

In consequence when, on April 29th, M. Faure said in Paris that it had become apparent that Mr Diem was no longer equal to the task of governing, he received a stiff diplomatic protest from Washington, and editorial writers and cartoonists all over the United States sharpened their pencils to a point of furious anger against France.

*

But it became apparent during last week that the desire of the Administration to support honest nationalism in Vietnam gave it no greater influence over the course of events than that possessed by the discredited French. When General Lawton Collins, President Eisenhower's special envoy to Saigon, reached Washington three weeks ago, it was soon clear that he himself had the gravest doubts whether Mr Diem could survive, or should continue to be the focus of American support. However, by the time General Collins returned to Saigon a week later, the problem had become that of maintaining a constitutional state of any kind, whether absentee monarchy, or republic. To bolster the authority of Mr Diem, the State Department hastily began to correct an impression given by General Collins in Saigon that the United States was urging the retention of a monarchy. The dilemma of being on the popular side of Asian nationalism while being a close ally of the colonial powers—in this case France—had become cruelly obvious. It has perhaps been solved, for the moment at least, by the compromise just agreed in Paris between Mr Dulles and M. Faure, which in essence seems to mean that a joint attempt will be made to maintain the present position in Vietnam.

But the crisis in Saigon, coming soon after the Bandoeng conference, has raised wider doubts in Washington about the foundations on which American policy in the Far East rests. Mr Dulles's tireless efforts, and tens of thousands

of flying miles, were based on the assumption that it was possible for the Republicans to build a system of "containment" around the borders of China analogous to that which the Democrats had built around Russia in Europe. From South Korea, through Formosa, to Thailand and Pakistan, he has negotiated one mutual assistance pact after another which he has openly expressed a desire to knit into a general defensive pattern. But the belief that the same resolute attitude on the part of the United States against Communist expansionism, coupled with military and economic aid, would put heart into the smaller nations on China's border, as it did earlier for those on Russia's border, has become open to question.

For one thing Asians are not Europeans; Vietnam in 1955 is not Greece in 1947. To encourage democratic nationalism in Asia may end in merely building up a particular war lord. For another, as Mr Walter Lippmann pointed out last week:

> One basic conception of our foreign policy—in that it envisages a containing ring of anti-Communist states—is out of date. The conception was worked out under Truman and Acheson before 1949, that is to say before we knew that the Soviet Union was breaking our monopoly of the atomic bomb. Since 1949, despite all the grandiose pacts floating on the surface of events, there has been a steady and deep undertow which has been dragging the non-atomic powers—which include Japan and Germany, all the little border states and others too—into some kind of middle position where they have a hope, a chance, of not becoming involved in an atomic war. Our policy, which is to expect every anti-Communist or non-Communist nation to line up with us, in a posture of defiance, is incompatible with the realities of nuclear weapons.

At last the Administration, discounting in advance the views of extremists such as Senators Knowland and Jenner, has acknowledged its willingness to discuss with Communist China the problems of relaxing tension in the Formosa area without the presence of the Nationalist Chinese. Coupled with this there is a growing espousal of India by the liberal wing of the Democratic party, and the strategic hollowness of the South-East Asia Treaty Organisation, as the United States becomes unable or unwilling to maintain strong conventional forces in the Pacific, is becoming increasingly obvious. It is ironic that the security of Laos and Cambodia now apparently rests upon the fact that they have been acknowledged by Communist China to be within neutral India's sphere of influence rather than upon their position within the defensive orbit of Seato. For these reasons a revision in both popular and official attitudes towards the value of Asian neutralism seems likely to form the substance of the next "great debate" in Washington.

Doomsday Drive

THE largest atomic device ever tested in the Nevada desert exploded last week with nearly twice the power of the bombs which levelled Hiroshima and Nagasaki ten years ago. According to eye-witness accounts, the flash brought sudden sunrise to cities 300 miles away, from Oregon to the Mexican border. As the violet-coloured pillar of dust began settling, 55 heavy tanks and 24 armoured personnel-carriers, which had stood within some 3,000 yards of the blast, sped towards ground zero. Ten volunteers, crouching in a trench a mile and a half from the point of detonation, reported that the experience had been "very interesting." Some 2,300 soldiers and 700 civilians—including, for the first time, representatives of the North Atlantic Treaty Organisation and foreign journalists—said that the flash had reached them through nearly opaque glasses.

One to two miles from the centre of the explosion a small but typical American town had been built; instead of reading Main Street, the signs read Doomsday Drive. As soon as radiation diminished, civilian defence experts, architects and engineers examined the ten test houses, their furniture, the supplies stocked in them and the animals left in their shelters. The results were surprisingly reassuring. Indoor shelters, even of the "build-it-yourself" variety, emerged intact. Foods, tinned and frozen, were undamaged by either blast or radiation. Two single-story houses, the one of cinder blocks and the other of pre-cast concrete, suffered only superficial damage and electric installations were left "95 per cent operative." In fact, it emerged that the principal damage came from the sudden differential in air pressure created by the blast. Army observers remarked with grim enthusiasm that everyone concerned could have been even closer to ground zero without much danger.

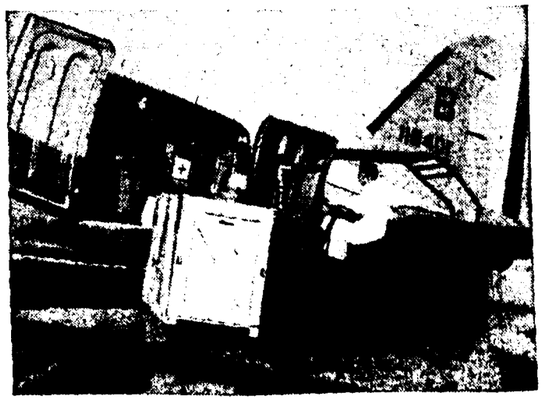
This great explosion, scheduled to be the last but one in the present series, marks a transition towards closer atomic co-ordination between the United States and its allies. Henceforth, the members of Nato will be informed of the results of atomic tests and the Royal Air Force will receive training for the potential use of American atomic devices. This is the first time, since the McMahon Act clamped down its curtain of secrecy in 1946, that America has been ready to share military "know-how" on atomic bombs with another country. Along peaceful lines, moreover, a similar development is taking place: last week Turkey became the first partner in President Eisenhower's "atoms for peace" programme. That country will now receive enriched metallic uranium with which to fuel a reactor as well as the requisite technological data. In his wish to dramatise the peaceful aspects of American atomic science, the President has suggested that an atomic-powered merchant ship be built and sent around the globe on a good will trip. So far, however, Congress has shown little enthusiasm for this $30 million gesture.

Strength of Steel

THE steel industry provides the most striking illustration of the recent change in the American economic atmosphere, from mild satisfaction a few weeks ago to booming optimism today. The industry's rate of operation has climbed from a comfortable 80 per cent of theoretical capacity at the beginning of the year to an average of 95 per cent, the highest rate which can in practice be steadily maintained, during April. Last week output of steel ingots and castings broke the Korean war record of 2,324,000 net tons, made in March, 1953. Steel manufacturers now expect operations to be sustained at well over 80 per cent of capacity during the summer, usually the slack season, for there is no sign of a falling-off in orders from the automobile makers. They are taking 25 per cent, instead of their normal



All over the world...



IN FRANCE

Here a YALE fork-lift truck is loading a small cargo plane at the Villacoublay airfield near Paris.



IN ENGLAND

This YALE " *Worksaver* " is precisely suited to lift and move cases of bottles in an English dairy near London.



IN GERMANY

These heavy steel rings are handled quickly and safely by a YALE ram truck in a foundry near Dusseldorf.

YALE TRUCKS are on the job!

YALE
REGISTERED TRADE MARK

Industrial Lift Trucks are manufactured by :

THE YALE & TOWNE MFG. CO.

Wednesfield, Staffordshire, England
Velbert Rhld., Germany
Philadelphia, Pa., U.S.A.

and under licence by : **FENWICK S.A. St-Ouen, Seine, France**

REPRESENTATIVES

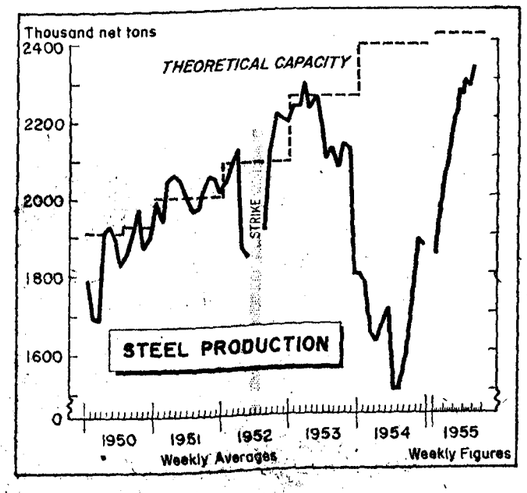
FRANCE Fenwick Paris
SPAIN Fenwick Barcelona
SWITZERLAND Forrer-Fenwick Zurich
HOLLAND Van Eyle & Ruygers Rotterdam
ITALY Fenwick Milan
BELGIUM Fenwick Liége
DENMARK V. Löwener Copenhagen
NORWAY A/S Löwener, Mohn, Oslo
SWEDEN A/B V. Löwener, Stockholm

YALE & TOWNE

THE YALE & TOWNE MANUFACTURING CO., CHRYSLER BUILDING, N.Y. U.S.A.

20 per cent, of steel production and cars are coming off the assembly lines at a speed which makes it impossible for factories to build up stocks of steel. This picture would, of course, change very rapidly should there be an automobile strike next month.

The demand is, however, for all kinds of steel and particularly for the more profitable types. This, coupled with the present operating efficiency of American steel mills, explains the high level of the industry's earnings during the first quarter of this year; here again many companies have been breaking records. But the most unexpected evidence of the strength of the steel industry is the renewed talk of expanding capacity; this was increased by a quarter to meet the needs of the Korean war and was then thought to be adequate for all demands during the next few years. But now the chairmen of the big companies—and particularly Mr Fairless, the retiring but still influential head of the US Steel Corporation, which produces about one-third of the country's steel—are all forecasting another substantial expansion, if demand is maintained as they hope. This is



one of the chief reasons why the independent McGraw-Hill experts, in their latest survey, now expect an increase of 5 per cent in spending on new plant and equipment in 1955 compared with 1954; last autumn they estimated that there would be a fall of 7 per cent this year. This encouraging change provides one of the soundest bases for the widespread economic optimism.

These new steel facilities will inevitably be expensive, and a rise in the price of steel seems certain since it is taken for granted that higher wages will be paid from the beginning of July. The steelworkers' union has not announced its detailed demands, but only wages, not other benefits, are subject to negotiation this year, and it is generally expected that agreement will easily be reached on an increase of 10 cents or so an hour; the present average wage is around $2.40 an hour. Neither side wants a strike and the industry can hardly refuse its workers a share in its prosperity, especially since employment is only now catching up with the rise in output. Improved productivity has meant that increased quantities of steel have been produced without an equivalent increase in hours worked and numbers employed.

Polio Strikes Back

THE bright hopes which surrounded the announcement, a month ago, that the Salk vaccine against poliomyelitis had been proved effective are being choked by a confusion compounded of emotional publicity and official unpreparedness. In the effort to protect the greatest possible number of children before the summer polio season opened, the need for speed seems to have been put before strict scientific precautions. Supplies of the vaccine were rushed from manufacturers with the careful supervision customarily exercised by government laboratories over similar products, but without the special threefold check meticulously applied during last year's tests of the process. Out of over five million children inoculated, 52 developed severe poliomyelitis. When it was found that all but eight of these had received vaccine from one firm, the Cutter Laboratories, supplies from this source were withdrawn, although medical authorities were urged to continue inoculation with vaccine from other makers.

However, on Friday last week, Dr Scheele, the head of the federal Public Health Service, revealed that the National Institute of Health had ceased approving all newly-made vaccine, while a committee of experts examined the situation. After this committee had been in almost continuous session for sixty hours, the suspension of all inoculations was recommended until vaccine already prepared had been reappraised and an official plant-by-plant inspection of the manufacturing processes had been carried out. Dr Scheele hoped that release of batches of the vaccine might be resumed by the end of this week. He reiterated his complete confidence in the safety and effectiveness of the Salk method, a confidence which is shared by the President himself and apparently by most parents.

There is, nevertheless, speculation whether in the end it may not be decided to postpone the whole programme for further examination and experiment, perhaps until the present polio season is over. There are indications that Dr Salk himself might prefer this approach. Meanwhile most state authorities seem to have agreed, many of them reluctantly, to stop inoculations. This will mean that, if the vaccine is released, the increased urgency of immunising children will strengthen the already strong arguments for giving the federal government power to allocate all supplies and to divide them fairly among the states. But for the moment political pressure for this is taking second place to criticism of the government for the ineptness with which it has handled the whole muddled and perhaps tragic affair.

IFC Goes to Congress

New York

PROPOSALS for stimulating American private investment overseas are generally more acceptable to Congress than measures for encouraging reciprocal trade. The participation of the United States in the International Finance Corporation, which President Eisenhower strongly

urged in his message to Congress last week, is therefore unlikely to meet with serious opposition. This new affiliate of the International Bank for Reconstruction and Development will start operations sometime after October 1st, as soon as its charter has been ratified by 30 countries contributing at least $75 million of its initial $100 million capital. Without the participation of the United States, which will provide some $35 million, this experiment in international finance cannot begin. But the two conditions on which the Secretary of the Treasury made United States support depend have both been met. The close connection of the corporation with the World Bank will assure it the "hard" and businesslike administration for which the bank—almost alone among international organisation—has a well-deserved reputation. And although the main function of the corporation will be to provide risk capital, in association with private investors, and without government guarantees, it is prohibited by its charter from holding voting stock in or exercising managerial control over any company in which it invests.

The initial capital of the IFC will not be large. But its worth must be measured by its success in stimulating a greater flow of private capital, especially from the United States. Direct investment by American firms in foreign countries has been running recently at about $1¼ billion a year, but shows little tendency to rise. About half of this represents the reinvestment of overseas earnings. Of the other $670 million of net outflow in 1954, $412 million went to Canada, and $82 million to Latin American countries. In 1954, American firms risked only $134 million in the whole of Africa, Asia and Australasia and, if the pattern of 1953 has continued, three-quarters of this came from American oil companies. Most in need of encouragement, except in Canada, is investment by American companies in manufacturing facilities abroad, and this is one field where the activities of the IFC could provide a most valuable stimulus. The other is in the encouragement of private American investors and investment companies to put money into foreign industry; such investments have already risen from a net repatriation of $178 million in 1953 to a net outflow of $262 million last year.

Dead End Kids

IN New York last week, a seventeen-year-old gang leader cold-bloodedly murdered a boy two years younger than himself, whom he had erroneously associated with a rival gang. Jeering hoodlums sought to disturb the funeral rites two days later. These events dramatised the problem of juvenile crime which has plagued New York City with mounting intensity since the end of the last war. The delinquency rate among young persons between the ages of sixteen and twenty-one has been increasing on an average of nearly 15 per cent a year: 12,470 arrests were made in 1954, nearly 2,000 for automobile thefts. There were also 6,012 arrests of boys and girls under sixteen, a rise of 25 per cent over 1953. One source estimates that 3 young people out of every 100 appear at New York police stations or in court before they reach the age of twenty-one, and entire city blocks are terrorised by juvenile gang warfare.

There have been many attempts, both at the state and city level, to overcome this appalling problem. At the end of April, Governor Harriman signed six Bills dealing with juvenile crime. They provide for an expenditure of $337,000 on a temporary state commission which will organise a full study of the best ways to combat delinquency, and for training and rehabilitation work. The situation in New York City, however, calls for more urgent measures. The Mayor, Mr Wagner, has announced that $3,410,000 will be spent over the next three years to strengthen the city's youth board, to expand psychiatric facilities for the young, to create consultation centres for parents and to provide more play-grounds.

Unfortunately, the problem of juvenile crime in New York is rooted in the very structure of the city, with its extremely varied national groups and its sharply contrasting standards of housing and education. So long as city schools are overcrowded and lack the authority to discipline their pupils or the facilities to keep them fully occupied, adolescents will roam what has been called "the asphalt jungle," imitating the heroes of the screen and the comic book. The fact that many of them can find well-paid, short-term employment whenever they want it merely increases their turbulent arrogance. Before social therapy can do much good, the police in New York City will have to clean up "gangland." That will require more civic co-operation and manpower than have, so far, been forthcoming.

Delay on Bikes

New York

PRESIDENT EISENHOWER was evidently afraid that his decision on whether or not to accept the Tariff Commission's recommended increase in the duty on bicycles might put a spoke in the wheels that are now rolling his foreign trade Bill towards a fairly satisfactory conclusion in Congress. He has therefore delayed the decision for two months by asking the commission to examine the question once again, in the light of this year's developments in the bicycle industry. It was last winter that the American manufacturers, whose strident pleas for increased protection were rejected in 1952, convinced the Tariff Commission that "serious injury" was being done to them by imports from Britain, Germany, France and other countries. That the American bicycle manufacturers have been hurt can hardly be disputed. The share of the market going to foreign makers has risen from 3 per cent in 1950 to 39 per cent in 1954; while imports jumped from 68,000 bicycles in 1950 to 964,000 in 1954, domestic production fell from 1,964,000 to 1,525,000, turning the industry's average net profit of 4 per cent in 1950 into a net loss of 2 per cent in 1954.

According to the American makers, the decline in their sales is caused by their inability to meet the price of imported models, entirely because higher wages are paid in America than in Europe. But it is questionable whether the ground lost to imports is not due more to what has been described as the "defeatest attitude" of the American industry in failing to produce, efficiently, the kind of bicycle that the public wants to buy. The American bicycle, traditionally, is a heavy, clumsy balloon-tyred affair, gaily coloured and replete with gadgets, and sold mainly to children. The lightweight bicycle, which is often known even in America as the "English bike," is produced in America, but on a smaller scale, and for sale at prices well above those of the cheaper imported models. In New York, for example, the latter sell for between $30 and $40, compared with $54 to $60 for the equivalent American model. Some American manufacturers have even joined the ranks of the opposition, importing foreign bicycles for resale, at a profit, at prices which, they claim, are still below their own costs of production. Cheap, imported lightweights, mostly of British make, have thus almost completely displaced American models from the full-size market.

What is even more galling to the American manufacturers is that in the market for children's bicycles they are losing sales, not only because of the switch to lightweights, but more directly through the recent introduction of foreign balloon-tyred models. These are made mainly in Germany, are almost identical copies of the American models, and have now captured a quarter of the balloon-tyred market. The large mail order houses and department stores, through which half of all bicycles are sold in the United States, buy solely on the basis of price, and it is significant that even British bicycles are being undersold by French, German, Austrian and Japanese bicycle manufacturers who offer the large American buyers a more attractive profit margin. Although imports of British bicycles have increased from 58,000 in 1950 to 530,000 in 1954, their share of all bicycle imports has fallen from 86 per cent to 55 per cent, mainly because more children's bikes have come from Germany.

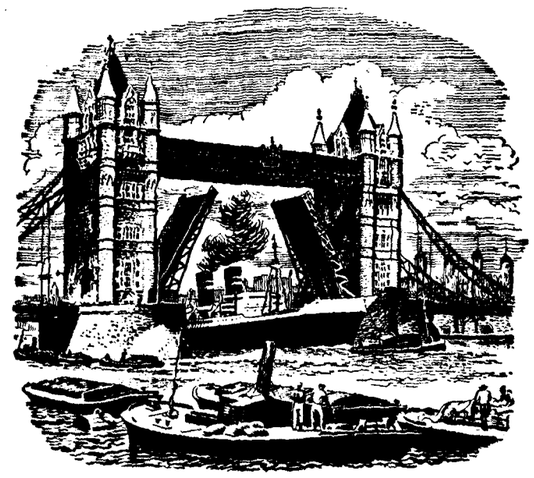
Surprisingly enough, the industry has not attempted to hide under the blanket of "defence essentiality," on the grounds, for example, that it produces bicycles for paratroopers in wartime. The hardship to its employees of a decline in business is, therefore, the only relevant consideration, when deciding whether bicycles deserve the protection of a higher tariff or a quota on imports. But the American producers, who have already diversified their output to include other light engineering products, and showed during the war that they could diversify further, could surely best lessen this hardship by employing the same men to make some of the many products in which the United States does have a comparative cost advantage.

The Right to Work

FROM A CORRESPONDENT IN MISSOURI

"SHOULD any American be forced, under penalty of loss of livelihood, to join and support a particular private organization, whether it be a union, church, civic club or any other group?" These are the terms in which the Chamber of Commerce of the United States expresses what it calls "the case for voluntary unionism." By voluntary trade unionism the Chamber of Commerce means the open shop. It advocates state laws outlawing closed or union shops or any form of maintenance-of-membership contract, all of which require employees to join a particular

In London or around the world...
here's what we can do for you!

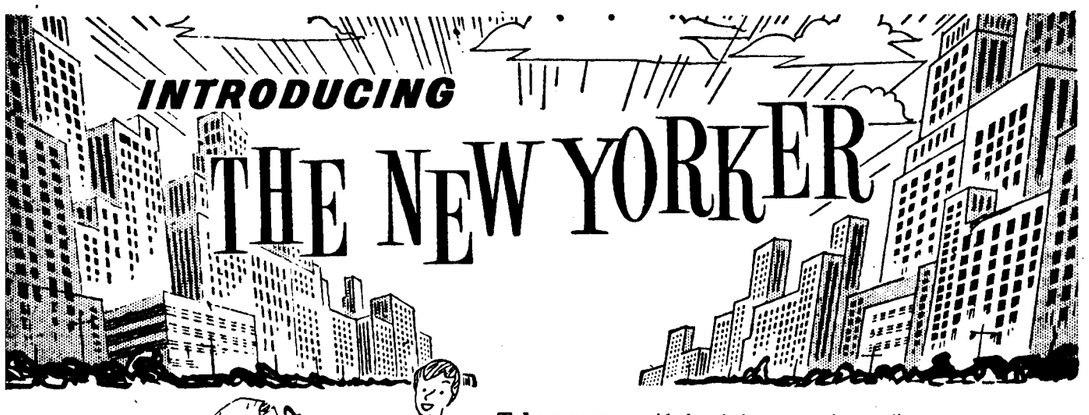


BANK OF AMERICA'S London offices offer you credit facilities and direct representation in the world's great trade centres . . . *plus* up-to-the-minute information collected and evaluated by Bank of America Officers travelling in all parts of the world. Complete information on request.

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION
Incorporated with Limited Liability under the National Bank Act of U.S.A.
LONDON BRANCH: 12 Nicholas Lane, E.C.4.
WEST END BRANCH: 29 Davies Street, W.1.
Safe Deposit Boxes available at the West End Branch.

• • • SERVING COMMERCE AROUND THE WORLD • • •

HEADQUARTERS: San Francisco and Los Angeles, California.
OVERSEAS BRANCHES: Manila : Tokyo : Yokohama : Kobe : Osaka : Bangkok : Guam.
REPRESENTATIVES: New York, Mexico City, Milan, Paris, Zurich and New Delhi. Correspondents throughout the world.
BANK OF AMERICA (INTERNATIONAL)
New York, a wholly owned subsidiary; overseas branch Dusseldorf.



Take a memo, said the chairman, copies to directors, export executives and the fashionable world and its wife. . . . TWA have just added a new service to America. . . . Here is the perfect timing . . .



. . . **London 9 p.m.** A warm welcome to the gracious comfort of a Constellation (note: TWA has the biggest fleet of them in the world) . . with every member of the crew in a friendly conspiracy to prepare you for . . .



. . . **dinnertime,** which is five courses long, with a five-star wine-list on the side (no extra charge, and no tipping by order). After that you simply sit back, relax and enjoy yourself until you are ready for . . .



. . . **bedtime,** which, for a modest surcharge, you can celebrate in a sleeping-berth of your own, or, without charge, cradled in your chaise-longue. Your next luxury is arriving in the pink of condition at . . .



. . . **New York 8 a.m.,** with all TWA's widespread American organisation ready to serve you. The cost of flying on The New Yorker? Simply, *the normal first-class fare* . . . underline *that* . . .

For full details of this and other TWA services from London to 60 U.S. cities and particulars of TWA's Air Travel Plan (for business travellers), or TWA's Time Pay Plan (for travel now and payment later), see your travel agent, or 'phone Trans World Airlines, 200 Piccadilly, W.1. TRAfalgar 1234. TWA Manchester, BLAckfriars 4649.



FLY TWA TO USA

TRANS WORLD AIRLINES USA·EUROPE·AFRICA·ASIA

trade union. Such laws are usually known as "right to work" laws.

Stated in such carefully chosen words, the case for voluntary trade unionism seems irresistible. Yet "right to work" laws have been rejected in three states this spring and have been adopted only in Utah. In Kansas, the proposed law was vetoed by a young Republican Governor. In Missouri, the leading farmers' organization came out against it, thus ensuring that it would be defeated in the State Legislature. In Idaho, the Republican Governor supported the law but Democrats in the Legislature defeated it. It is too early to guess whether these events mark a turning of the postwar tide which swept the Taft-Hartley Labour Relations Act through Congress and a wave of restrictive labour laws over State Legislatures. But Kansas, Missouri and Idaho, areas of limited industrial development where organized trade unionism carries less weight than does agriculture and small business, are typical of the states where "right to work" laws have succeeded in the past.

The postwar crop of state "right to work" statutes grew out of a quirk in the 1947 Taft-Hartley Act; it provided for federal regulation of labour-management relations in industries engaged in interstate commerce, but in respect to trade union security the law bowed curiously to the states. All that the Act itself prohibited was the closed shop, but it provided that state laws which imposed stricter limitations should prevail over the federal legislation. As the trade unions aggrievedly point out, this means that State Legislatures can increase, but cannot decrease, the severity of restrictions on union security.

Taking advantage of this unique subordination of federal to state power, the business men's lobby went to work and by 1954 had persuaded 17 states to pass "right to work" laws. The campaign was resumed in 1955, an odd-numbered year when most Legislatures are sitting, but only Utah was added to the total.

In its usual form, "right to work" legislation forbids the signing of labour contracts which make trade union membership a condition of working in any place of employment—whether by closed shop (where the worker must belong to the union in order to be hired), union shop (where he must join the union within a stated period after being given a job), or maintenance-of-membership clause (where he must join at the beginning of the contract but has the privilege of getting out when the contract expires).

*

The 18 states in which these laws have been passed include 11 in the South, 4 in the Middle West and 3 in the Mountain West. None of these is a leading industrial state. Except for Texas and South Carolina, none has as many as one million non-agricultural workers. Altogether, the 18 account for 11,000,000 nonfarm workers, while there are 39,000,000 in states which have never enacted "right to work" laws. These laws appeal most strongly to places where the trade union movement is weakest, and where there is active bidding for new industries.

The notion that "right to work" laws attract industry seems to be firmly fixed in those states that have few factories and long for more. A Missouri Chamber of Commerce "research report" cited what its authors considered the conclusive case of a company making oil field machinery which chose a Texas location in preference to one in Oklahoma. The reason, according to this report, was the defeat in the Oklahoma Legislature of a "right to work" law similar to that already in force in Texas. The Mayor of a Mississippi town, in a fawning letter to a New England industrial firm, set forth among the Deep South's attractions "our wonderful labour, 98 per cent native born," low wages, tax exemption, and the fact that:

> nobody will tell you whom you must employ—all detrimental laws for industrial operations have been repealed and the closed union shop has been outlawed.

On the other hand, there is considerable evidence that "right to work" laws have in fact little effect on the location of industry. The Congress of Industrial Organizations has pointed out that both Texas and California have undergone rapid industrial expansion since 1940, but that the rate of growth in California, which has no "right to work" law, has been greater than in Texas, which does. In 1949 the National Planning Association studied the reasons why 88 factories had been established in the South since the war and concluded that 75 per cent were put there because of proximity to materials or markets, and only 25 per cent because of labour conditions.

Nevertheless the business groups which habitually lobby for "right to work" legislation go on holding it out as bait for industrialists. This made it all the more remarkable that this year the Missouri Farmers Association took a strong stand against the law. The MFA is much interested in new industry, to take up the slack of declining farm employment, but its general counsel testified before a legislative committee that "union security is the backbone of the whole labour movement, and this proposal strikes at that security." Missouri's trade unions, of course, presented the main opposition. One spokesman contributed his bit in the picturesque political prose that typifies such controversies.

> The proponents of this measure are shedding crocodile tears about the plight of the workers, but they are baying at the moon. I do not think you people are going to be pawns in the game they are trying to play.

In Kansas, the law got through both houses of the Legislature only to be vetoed by Governor Fred Hall in a message that sounded a fresh note for a state which has voted for conservative Republicanism during most of its history. "All men are social beings; all have the fundamental right to co-operate and associate with others for legitimate economic purposes," Mr Hall wrote. He praised the New Deal's Wagner Act and the Republican Taft-Hartley Act impartially, the first as chartering labour's rights, the second as curbing labour's excesses. He did not deny the need for some labour legislation in the state, but he opposed the "right to work" law as a "lobbyist's Bill" and as an attempt "to turn the farmers of Kansas against labour in Kansas." In his opinion the real aim of such laws was to "destroy both the right of labour to organize and the principle of collective bargaining."

* * *

Correction.—In the article on "Parties in New England" in the issue of May 7th, it was suggested that Senator Theodore Green of Rhode Island was of Irish descent. He is in fact of ancient Yankee lineage.

The World Overseas

Myopic German Allies

THE end of the occupation regime, Germany's entry into Nato and the anniversary of VE day have all passed without official celebration in the Federal Republic. The Occupation rights have been a dead letter for some time past, and the division of the country prevents the government from rejoicing too loudly. Reaction to all these events has been cut to one pattern, with indifference on the part of the public, admonitions about reunification from the press and Evangelical Church, and the lone voices of Dr Adenauer and a few close supporters, declaring Germany's loyalty to the new alliance.

The myopic Germans show no sign of putting on long-distance Nato spectacles. If the press alone were to be taken as a guide, the conclusion would have to be reached that Federal Germany is an unreliable ally, which will use its new position to bargain on some form of neutral or "Third Force" status for a reunited country, regardless of the rest of the world. Generally speaking, newspaper comments give little indication that Germany has undertaken obligations or that Western European Union is for all practical purposes simply a working committee of Nato. On the contrary, the Germans, few of whom seem to have read even a summary of the Paris treaties, appear to think that the WEU is not, or need not necessarily be, tied to the North American alliance. (It would surprise most Germans to hear that they are allied to Canada as well as the United States.) When the alternative ways in which WEU might develop were enumerated by a leading publicist at the recent Koenigswinter conference of the *Deutsch-Englische Gesellschaft*, the possible strengthening of Nato's links with North America was not among them. Such a concept does not fit in with the idea of the WEU as a semi-independent alliance, which may somehow enable the Germans to have their cake and eat it—that is to say, to secure reunification, to contract out of their military obligations, to retain the Americans and British as defenders of Western Germany, to remain safe from atomic warfare—and at the same time keep western political, cultural and economic links, and invite American financial aid for reconstruction in the Soviet Zone.

While the shadow Ministry of Defence under Herr Blank keeps quiet, with an unhappy feeling that Nato's plans should not be bandied about in the press, unofficial but influential writers have again been demanding that General Gruenther must change his plans to suit German interests. The German representatives at Shape, it is said, must ensure that Nato's strategy takes Germany's special position into account, and removes the danger of atomic artillery shooting across the zonal frontier. Ex-Major Weinstein, military correspondent of the *Frankfurter Allgemeine Zeitung*, and a close supporter of Colonel von Bonin, has just published a book on this subject,* extracts of which have been printed in his newspaper. Germany, he says, must demand that the use of tactical atomic weapons on German soil be forbidden at an international conference. "Such a necessary international protection of their German partners by both sides," he says, "would naturally be simplified if the Americans, including their thirty atomic cannons, retired over the Rhine and the Soviets with their atomic weapons over the Oder. We Germans can have no interest whatever in having Western Germany defended with atomic cannons." More of this thesis will certainly be heard in the future.

The Social-Democrat Party protested to the last that sovereignty was an empty word until reunited Germany is free, and they issued their "action programme" for achieving this solution. It is well known, and is very like Mr Molotov's proposal for an all-European security system, in which a neutral, or neutralised, armed Germany would form the empty centre. Clearly, it is not on the status of Germany, but on the question of free elections that the Social-Democrats are most likely to find themselves in opposition to the Russians and Herr Ulbricht. They are already close to advocating *de facto* recognition of the Soviet zone government, for the purpose of improving conditions in the zone and in West Berlin. But when all-German elections come to be discussed, the Social-Democrats are more likely to prove suspicious of Communist proposals than the German conservatives. The real democrats in the party and in the trade union federation know full well that they would be the first victims of a government in which Communists gained a strong foothold. Speaking in East Berlin recently, a German Communist bitterly remarked that it was only the partition of Germany which had prevented the Socialist Unity Party from being set up years ago throughout the country. The truth of this statement is taken to heart in SPD headquarters. But it has not prevented Herr Ollenhauer this week from rejecting Dr Adenauer's offer to appoint a Socialist to a leading post in the new Ministry of Defence.

* *"Strategie oder Sicherheit, Keiner kann den Krieg gewinnen," Verlag Schimmelbusch, Bonn.*

Self-Government in Singapore

BY A CORRESPONDENT

SIX weeks after the polls which have sent the first elected majority into the Singapore Assembly and made a local man Chief Minister, it is already obvious that the cries of alarm which went up from clubs and counting-houses around Raffles Place were too easily elicited. The Labour Front, which has achieved power will not—despite the fiery campaign speeches of its leader, Mr David Marshall—travel the Jagan road, nor was there ever any real prospect that it would do so. Passionate pre-election assurances by Mr Marshall to Asian crowds, that the days of their status as "oxen yoked to the cart" were numbered, need not have been taken as much more than the outdoor oratorical exercises of a first-rate criminal barrister who, in recent years, has become something of a colonial Marshall Hall. Mr Marshall, the first Chief Minister of Singapore—in spite of a theatrical temperament and a radical bent—is no revolutionary. Still less are the group around him in the Labour Front "men of Thermidor" or devotees of Leninist dogma. They are a very average set of Singaporeans with Fabian leanings, a healthy desire for self-government and rather too little experience of politics.

The cabinet which these men have now formed, in coalition with one of the smaller parties, contains two Chinese, a Eurasian, an Englishman and a Malay besides the Chief Minister himself who is of Iraqi Jewish origin. The races of Singapore are therefore pretty well represented (an Indian becomes Assistant Minister). Five "reserved subjects"—Finance, Defence, Security, Foreign Affairs and the Civil Service—will be in the hands of three British officials, who will, however, attend cabinet meetings and be liable to carry out policy decisions reached collectively by them and by the six elected ministers. The Governor can use his reserve powers to override the Council of Ministers in any of the five reserved fields, but he will be wise to heed popular opinion in matters such as security and finance, just as during this crucial phase in Singapore the elected ministers will be wise sometimes to accept situations in which they do not get the sum total of what they want.

Testing-Time for Mr Marshall

Just such a situation arose a fortnight ago. The Labour Front have made it part of their platform to demand the ending of the Emergency Regulations which, among other things, give the Governor of Singapore power to detain people as Communist suspects without trial. This issue goes deep. The Emergency brought about by the Communist insurrection in neighbouring Malaya has now lasted nearly seven years, which is a long time to live under a régime of special police powers, especially if one has imbibed Rousseau and Laski at Raffles College. When last month Mr Marshall raised the question of lifting the Emergency Regulations the Governor agreed to revoke eight of them but not to abolish the power of detention without trial.

The Labour Front leaders do not pretend to be satisfied with this decision, but they gave it their formal approval in the Assembly; and the Governor, on his side, has promised to examine all the remaining Emergency Regulations carefully before they come up for review again in three months' time. This spirit of sweet reasonableness on both sides may not last. It is significant that the Singapore Labour Front leaders have now been assailed by the more left wing People's Action Party (PAP) for weakness over the Emergency Regulations; and, left again of the PAP, are the underground Communists for whose propaganda in Singapore's Chinese schools the special police powers in force for so long are fuel and flame. The question of the Emergency Regulations will be heard of again. The Labour Front cannot afford to allow it to drop.

The other main issue which the new governing party in Singapore has so far taken up with eagerness is that of full self-government. Mr. Marshall said last month that he would achieve it "within the lifetime of the present Assembly"—which means before 1959. This determination to catch up with the rest of Asia and with the Gold Coast and the West Indies is understandable, but Mr Marshall and his colleagues are the first local men ever to have ministerial power in Singapore. They are now given the chance—in the "transferred" fields—of showing that they can administer and govern; and within the framework of its programme there is much that the Labour Front can do to overcome the grave problems of a trading city whose population is rapidly outgrowing its local resources.

It can expedite house-building (12,000 houses a year are needed but only about 4,000 are at present being built); it can push ahead with the construction of schools; it can eliminate corruption and encourage the development of local industries. The programme will cost money and there will have to be "give and take" with the Financial Secretary. The Labour Front has undertaken to survey Singapore's national wealth and one can foresee new statistics being used as a justification for fresh taxation policies. Some increases of taxation may be necessary but the new elected leaders realise that Singapore's living standards depend on its exports and imports, and the Chief Minister is himself to handle Commerce and Trade. Mr Marshall's unexpected advent to power is a fascinating event, but the pressure to which he and his little party—as yet a rather heterogeneous group of men rather than an organisation with a mass basis—will be subjected, both inside and outside the Singapore Assembly, will probably make or break them within a year.

Dirge for Haiphong

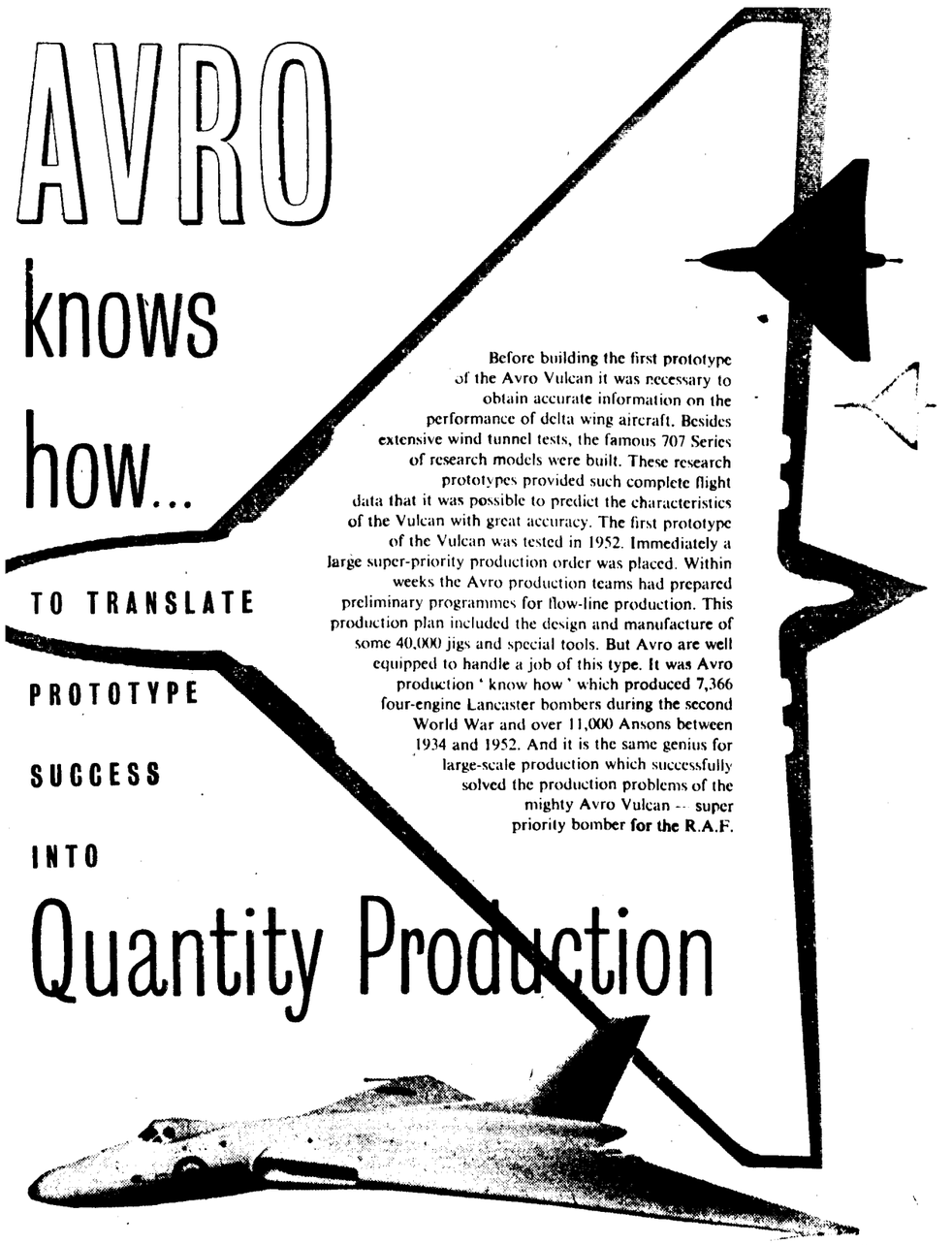
FRANCE'S three hundred days of borrowed time are now up. On Monday, the last of the 18,000 French Union soldiers who remained behind in the Haiphong enclave will sail southwards, perhaps for North Africa, perhaps for Saigon, where their presence may be needed to protect French civilians from nationalist violence. For the past few weeks, there has been a feverish activity in the dying northern port. The last Indian and Pakistani storekeepers have been bolting their empty premises and even the Vietnamese have been liquidating their businesses as fast as possible; most of the French civilians left without waiting for the formal end.

The last phase of the evacuation began on Tuesday and yesterday the French military authorities formally handed over their powers to incoming Viet Minh officials. When the last troopship sails on Monday, the French will have beaten by three days the deadline fixed at Geneva for the

AVRO knows how...

TO TRANSLATE PROTOTYPE SUCCESS INTO

Quantity Production



Before building the first prototype of the Avro Vulcan it was necessary to obtain accurate information on the performance of delta wing aircraft. Besides extensive wind tunnel tests, the famous 707 Series of research models were built. These research prototypes provided such complete flight data that it was possible to predict the characteristics of the Vulcan with great accuracy. The first prototype of the Vulcan was tested in 1952. Immediately a large super-priority production order was placed. Within weeks the Avro production teams had prepared preliminary programmes for flow-line production. This production plan included the design and manufacture of some 40,000 jigs and special tools. But Avro are well equipped to handle a job of this type. It was Avro production 'know how' which produced 7,366 four-engine Lancaster bombers during the second World War and over 11,000 Ansons between 1934 and 1952. And it is the same genius for large-scale production which successfully solved the production problems of the mighty Avro Vulcan — super priority bomber for the R.A.F.



A section of the vast Avro production line building Lancasters. It was Avro production 'know how' which produced 7,366 four-engine Lancaster bombers during the second World War and over 11,000 Ansons between 1934 and 1952. The same genius for large scale production is now behind the mighty Avro Vulcan.

A. V. ROE & CO. LIMITED
Manchester / England
MEMBER OF THE HAWKER SIDDELEY GROUP
PIONEER...AND WORLD LEADER IN AVIATION

Quetta and other places. Two days later the Afghan Prime Minister broadcast his reply, saying that "If the Pakistan government thinks that by threats it will prevent the government and people of Afghanistan from supporting the recognised rights of their Pathan brothers, they are deceiving themselves."

On May 4th, what Daud termed "Pakistan's ultimatum" arrived in Kabul. It demanded adequate amends before May 15th, in default of which diplomatic relations will be severed, the frontier closed, and an economic blockade imposed with whatever other measures are deemed necessary. Daud's reaction to this was to order the immediate recall to the colours of all conscripts between the ages of 25 and 32 who have been in the army during the past eight years. These men, numbering between two and three hundred thousand, were registered at military centres. The oldest and those with dependants were then allowed to go home. The three youngest of the seven drafts are being retained in uniform. Crowds of conscripts are to be seen marching through the streets shouting slogans. No one is yet clear how these soldiers are going to be fed, or who will replace them in the fields they have deserted.

Virtually all Afghanistan's external supplies come through Pakistan. Imported food is already growing short, and kerosene and other household supplies are being hoarded. The obvious beneficiaries in the conflict are the Russians, who control Afghanistan's only alternative sources of supply. The frequent contacts lately reported between Daud and the Soviet Ambassador suggest that Moscow is only too ready to exploit the situation.

Reichstag Fire in Buenos Aires?

BY A CORRESPONDENT

THE battle between General Perón and the Catholic Church in Argentina is beginning to take on some rather familiar aspects. The Peronista police have suddenly begun discovering bombs and "vast plans of agitation" on every hand. Twice before—in 1948 when General Perón uncovered an "assassination plot," and in 1953 when the explosion of two bombs in the Plaza de Mayo served as pretext for the burning of the Jockey Club, a symbol of conservative opposition—the regime has profited from alleged conspiracies by its opponents to strengthen its own hold on the country. The present outburst of righteous horror about "enemy machinations" is thought by many observers to herald the definite separation of church and state. This step, which would deprive the Catholic Church of a major part of its revenue, would be the logical climax to a series of recent anti-clerical measures ranging from the abolition of religious instruction in schools to the reintroduction of brothels in Buenos Aires.

It is extremely unlikely that General Perón is thinking of emulating Henry VIII and setting up a state church, but it is clear that he is trying to eliminate Catholic influence in the political and social life of Argentina. He is being assisted by the not altogether edifying attitude of some of the other churches; the Syrian Orthodox Church has just been fit to award him the order of St Peter and St Paul. The Argentine Evangelical Church, moreover, is cheerfully using radio time denied to the Catholics. Meanwhile, opposition continues to become more vocal and priests are being arrested for *lèse-majesté*. It is difficult to estimate how many are in jail, but with Catholic students, teachers and activist laymen they constitute a growing body of political martyrs. Last week, moreover, nearly the entire central committee of Catholic Action in Buenos Aires was arrested and Cardinal Copello, Primate of Argentina, has urged the faithful to visit their imprisoned brethren.

What is new in this situation is not the arbitrary violence of Peronista methods but the intensity and extent of opposition. The latest wave of arrests was set off by a religious procession of some 20,000 Catholics who defied the regulations against open-air meetings and marched through the centre of Buenos Aires chanting "Argentina is Catholic." Disturbances have also continued to take place in the city of Cordoba where some of the first clashes between the police and Catholic congregations occurred. These demonstrations are the first instance within memory of organised and massive opposition to the Peronista forces. A full trial of strength has, so far, been avoided by both sides, but it is by no means certain that bloodshed can be indefinitely avoided.

Certain observers feel that General Perón's intended reform of the constitution would do more than separate church from state. Those articles of the constitution which define presidential powers may be drastically revised, and the Perónista regime may seek to legalise its *de facto* absolutism. General Perón is due to stand for re-election as president in 1957, and he may be preparing to do away with so inconvenient a formality. The bill calling for a reform of the constitution has now been introduced in Congress where it is expected to obtain the necessary two-thirds majority. But a change in the constitution requires approval by a constituent assembly elected throughout the country. In this election—however strong the Peronista control of the situation—Catholic opposition can make itself felt. It is to be regretted that General Perón's political adversaries —the 12 Radical deputies—are too divided among themselves to profit much by the present opportunity.

ISSUED THIS WEEK

Our three-monthly reports on business conditions in

ITALY
PORTUGAL
MALAYA AND SINGAPORE
INDONESIA
U.S.A.

Fifty similar reports, covering seventy countries, are issued every three months. The annual subscription to one country or territory is £10 and there are discounts when more than five reports are taken. Subscribers receive ANNUAL SUPPLEMENTS giving useful background data. (Single reports cost £3.)

For full information about this and other services apply to:

The Economist Intelligence Unit

22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.

India's Socialist Property Owners

FROM OUR CORRESPONDENT IN INDIA

NO country has so finally accepted Socialism as its goal as India. It is the declared objective of every political party which matters; even the businessman has more or less reconciled himself to planning and to an expanding public sector. Yet there is also no country where so large a proportion of the population owns property, or is at least economically independent, or where policy is so steadily applied towards increasing this proportion. India is the Tory's dream, a property-owning democracy.

The paradox is only apparent. India's socialism is not intended to be like other people's socialism. As the General Secretary of the Congress naïvely puts it, "Our socialism is not like Western socialism." Only the Communists and a few splinter parties have any belief in Marxism; and even they make not the slightest effort to interpret Indian conditions in terms of Marxist theory. The vast mass of Indians are allergic to violence and class-war; their tradition is passive resistance and compromise; and they feel their methods have worked. The princes and the zemindars have gone, the landlords are going, the capitalist has accepted increasing restrictions on his freedom and protection for his worker, the restraints on women and untouchables are dissolving. More and more Mr Nehru is pointing these facts out to his people as the Congress answer to Communist seductions; and more and more he is getting a response. Perhaps, people feel, he is right and the Communists are old-fashioned devotees of an out-of-date European book.

Still less is the basis of Indian socialism nationalisation. In India industry is only just in the process of creation; and nobody wants to divert resources and talent to taking over institutions which already exist merely to satisfy a principle. They must have a reason, though the reason does not have to be a very good one. The air-lines were nationalised because some of them could not finance the replacement of their aircraft; over one third of the commercial banking system is to be nationalised so that more branches can be opened, remittance facilities improved, and co-operation assisted.

The Houseboy's Ancestral Acres

The basis of Indian socialism is equality; and in a society where so many people are already property-owners, equality demands both the creation of still more property-owners, and that those who are not property-owners shall be given the nearest possible equivalent—a freehold in their jobs. In the United Kingdom the self-employed contribute about one-eighth of the national income. In India the figure is probably about two-thirds. On the land only some 14 per cent are totally landless, and in most States of Northern India only 5-7 per cent; in the worst State, Travancore-Cochin, there are as many with land as without. In commerce there are 4.7 million employers and self-employed to 1.1 million employees; and against the 2¼ million of organised industry, there are 5.5 million handicraftsmen working on their own. A redistribution of land on the basis that nobody should own more than he and his family can work would probably not affect more than a tenth of India's acreage.

There are, indeed, only two areas where the majority of those who work do not own their means of production. One is large-scale industry; the other is the government. Even then they are often not propertyless, a true proletariat in the Marxian sense. Many a clerk has a family house and a few acres out on lease in his home village; many a factory-worker or houseboy takes a month off every year to harvest the ancestral couple of acres. Mainly, however, they get their security in another way, through the protection of their jobs. A government servant cannot be punished without a formal charge, a semi-judicial hearing, and an opportunity to show cause against sentence. An industrial employee can usually not be retrenched without his employer being able to prove to a tribunal that business had declined to an extent which made him unusable; rationalisation nearly always involves a promise to absorb all existing employees; and if anybody is retrenched he must be given half a month's pay for each year of service.

Progress for Untouchables

This large proportion of owners and job-freeholders is being steadily increased. Journalists, for example, have just been added to the job-freeholders. Every State will in the course of the next few years pass legislation placing a ceiling on land. Tenants' rents have already been severely restricted in most states, and soon will be in the rest; and they are more and more being given the right to buy out their landlords at fixed prices. In most urban accommodation it is almost impossible for a landlord to evict any but a rich tenant. This year's Budget has introduced a very favourable way of calculating the value of an owned house for income tax, and the government is lending money at concession rates so that middle-class people can build their own houses. The handicraftsman, who might soon have disappeared if left unprotected, is being given assistance through government-organised marketing, price preference in government buying, tax discriminations against organised industry in his favour, technical help over designs and better tools, and credit for his raw materials.

Women and untouchables, the two least propertied classes of Indian society, have not been forgotten. The new Hindu Succession Bill will give daughters half as much of a right to inherit as sons, and will abolish the limited estate which made any property a woman did own only half hers; the Bill applies only to the self-acquired property of an intestate, and it is admittedly only a beginning. The untouchable gains from present trends both directly and indirectly. Directly, from the help given to such crafts as tanning, from every measure of land reform and from Acharya Vinoba Bhave's campaign of *bhoodan*, for he is the landless labourer *par excellence*; indirectly, from the steady pressure of the government and the law against untouchability, which is steadily reducing the traditional restrictions on his economic initiative.

This concern for small property came first from Gandhi. The Mahatma's ideal was a society of independent peasants and craftsmen, the ideal of William Morris or Ruskin. But today the Gandhian tradition is being reinforced by shrewd politics. India is a society of small property owners; and they vote for small property.

future imperfect

Wild animals depend for their food on what they can find.
It is a hand-to-mouth existence. Man, having evolved the idea of
agriculture, sows to reap. He cozens nature, making her amenable,
to produce his food *when and where he wants it.*
He asks only health and strength to work his fields,
peace to enjoy the fruits of his labour and a stable economy
to ensure that he can sell and buy and exchange.
The main product of the Fisons business has for a hundred years
been chemical fertilizers, to enrich the soils of farms and gardens.
But they make chemicals for medicine and industry too.
Fisons contribute to Britain's harvests, health and wealth.



FISONS LIMITED · HARVEST HOUSE,
FELIXSTOWE · SUFFOLK .....
..... Fertilizers · Heavy Chemicals
.....
Fisons are also among the largest manufacturers in Great Britain
of pharmaceuticals, medicinal food preparations and fine chemicals
for Industry. Many of Fisons products in these fields are household names.
.....
.....

it's all in FISONS field



ENGLISH HARBOUR:

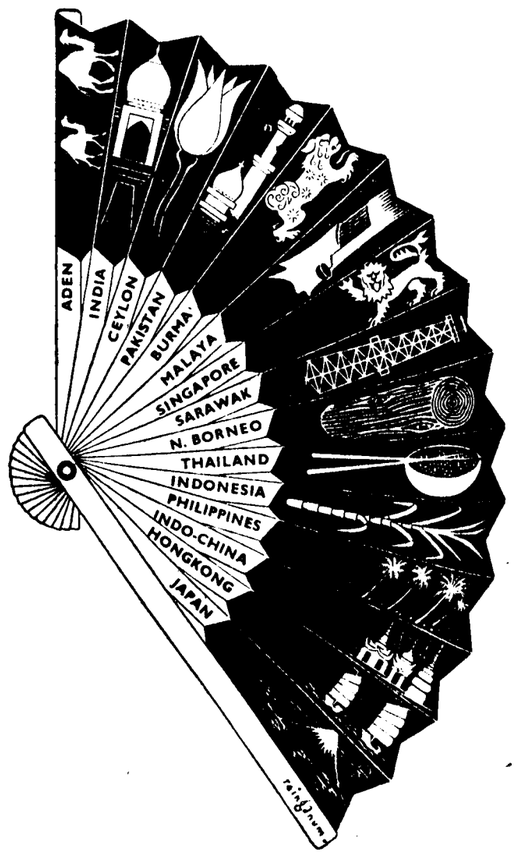
English Harbour, Antigua, lies in the south eastern corner of that beautiful island. Sheltered from storms by high cliffs and a narrow entrance, this admirable harbour gave safe anchorage to the ships of the British Navy for over 150 years.

English Harbour will always be associated with the name of Nelson for it was here that he served from 1784 to 1787. Nelson arrived in command of H.M.S. "Boreas" and quickly incurred local displeasure by seizing four American ships, thereby enforcing the Navigation Act which forbade trading with the United States. For this action he was unsuccessfully sued in the colonial courts for damages amounting to £40,000.

Nelson again visited Antigua in 1805 when in pursuit of the French admiral Villeneuve—a pursuit which was to end at Trafalgar. Tradition has it that he refitted his ships at English Harbour before continuing the chase.

As the only British bank with branches in the Leeward Islands we are particularly well placed to assist those who are contemplating a visit to Antigua. Enquiries are welcomed by our Intelligence Department at 54 Lombard Street, London, E.C.3.

BARCLAYS BANK D.C.O.



Spanning the East

Branches of The Chartered Bank of India, Australia and China under British management directed from London are established in most centres of commercial importance throughout Southern and South Eastern Asia and the Far East. At all these branches a complete banking service is available and, in particular, facilities are provided for the financing of international trade in co-operation with the Bank's offices in London, Manchester and Liverpool, its agencies in New York and Hamburg and a world-wide range of banking correspondents.

In London and Singapore the Bank is prepared to act as executor or trustee.

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA

(Incorporated by Royal Charter, 1853)

Head Office: 38 Bishopsgate, London, E.C.2

THE BUSINESS WORLD

No Future for Free Markets?

FREEDOM has its disenchantments. As state trading ended in one raw material after another, and Britain's commodity markets were set free, consuming industries found that free markets were not so agreeable as they had hoped. Old problems had been forgotten and new problems had grown up. Buyers had learned to leave to the state the burden of carrying stock and the risk of changes in its value. They had to relearn the art of buying and—just as important—of covering their purchases and their sales against the risk of changes in price. No one expected that as commodity markets were reopened they would quickly provide a prewar standard of service. But granted that there has been only a short trial, the freedom that industry had clamoured for seems a trifle sour. Was it only rationing—and not the comfortable bed of state trading, in which departments did the worrying and taxpayers met the bills—that industry really disliked?

To many consumers, and to some producers too, the commodity markets are tiresome things. In many of them, trading has been narrow and prices have often been erratic. Quotations for forward deliveries have usually been at a discount on spot prices. The art of forward dealing, which used to provide a hedge both for suppliers and users of primary commodities, has not been relearned, and market mechanics not sufficiently well refurbished, to fulfil the old functions of smoothing out price movements and giving protection against extreme fluctuations. Several consuming industries are discontented, and the copper fabricating industry has now found an ally, for last week the Selection Trust group took the bold step of offering to sell Rhodesian copper at a fixed price, initially £280 a ton for electrolytic copper, cif UK, less the discount for blister grades which still account for the bulk of the group's output. That price is roughly £30 a ton below the current price on the London Metal Exchange, and £8 a ton below the American producers' price of 36 cents a lb (£288 a ton). The four consumers that have contracted to buy at this price are now trying to decide how the benefit—it will not always be a benefit—can best be passed on to their customers.

The charge against some of the commodity markets —that prices are unstable and hedging facilities inadequate—may be true, but it is only too easy to blame "the markets." The markets are what traders and governments make them: their shortcomings are rooted in the world in which they have to work. That world is much less favourable to the proper functioning of free markets than it was before the war. Sellers are much thinner on the ground, and frequently less free.

Governments of producing countries interfere widely in the marketing of their crops. The farm price support policies of the United States are far more important than before the war, and other countries pursue less comprehensive, but frequently more arbitrary, policies. Brazil's recent abortive attempts to maintain coffee prices, to take one glaring example, have wrecked the coffee market and made nonsense of futures dealings on the New York Coffee Exchange. The world wheat trade (apart altogether from the International Wheat Agreement) is state-controlled and there is no longer a true world price. Argentina has its Export Institute (which handles exports of other farm crops too); Canada and Australia have their Wheat Boards. The export prices of American wheat are determined by the subsidies paid by the Commodity Credit Corporation, which is now an exporter of wheat and other farm products.

The marketing of several major commodities is also distorted by "strategic" purchases, chiefly of the American government—purchases that are intended to

satisfy political as much as economic needs. Nor is it only government buying that distorts the markets ; the very existence of huge strategic stocks, though they may be held extremely tightly on paper, tends to discourage consumers from holding adequate stocks themselves. Are they not right to hold off the market ? Recent experience with copper shows that both the British and the American governments are willing to help consumers out of tight places.

Interference by governments is a serious handicap to the smooth operation of free markets, but its impact could be mitigated if private traders were willing to give the markets their full support. That support is often lacking. Markets are narrow usually because consumers and producers do nothing to make them wider. It is an apt comment on the Metal Exchange that producers and consumers treat it as a club they seldom patronise, and when they do it is always to complain about the food.

In copper, cotton and grains, to take three important examples, the big consumers and producers are drawing closer together, squeezing out the merchants and brokers who are essential to broadly based dealings. Anglo American Corporation of South Africa, the other big producer of Rhodesian copper, sells its entire output of electrolytic copper direct to consumers, albeit at prices based on the Metal Exchange. The cotton spinning combines have formed their own agencies to buy raw cotton direct from the shipper. The bulk of the business in wheat and coarse grains is handled by the representatives of the shippers, and the merchants now play a minor role.

*

That the merchants should have a lean year or two when the markets reopened was inevitable. Many of them were civil servants and commission men under the controls. Their working capital was not inflated—as to some extent industry's was—as prices rose. They had to start dealing on the basis of prices that were several times higher than before the war. Yet the merchants must be encouraged to hold stock or their role in helping to " make " a market will be small. The function of stockholding by merchants would nevertheless be encouraged if prices reverted to the pattern that often prevailed before the war, with prices for future delivery commanding a premium over spot prices. When that premium is large enough to repay the merchant for the cost of carrying stock he will do so.

But an adequate premium, or " contango," will not prevail unless ample supplies of a commodity are allowed to flow freely on to the market. That was not allowed to happen in copper early last year. The American producers decided to defend the price by restricting production ; that panicky decision accentuated the subsequent shortage. It was not allowed to happen in lead and zinc, for the American government decided to protect the domestic industry by taking the surplus into the strategic stock. The fault does not always lie with producers. There have been times when the reluctance of consumers to buy forward has perpetuated the discount on forward deliveries. But as long as a shortage of prompt supplies continues, consumers will not have a satisfactory hedge against changes in price.

*

Even then hedging facilities in some markets will still be handicapped. Why should buyers of wheat pay the cost of hedging in Liverpool when at no cost to themselves they can cover a large part of the risk of price changes by buying from the Canadian and Australian Wheat Boards at prices fixed after the wheat has been shipped ? How can the Liverpool cotton market offer at a reasonable price a hedge against the threat of an export subsidy on the American crop ? That recurrent threat is much the greatest element of risk in the price of cotton. The difficulties of the free markets chase their own tail. Consumers and producers claim that they would use the markets more if they were more broadly based. Yet that broadening must in the main come from themselves—by placing more business through the machinery of the market. And it is time to think less harshly of the humble speculator. In each scheme for the reopening of a commodity market the Bank of England has required the trade association to curb " excessive " speculation. The fear of excessive speculation has bitten deeply into the hearts of legislators, largely because they have unpleasant memories of pools and corners and of heavy losses before the war. Yet the speculator filled an important function that is now almost missing. His money in palmier days carried much of the stock and his dealings broadened the market.

It would be rash to expect that the markets can play exactly the same role as before the war—changes in the methods and scale of world trade are probably too great and the separation of the pound and the dollar too deep for commodity markets to flourish in the old way. But it is even rasher to suggest that the role of the markets is one that industry or the country can afford to do without. Britain's commodity markets are a valuable source of invisible earnings—much of it from trade that never touches these shores—and the focal points around which much of world trade revolves. Their prices are used for the settlement of many contracts through the length and breadth of industry. Copper prices have been uncomfortably high, but the Metal Exchange price did its job by attracting copper to London from the four corners of the world—to the discomfort, it may be noted, of American consumers. If the London copper market were to wither and die, would consumers be as well served again in times of shortage—and of surfeit too—under a price system in which the producer called the tune ?

The testing time for the commodity markets has

come earlier than many had expected. That they should be regarded so distantly and suspiciously by people they are intended to serve is an indication of the lack of price consciousness that pervades large sections of British industry. They care less whether prices are low or high, but far more whether they are stable. This is the world of unchange, and it menaces the true conception of economic and industrial progress that rests on efficiency, lower costs, attention to prices, and beating the other man in competition. There is no permanent price in copper or any other commodity. That surely was the most elementary lesson that the years of control taught. And if there is no real faith in the mechanism of the open market and in changing prices that put resources in the hands that can best use them, there will be no real hope for the future of British industry. That is the argument for making markets work.

Shell's Modest Pearl

TEN thousand new ordinary stockholders bought their way last year into " Shell " Transport and Trading Company, with its 40 per cent interest in that vast complex known as the Royal Dutch-Shell group. There was big American buying, too, in Royal Dutch Petroleum (this is the 60 per cent partner) when the shares were admitted to the New York Stock Exchange last July. These new stockholders will not have been disappointed by the record of 1954. " Shell " Transport and Trading stockholders are receiving the same dividend of 3s. per share tax free, but they have six shares for every five a year ago. Yet those who think that growth is automatic and easy in the oil business will find several slightly chastening reflections in the report on the activities of the Royal Dutch-Shell group as a whole. The growth in sales, once again, is splendid ; gross takings have advanced from £1,700.7 million to £1,851.0 million. But Royal Dutch-Shell is also a spender and a taxgatherer on an astronomical scale. Its operating costs rose from £977.2 million to £1,044.2 million and thus absorbed nearly half of the increase in gross proceeds ; another third of that increase was paid in additional sales taxes and excise duties, up from £348.1 million to £405.9 million. Depreciation, depletion and exploration costs written off called for £155.4 million against £148.5 million, and the nearest estimate of taxation puts the bill at £101¾ million, compared with £83 million for 1953.

At the end of this chain of deductions, the group's net income for the year manages to show a remarkably modest increase from £130.4 million to £134.5 million. Shell is not moving from St. Helen's Court to Carey Street, but it had a bare £4 million left out of an increase in gross receipts of £151 million, which is just about enough to meet the increased dividends to " Shell " Transport and Trading and Royal Dutch, and to maintain the amount ploughed back at the 1953 level. Four million pounds, set against the capital expenditures of recent years, seems distinctly small change. The Royal Dutch-Shell report describes it as " a very significant fact " ; if one looks back over the past four years the trend of net earnings compared with the group's trading expansion and capital investment seems more remarkable still. The group has spent £800 million on capital purposes in that period, half of it on exploration and production and well over a quarter on refineries and chemical plants. Its total sales have increased from £1,424 million in 1951 by 30 per cent to £1,851 million. Capital and retained earnings have bounded at a much greater rate from £661 million to £981 million. But its net income has risen by a sedate 10 per cent from £120 million to £134 million, and the rate of net earnings to capital employed is down from 18 per cent to 14 per cent over the four years.

This is not penury. But it is not geometric growth, measured in terms of net return, and it provokes a philosophical passage in the group's report on the nature of its capital expenditure that is worth fairly full quotation:

> Two-thirds of these capital outlays have been met from depreciation . . . and the remainder from retained earnings. . . It appears probable that the future levels of capital expenditure will be even higher than in the recent past. . . The rise of world energy demand over the next twenty-five years may be of the order of 3 per cent annually, in which case demand would double within this period ; the oil industry will have to contribute an increasing proportion of these requirements. Capital expenditure for finding, producing, shipping, manufacturing and marketing each extra barrel of oil has risen considerably in recent years. This trend is attributable to higher capital costs in all phases of the industry—to the ever-increasing cost of finding new oil to replace reserves ; to rising costs of capital goods, such as ships ; to the public's demand for higher quality products, which entails increasing use of expensive plant such as catalytic cracking and reforming units ; and to the demand for a higher standard of technical services, which frequently involves the provision of extra equipment.
>
> In this sense much of our capital expenditure may be defensive, and consequently does not offer prospects of any great increase of income. The normal test of profit-earning cannot be applied to such investments, which must be treated rather as a cost of maintaining our business than as new investment on which added return can be expected.

Before any of the ten thousand sell their shares in alarm at these rather sombre musings, they should realise that " defensive " has a special meaning. It means keeping at least the same share of an expanding

market ; it means better value to the consumer and also a stimulus to continued technical advance ; it means a rate of replacement and write-off that would probably not be excelled except by American oil companies, who live in a different tax world ; it means keeping capital intact and making provision for continued trading advance. It does not mean a desperate hanging-on to shareholders' funds for self-preservation, but it does raise some questions about the nature of true profit in the world oil business. Out of the group's net income of £134½ million, dividends to the Shell and Royal Dutch parents absorbed exactly one-fifth. No less than £263 million of depreciation provisions and surplus were ploughed back into the business, which

ROYAL DUTCH/SHELL GROUP

	1951	1952	1953	1954
Financial Data	£ mn.	£ mn.	£ mn.	£ mn.
Gross income	1,424·3	1,616·6	1,700·7	1,851·0
Net income	120·4	125·6	130·4	134·5
Capital expenditure	164·0	188·0	220·0	226·0
Capital invested and retained earnings	661·2	767·6	871·5	980·7
Long-term borrowing	160·9	166·8	161·3	147·3
Net working capital	345·7	397·7	442·6	457·2
Cash and securities	247·7	261·7	315·1	346·1
Operating Data*	mn. bbls.	mn. bbls.	mn. bbls.	mn. bbls.
Gross production of crude oil	429·0	465·5	480·7	507·3
Quantities received under special supply con.	120·1	126·0	130·3	136·0
Crude oil processed	558 '000	596·9 '000	616·7 '000	670·6 '000
Total Tanker Fleet†	dwt. tons	dwt. tons	dwt. tons	dwt. tons
Tonnage	6,250	6,600	6,700	7,100
Number of vessels	...	520	487	488
Pipelines‡	miles	miles	miles	miles
Crude oil	8,150	9,100	10,050	10,100
Natural gas	350	400	400	400
Products	3,700	4,150	4,700	4,750
Sales	metric tons	metric tons	metric tons	metric tons
Oil products	75,300,000	77,800,000	79,600,000	85,600,000
Chemical products	1,050,000	1,100,000	1,250,000	1,300,000
	mn. cu. ft.	mn. cu. ft.	mn. cu. ft.	mn. cu. ft.
Natural and refinery gases	156,700	190,700	240,000	308,500

* Figures include 100 per cent. of the operations of companies in which the group holds more than 50 per cent., but only the amount corresponding to the group holding in companies owned 50 per cent. or less. † Vessels of 2,000 dwt. tons and over owned and chartered. ‡ Including partly owned.

financed £226 million of capital expenditures and left some cash over for future capital programmes. There is not a capital market in the world, except New York, that can raise enough new money to build a refinery, and the cost of keeping abreast in the oil industry is to "go it" even at the expense of stockholders' dividends.

One of the classical investment precepts used to be that a company could be entrusted with funds to plough back if its earnings were growing at a higher rate compared with the growth of its resources. On its own admission, Shell is not at present in that phase. But it would not be very sensible to take an alarmist view of that situation. Heavy capital expenditures are inescapable if the major oil companies are to keep their station in satisfying the world's expanding demand for oil products. To pay markedly bigger dividends at the cost of reducing these expenditures would, in the group's view, be to fail in its duty to the public as well as to its shareholders. This is the view of a gigantic institution, concerned about the practical problems of being big and staying big and conscious of the residual part that the shareholder now plays in the provision of new funds for expansion. "To the extent that these future requirements must be financed out of earnings, it is a complete fallacy to regard such earnings as profits in the conventional sense." The moral is clear. Stockholders can hope eventually to share in the striking potentialities of growth of the Royal Dutch-Shell group, but only on condition that they accept a relatively modest return in the present. It is not, indeed, a new discovery ; but the latest report sets the conclusion sharply and it adds the reminder that future levels of capital expenditures are likely to be even higher than the £225 million mark of the last year or two.

★

In the light of this argument about capital, costs and profit, the study of the Economic Commission for Europe on oil pricing takes on a colour rather different from the popular understanding of what its contents and conclusions were supposed to be. It is widely believed that the report asserted that oil prices in Europe are too high (though it did not in fact say so in direct terms). Some have said that prices could be cut by a shilling a gallon ; to that, Shell's answer is that their profit margin from selling 26 billion gallons of oil last year, averaged out over all its producing, shipping, refining and marketing activities was about 1¼d. a gallon. None of these activities gets any cheaper. Production and exploration costs are rising. There is no clear prospect that a group's tankers will do much more than earn their keep over their working lives, and while new building passed its peak two years ago, the group's orders for tonnage have committed no less than £90 million for new tankers. New refineries have become a symbol of national prestige, and that is not always compatible with the lowest cost.

Reasonable stockholders will feel a good deal of sympathy with these arguments. Yet they concern problems that arise from doing well, not from doing badly. The prospect before them is unmatched by that of any other industry. Where, except in oil, is the assurance of growth clear beyond doubt for a couple of decades ahead ? Is there another industry that excels oil in speed of technical innovation and the provision of world-wide resources to satisfy a demand that continually increases in total and continually changes in its constituent parts ? That is the argument for holding "Shell" and Royal Dutch. At the moment, the factors of maturity and "defensive investment" may seem uppermost ; but the factors of growth are still actively at work, and they will make the "Shell" of the future worth every penny of the present price of £6¼ to the investor who is prepared to wait and meanwhile can make do with just over 4¼ per cent.

Business Notes

Gilt-edged Fall Further

EACH day through the first half of this week gilt-edged have fallen further. By Wednesday evening the *Financial Times* index of government securities was down to 95.10 compared with 95.98 at the end of last week. Industrials have done well to hold their own and at times edge slightly upwards in the face of the continued selling of gilt-edged. That selling contained a further instalment of bank liquidation of the short-dated stocks, but selling was not confined to the banks or to the short-dated securities that the banks generally hold. Other selling arose from switching by a few institutions that were changing their view of the market and rearranging the dates of the stocks they hold. This switching has produced the curious consequence that the government broker has been a net seller of certain stocks through most of the recent fall in the gilt-edged market. Policy prevents him buying while the tight money discipline is being applied to the market, and the market cannot therefore approach him with the whole of any switch ; but it does on occasion approach him with the buying leg.

Other reasons apart from the banks' quest for liquidity also account for the weakness of gilt-edged. The fall in sterling which on Wednesday dropped ¼ of a cent against the US dollar to $2.79⅛, is the most important of them. But for the operations of the Exchange Equalisation Account the weaker turn in sterling might have been more pronounced. Along with it came the new crop of strikes and the improbable rumour of an early issue by a nationalised board. Yet by Wednesday there were some buyers mixed with the sellers of gilt-edged. Part of this buying no doubt represents investment by industrial companies some of which still have large surplus funds. Some of it too represents a view of the market. To a man with a substantial payment to meet several years hence—for example the school fees of a grandson as a safeguard against estate duties—a gilt-edged stock standing at a substantial discount and maturing at about the right date offers an obvious attraction.

New Issues Reviving

THE appearance of two large capital operations just ahead of a general election and in a stock market that is far from sure of itself is a little surprising, yet the reception given both to the English Steel preference and debenture issue and to the Dunlop debenture placing has been favourable. The Dunlop Rubber Company's issue sponsored by Edward De Stein and Co. and Morgan Grenfell and Co consists of £12 million 4½ per cent second debenture stock 1972-82. It has been placed at £97 10s. per cent, and indications are that when dealings start next week they may be at a modest premium over the placing price. If the stock is available at £98, the redemption yield to the latest date would be approximately 4⅝ per cent. Although this is a second charge on the assets of the undertaking, ranking after the 3½ per cent first mortgage debenture stock, of which £5,087,674 is outstanding, it is well covered both as to service and as to principal. The annual service of the two debenture issues requires just over £718,000. The available profits for 1954 were just under £7 million. As to principal, the two debenture stocks amounting to just over £17 million are covered by assets of just over £74 million. As on previous occasions, the Dunlop Rubber Company observes a regrettable reticence about the uses to which this large sum is to be put. The market has been allowed to assume—probably rightly—that it is intended to repay bank loans and provide the sinews of expansion throughout the business. No hint is given as to the extent to which these financial requirements may be on the synthetic rubber side.

An equally good reception was accorded to the Iron and Steel Holding and Realisation Agency's offer of 5 million 5½ per cent cumulative redeemable preference shares of £1 each at par and £5 million 4½ per cent debenture stock 1974-79 also at par. Both securities were offered with benefit of the half-yearly payments due on June 30th, so that in effect the preference shares were offered at about 19s. 9d. and the debenture stock at a small fraction under £99. As this issue of *The Economist* goes to press it is only known that the offer was largely over-subscribed. Investors were not slow to realise that the preference shares offer one of the best election hedges in the market. In the event of a Conservative victory they would seem to be worth a premium ; in the event of the renationalisation of steel their rights to redemption, never at less than par and at varying premiums between 1974 and 1994, should protect these shares against any substantial depreciation. The terms of the debenture offer, though more finely drawn, seemed nevertheless sufficiently attractive.

Sharp Fall in Trade Deficit

BANK rate may be doing its job: last month British overseas trade had a much healthier air, though the improvement has still far to go. April was a short working month of 24 days, and the fall in imports was relatively

much greater than the fall in exports. Imports dropped by £47.2 million to £318.1 million cif, which was £17.0 million (5 per cent) less than the average for the first quarter. The average value of imports in the first four months of this year was 20 per cent higher than in the same four months of 1954, whereas the monthly average in the first quarter was 23 per cent higher than in the same period of 1954. Exports, on the other hand, maintained the recovery that began in the first quarter. Despite the fall of £15.5 million in April to £244.8 million fob, which was £2.5 million less than the monthly average in the first

UNITED KINGDOM TRADE
(£ million—monthly averages)

	Imports (c.i.f.)	Exports (f.o.b.)	Re-exports (f.o.b.)	Trade Deficit
1954, 1st quarter	273·8	224·5	9·3	40·0
„ 2nd „	284·1	223·9	8·6	51·6
„ 3rd „	279·2	221·1	7·9	50·2
„ 4th „	289·3	222·0	7·8	59·4
1955, 1st quarter	335·1	247·3	10·6	77·1
„ April*	318·1	244·8	8·3	65·0

* Provisional

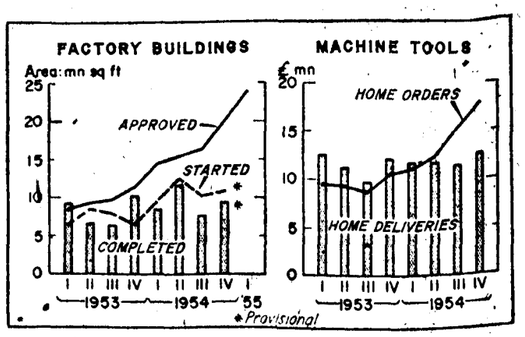
quarter, the average value for the four months was still 10 per cent higher than in the same period of 1954. With re-exports at £8.3 million in April, the gross visible trade deficit fell by £27.5 million to £65.0 million, compared with the average monthly deficit of £77.1 million in the first quarter. That is an encouraging improvement, though the deficit still compares unfavourably with the deficit of £40 million a month in the first quarter of last year. Exports to North America, at £26.2 million, were almost as high as in March, and were nearly 11 per cent higher than the first quarter's average of £23.7 million. Shipments to the United States fell by £900,000 to £14.8 million, but shipments to Canada rose seasonally by £700,000 to £11.4 million.

Investment in Flood

THE latest figures for new home orders received by the machine tool industry and for new factory construction show that the upsurge in investment first noticed last autumn has been more than maintained. These are, at best, only rough indicators, but common observation, chairmen's speeches, and the rising output of firms making mechanical handling equipment all suggest the same conclusion. Such straws must suffice as indicators until the regular survey of the investment intentions of industrialists, that the government is now preparing to undertake, becomes available.

Both the machine tool and the new factory figures suffer from an inevitable time-lag, and hence give no guide yet to any effect that recent rise in interest rates may have had upon future plans. The factory statistics, in particular, are often liable to very substantial revision. But it appears that a start was made last year on at least 43 million sq. ft. of new factory floor space, against 30 million sq. ft. in 1953; and that so far some 37¼ million sq. ft. appears to have been made ready for use, compared with 32 million. Board of Trade approvals for new floor space almost doubled last year and there was very little slackening in the number of new licences in the first three months of this year.

The machine tool industry now has a good 15 months' work in its order books—and is certain of a great deal more. Its own output, however, is very severely damped down by the dire labour shortage that is forcing its own customers to think actively of further mechanisation. The room for this in the tool industry is probably limited (it is short of skilled workmen, especially draughtsmen), but there are still wide differences in output per manhour among different firms. The net addition to order books last year was nearly £9 million and there was a further £3 million net in January. Apart from the Russian orders—about which there are still some doubts—the greatest increase occurred in home orders. The industry is still waiting to hear what the motor car manufacturers want from it. These are big customers, but their pernickety delay in placing firm orders is becoming serious for several specialist tool makers, who



have been asked to reserve capacity and have therefore been turning down other business, which they have never found short anyway. Altogether the industry may not be able to produce much more than the £66 million worth of tools it turned out last year (their value may be up, however, with the higher prices that rising costs are now forcing toolmakers to charge); its customers may therefore have to seek more of their supplies from abroad.

Capacity for Steel

FOR the last three months steel output in Britain has been steady at a record level—roughly 394,000 ingot tons a week, or an annual rate of 20½ million tons of crude steel. Extensions to steelmaking capacity at certain plants are due to mature later this year, so that it should be possible to improve somewhat upon that all-out rate. Even with the normal slackening in the holiday months, the industry may be able to produce not far short of 20 million ingot tons during 1955. There are certainly few signs of any slackening in demand here, though the volume of new orders booked by continental mills appears to have moderated very slightly since the turn of the year. Large



'You'll be reading this tree when you grow up...'

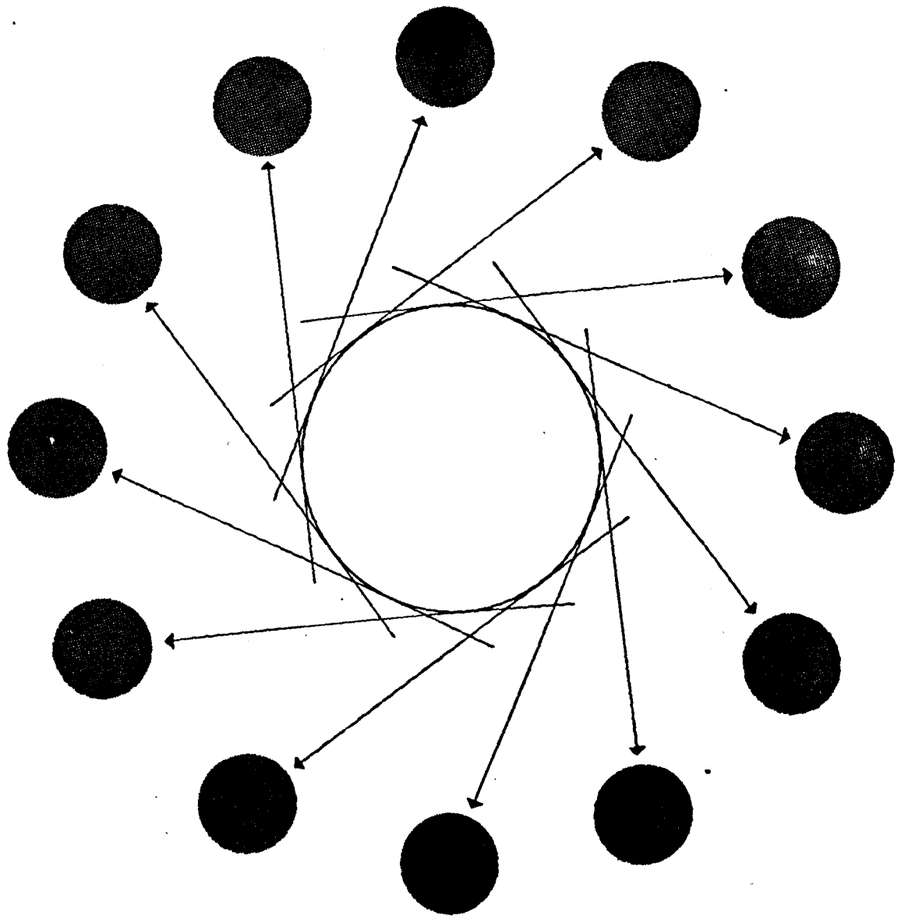
TWENTY YEARS from now, when that five-year-old southern pine seedling is fully grown, it will be cut down and made into newsprint. Then another seedling will take its place, for the forest must be repaid for the riches it yields. In the past year alone, Bowaters have planted no less than five million seedlings to serve their new mills at Calhoun in Tennessee.
And far to the north—in the great Bowater forests of spruce and fir in Canada, Norway and Sweden—as the trees fall so the cycle of growth begins again. In these latitudes the harvest will not be gathered again for seventy-five years. But during these silent years constant guard will be kept against the pests and diseases that would harm the trees, the fire that would devour them. By husbanding, by protection, so is the bountiful forest repaid.

Every day of the year the Bowater Organisation is at work converting timber into woodpulp into paper. From its mills in Europe and North America comes newsprint for the newspapers and journals of the world; other printing papers for magazines and reviews; paper for packages of almost infinite versatility.

Bowaters

THE BOWATER PAPER CORPORATION LIMITED

Great Britain United States of America Canada Australia South Africa Republic of Ireland Norway Sweden



A flush of tangents

Though going off at a tangent may suggest a butterfly brain to many people, it means something entirely different to us. For, with a subject as diverse as electricity, development is always likely to shoot off in unexpected directions. We encourage this sort of activity in Crompton's. At the moment there are twelve sections which make up the Crompton Parkinson organisation, all of which began life as tangents shooting off from the parent body. They are now well established and respected, each dealing with its own flush of tangents. This is the nature of progress. New discoveries are pursued and developed—eventually they are assimilated and become part of the accepted order of things. This is how the firm of Crompton Parkinson has grown and why it will keep on growing.

When it comes to electrical equipment . . .

you've got to hand it to Crompton Parkinson LIMITED

ELECTRICAL EQUIPMENT

MAKERS OF ELECTRIC MOTORS OF ALL KINDS · ALTERNATORS AND GENERATORS · SWITCHGEAR
B.E.T. TRANSFORMERS · CABLES · INSTRUMENTS · LAMPS · LIGHTING EQUIPMENT
BATTERIES · STUD WELDING EQUIPMENT · TRACTION EQUIPMENT · CEILING FANS

** There is a controlling factor common to all tangents which stops them getting out of hand. No tangent can exist as such unless it retains close contact with the circle which is its parent body. That's just the way we like things at Crompton's.*

CROMPTON PARKINSON LIMITED, CROMPTON HOUSE, ALDWYCH, LONDON, W.C.2. TEL: CHANCERY 3333

tonnages of expensive foreign steel are still on order; on the other hand, Britain is still deliberately restricting its own exports. It would need quite a sharp downward turn in home ordering to ease the load upon British steel capacity.

Within the total order load, the biggest increases in demand have been for flat products; imports may reach about 300,000 tons of sheet and 75,000 tons of tinplate this year. The growth of demand for flat steel this year and last, together with the motor industry's disclosure of its own plans for expansion, obliged the steel industry to think again about its existing and projected capacity. Before taking any decision upon the fourth continuous strip mill that has been discussed for so long, the industry has been trying to decide how much more can be squeezed out of the three existing mills at Ebbw Vale, Shotton and Margam. It seems possible that with comparatively limited capital expenditure the potential capacity of these mills can be raised and much more than most people even in the industry realised a few years ago. John Summers, which planned to increase capacity at its Shotton mill from 550,000 tons a year to 850,000 tons, in the current investment programme, has now revised this upward to 1,150,000 tons. If substantial increases could be achieved at the other two mills the decision about a new one can be postponed a little longer—even, perhaps, until the steel industry can begin to see whether the motor manufacturers are managing to sell all the cars they are preparing to make.

Punctual Start for New Trains

THE railway modernisation programme appears to have got off to a good start. By February it had been prepared, published, and generally approved by the Minister of Transport; last week the Transport Commission was able to announce that steps had been taken to enlarge its technical recruitment and training programme, that contracts for rolling stock worth £35 million had been placed, and that work would begin in the next two years on at least another £30 million worth of new construction and re-equipment. This haste is creditable if not characteristic.

Altogether the Commission aims to spend £1,200 million by 1970. At present, it estimates that actual spending will probably exceed £50 million by the end of 1956. This excludes some normal re-equipment, which reached £33 million and £45 million in 1952 and 1953 (including expenditure on permanent way treated by the Commission as a revenue charge) and was probably higher still last year. The rate of spending will depend, of course, upon the capacity of industry to fulfil the needs of the railways and upon the capacity of the railways' own staff to implement the plan; they face a very stiff task. In addition, it will presumably have to pass the annual scrutiny of the Cabinet investment committee, which has always been tempted to burke investment in transport.

The Bear in the Ascendant?

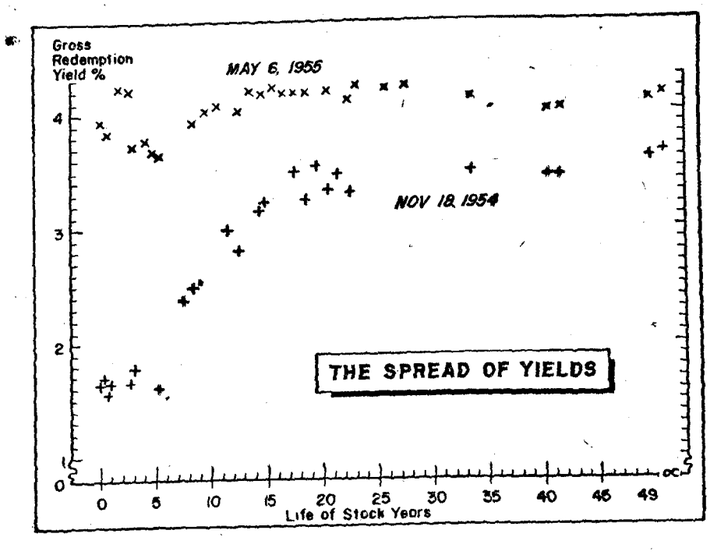
NORMALLY the shortest-dated stocks give the lowest yields. They are soon repayable and the risk of capital depreciation is small. As the date for repayment extends further into the future, the investor demands a higher yield. That was the picture when the gilt-edged market reached its last peak on November 18th last year. The yields then obtainable on gilt-edged stocks of various dates starting with 90-day Treasury bills and extending to one of the irredeemables (2½ per cent Daltons) is portrayed in the lower line of crosses on the accompanying chart.

Since then two rises in Bank rate and a tightening money policy applied to and through the banks has forced gilt-edged security prices down and the yields obtainable from them up. The upper spread of crosses on the chart shows gross redemption yields at the point to which the new discipline had carried them at the end of last week. Not every stock in the gilt-edged list has been plotted. The exceptions are those where a wide spread of optional redemption dates coupled with a price near to par have left a real doubt as to when the stock will be repaid (and therefore its yield). Three conclusions appear from the exercise:

(1) The new money discipline has worked strongly on the short-dated stocks: their yields have decisively risen. But dearer money has as yet worked much less strongly on the long-dated and irredeemable stocks.

(2) On certain short-dated stocks—largely those with redemption dates around the period 1958-60—the fall in the price (and rise in the yield) has been disproportionately great. Clearly the rush of the banks to restore their liquidity ratios has produced a temporary surplus of stock seeking a home. These stocks look depressed in price even on the assumption that the rest of the adjustment is not complete.

(3) The whole spread of yields apart from that distortion bears the appearance of an adjustment not yet completed. Many of the short and medium stocks offer yields as great or greater than the irredeemables and the longs. It need not, however, be assumed that the pattern on November 18th—effectively the end of a period of cheap money—must always repeat itself exactly. The relationship between the yield that the investor receives on a short-dated government bond, and the yield that he expects from a long-dated stock, depends upon his guess of what the future holds.



The programme needs careful phasing and it is right that work should begin first with track improvement and more advanced signalling gear. Detailed preparation of further route electrification must also precede the construction of new electric locomotive and coach stock. But the 1,000 new diesel train units and the marshalling yards and goods and passenger stations that appear on the list for improvement should give the travelling public some tangible sign of reform. The sharp increase in new rolling stock will place very heavy pressure now upon carriage and wagon builders, but may mean less new business for them later on. All but 40,000 or so of the new freight wagons to be built in 1955-56 will come, plate supplies permitting, from private wagon builders, who have increased their output already from 17,500 in 1950 to 41,500 last year, including export. This early emphasis upon new wagons compares strangely with the allocation of £3 million during the two years for fitting continuous brakes to the existing stock (out of £75 million set aside in the programme).

NEW ROLLING STOCK

	1955-1970 (Programme)	1955 & 1956 (Planned)	1954 (Estimated)	1953 (Actual)
Wagons	255,000	136,000	54,000	41,000
Coaches	31,000	4,700	2,100	1,100
Locomotives	5,275	750–850*	274	200
including—				
steam	—	250–350†	208	151
diesel main line	2,500	170	—	—
electric main line	1,100	few	4	7
diesel shunting	1,675	350	57	41

* About 340 in 1955. † Estimate

As to locomotives, the railways workshops will be busy with most of the new diesel shunters, the last of the steam engines, and with normal maintenance. Tenders will soon be invited for the 170 main-line diesels to be used for operating trials before the rest are ordered. These may be built by private firms or jointly with the workshops, as building capacity and research and testing facilities for these vehicles are woefully short; but there would be no case for excluding foreign tenders if these should appear acceptable.

ICFC Finds Prosperity

INDUSTRIAL and Commercial Finance Corporation is nearly ten years old and it is developing the solidity that goes with maturer years. Set up towards the end of the war with the banks as shareholders, it sought to provide finance for the smaller type of business that could not conveniently use the issue market. Gap or no gap in the City's machinery there was certainly a demand for the corporation's services. Some of the requests were fantastic; they all needed careful scrutiny, but they included many from progressive businesses in the small and medium small categories. The volume of business fluctuated with industrial prosperity—in the year to March 31st ICFC's advances rose from £4,003,000 to £5,474,000; the gross investment by the corporation (that is, the volume of bank owned capital and bank loaned capital that it channelled to its customers) has risen steadily to £42,716,000 compared with a mere £178,000 in March, 1946.

What distinguishes this new stage of the corporation's activities is that repayments of earlier loans and realisations are also growing as some of the earlier customers have become strong enough to make their own financial arrangements in the market. No longer is ICFC having to find all new money; its net new investment is tapering off. Last year the net total rose only from £27,827,000 to £28,622,000. There was little introduction of new capital into the Corporation; its share capital remained at £7½ million, loan capital rose only from £19,750,000 to £20 million, and bank overdrafts from £36,053 to £39,519. There is a comfortable solidity, too, about the year's profit. It was up before tax from £854,086 to £1,291,140, after a provision for doubtful advances which is undisclosed but is believed to have been higher than the previous year's £250,000. The net profit after tax of £718,855, compared with £466,492 covers the unchanged 5 per cent dividend with a handsome margin. The corporation has added £500,000, compared with £250,000, to its general reserves and has also transferred to general reserve the whole £200,000 reserve for depreciation of quoted investments no longer required.

Lord Piercy, the chairman, naturally wishes that these good days may continue in the face of the tighter money policy. Rather mildly he hopes of the 4½ per cent bank rate that it "may not check the recent tendency to increased capital investment in industry." So far borrowing limits have not been pinched nor has higher Bank rate been reflected in ICFC's charges to its customers. Yet the corporation must now be working to narrower limits. Paying around 5 per cent for its money the immediate margin of profit on advances must be negligible. Lord Piercy prefers to take a long view and to assume that on the average periods of high Bank rate will be counterbalanced by periods of cheap money. Yet, deserving though his customers may be, if he does not raise his charges to them when Bank rate rises, he is in a small way putting a brake on the working of dearer money.

Ten Minds with a Single Thought

THE London County Council has been understandably provoked to receive ten identical tenders of £50,238 19s. 3d. for the supply and delivery of steel work for County Hall extensions and of £7,278 2s. 5d. for its erection. It is the first time since 1936 that this has happened to the LCC. It was decided at the council meeting on Tuesday to ask the Board of Trade to refer the matter to the Monopolies Commission. Big building owners are aware that not all tenders are as competitive as they look, but those who tender usually have the tact to show some diversity of prices—last autumn the Monopolies Commission examined the way in which tendering prices were sometimes fixed in advance through the medium of the London Builders' Conference. Tenders from ten substantial steel suppliers that are identical down to the last penny must be regarded as poor manners, even for



Victoria Falls Centenary Celebrations

JULY—AUGUST 1955

David Livingstone's discovery of the Falls in November 1855 is being celebrated at Livingstone during July and August when the climate of the Zambezi Valley is at its most delightful.

•

Travel to RHODESIA via SOUTH AFRICA by

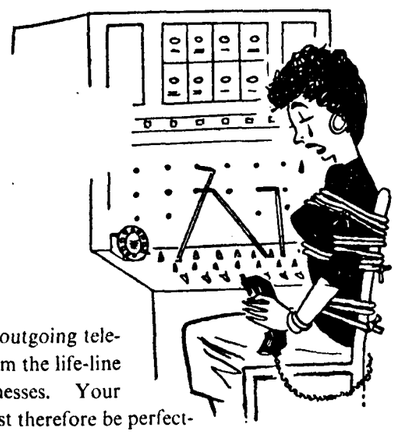
UNION-CASTLE

from Southampton every Thursday afternoon at 4.0

or twice monthly from London

Ask your Travel Agent for details of reduced return fares from Southampton to South Africa or apply Head Office: 3 Fenchurch Street, London, E.C. 3

Don't tie her down



Incoming and outgoing telephone calls form the life-line of most businesses. Your telephon.st must therefore be perfectly free to deal with them. This can be achieved by installing an efficient and inexpensive system of internal communication—the I.T. system. I.T. can be obtained at rentals from 1/3 weekly per point. Enquire now for competitive rent-maintenance, or outright sale terms.

INTEROFFICE TELEPHONES LTD.

Internal Telephones —Factory Broadcast Systems

18-20 *York Buildings, Adelphi, London W.C.2*
Phone: TRAfalgar 3824 (P.B.X.)
64 Washway Road, Sale, Manchester
Phone: Sale 2205-6

PLYMOUTH

HAS

SITES · LABOUR · HOUSES

FOR

INDUSTRY

THE ESTATES & DEVELOPMENT VALUER

5 WINDSOR VILLAS, LOCKYER STREET, PLYMOUTH

Telephone 60373/4

WILL SUPPLY PARTICULARS

Glayva

Scotch Liqueur

Little glasses which hold a wealth of pleasure and satisfaction when filled with **Glayva** .....



RONALD MORRISON & CO. LTD., EDINBURGH

monopolists. The LCC had to choose among the ten, unless it was to hold up the other contractors who were ready to work on the site, and it gave the contract to the South Durham Steel and Iron Company because alone of the tenderers it manufactured some of the steel to be used. It might be argued that ten identical bids give a more open choice than ten quotations pre-arranged in echelon, but steel suppliers cannot expect such a display of solidarity to escape notice and criticism.

BEA Breaks Even

BRITISH EUROPEAN AIRWAYS succeeded in making a profit last year for the first time since the corporation came into being in 1946. Its full accounts for the financial year 1953-54 will not be published until the autumn, but preliminary estimates show that over the period the corporation make a net profit of £52,000 after meeting all charges. The results are the more encouraging because they follow a deficit of no less than £1.8 million. To have wiped it out in twelve months is an achievement, to which modern aircraft and stringent internal economies (of the order of £750,000) have both contributed. The result was a 17 per cent rise in receipts and only a 4 per cent rise in costs.

During the year the corporation had to meet higher interest charges (£654,000) and a big increase in the depreciation charges on its new fleet. Depreciation and amortisation allowances have jumped from £900,000 to £1,500,000 in the year. But the operating costs of these new aircraft, the Viscounts and the older Ambassadors, are sufficiently low to permit the corporation to break even if it succeeds, on the average, in filling its fleet to the critical break-even load factor of 65 per cent of capacity. Much of the past year's savings have come from a steady reduction in the amount of maintenance needed on the Viscount's engines.

CDFC and Bank Rate

THE Commonwealth Development Finance Company is a reserve force, ready to plug the gap in the line when normal market channels are unable to provide the new money needed to finance developments in the Commonwealth. In its first two years, CDFC has already made a useful contribution. Its list of investments includes:

Pakistan: Sui Gas Transmission.
South Africa: Electricity Supply Commission.
South Africa: South African Industrial Cellulose.
India: Industrial Credit and Investment Corporation.
Rhodesia: Chirundu Sugar Estates.
Canada: Algom Uranium Mines.
New Zealand: Tasman Pulp and Paper.

The company has agreed to invest £9,751,000, of which £130,000 has already been repaid. During its second financial year (which closed on March 31st) CDFC considered about 40 applications; two of these were felt to be most suitable for investment through the normal market and institutional channels, and were dealt with in this way; most of the others do not seem to have come fully within CDFC's terms of reference.

The company has, of course, to borrow the money it lends and the recent increases in Bank rate, as the chairman, Sir Frederick Godber, explains, have "an adverse effect on net revenue and on its ability to lend at rates acceptable to Commonwealth borrowers, particularly in countries where rates of interest are currently lower than in the United Kingdom." CDFC looks towards the joint stock banks for the money it puts out on debenture and loan stocks, and Sir Frederick reminds the company's institutional stockholders that at some time in the future these loans will have to be funded by "some form of long term capital." Also up its sleeve the company has £12,150,000 of uncalled ordinary share capital. It would fit in best with its plans to hold that capital against future investments in ordinary stocks. And as in the early years of its life CDFC will concentrate largely upon loan and debenture investments, dearer money in this country may thus make it shorten its stride.

Britannia on Trial

THE Bristol Britannia airliner returned from its trials in South Africa with excellent marks, and the chairman of the British Overseas Airways Corporation, who came back from South Africa in the wake of the Britannia, recently said that the first six should be in service between London and Johannesburg by next summer. Some technical features of the aircraft controls had been altered to meet the requirements of the Air Registration Board; the engines have long ago been cleared for civil operation, and the Britannia should complete its remaining trials by the autumn. By that time the Bristol company hopes to have flown several Britannias for a combined total of 2,000 hours, which is roughly equivalent to a year's commercial operation of one aircraft; more than 1,500 hours of flying have so far been completed. In addition, to meet the requirements of the Air Registration Board, 250 hours flying must be done by a single aircraft, remaining in serviceable condition throughout the test.

A certificate of airworthiness, which the Britannia expects to get in the autumn, allows an airliner to carry fare-paying passengers; it does not imply that the aircraft is automatically ready to go into service. The Britannia is a large and complex machine, one of the biggest ever built in this country, and a good deal of operational proving and testing is likely to be needed before it goes into regular commercial operation. The Bristol Aeroplane Company

"Motor Business"

The June issue of this quarterly research bulletin for the motor and allied industries will include:

The domestic and export markets for commercial vehicles 1955-1960.

A financial and economic study of two major British motor manufacturers.

Second hand price indices of cars and vans.

The U.K.'s leading export markets for parts and accessories.

The Bulletin is fully illustrated by charts.

For full particulars of this service apply to:—

THE ECONOMIST INTELLIGENCE UNIT
22 Ryder Street, St. James's, London, S.W.1
Whitehall 1511. Ext. 47

may have come under fire about the pace of the Britannia's development in the past, but great efforts have been made to speed up the work, and these seem to be bearing fruit. Of the first 15 Britannias ordered for BOAC—the first and smaller version—three are taking part in development flying, seven are nearing completion, and components for the remainder are almost completed and await assembly. Production of the next version, of which ten have been ordered, has been switched to Shorts in Belfast (in which Bristol has an interest) so that work can start at Bristol as soon as possible on the long-range Britannias for the non-stop Atlantic services.

Finance for Films

DURING the last seven years the National Film Finance Corporation has provided nearly £12 million of "end money"—the riskiest form of finance in a very risky business—for the production of British films. Nearly £4 million has been repaid, and about £700,000 has not yet been taken up, while the NFFC has acquired £600,000 in shares of the successor to the defunct British Lion Film Corporation, for what these may become worth. Advances outstanding, after provision for loss, amount to just over £2 million. But the NFFC has already had to write off more than £3½ million, and to provide more than £1 million against expected further losses. The money has come from the Board of Trade as a revolving credit. Last year the NFFC reached its borrowing limit of £6 million from public funds at any one time, and on March 31st, according to the annual report published last week, it had borrowed £377,461 on overdraft from its bankers, Glyn Mills.

The corporation's statutory lending powers, which extend until early 1957, allow it to raise £2 million from private sources as well as the £6 million of public money; since a Treasury guarantee is available for such private loans, they should be easy enough to raise. Such loans, however, have nothing to do with genuine private investment of risk capital in British film production, and the NFFC's record is hardly likely yet to encourage such investment. Out of the 368 films it has backed so far, it has provided detailed analyses of earnings for about 180 feature films, and only 79 of these were or still seem likely to be profitable: in 1954, out of 35 features it expects only 12 to make profits. Similarly, the films that it had backed which were released in 1952 realised, in aggregate, some 92 per cent of their cost; those in 1953, a good year that included *Genevieve*, *Moulin Rouge* and *The Cruel Sea*, 103 per cent; those released last year are expected to bring back only about 81 per cent of what they cost. It is useless to look for any financial "trends" in this mercurial business; but clearly the backing of film production remains as expensive a gamble as ever, and it is not easy to persuade anybody but the Government to make a habit of it.

Three Television Programmes?

WHEN the Independent Television Authority has completed its first programme network over the country it will occupy four of the eight television channels on the Band III frequencies, leaving four channels for possible provision of a third television programme. The new government will have to decide whether to allocate these last four channels to the ITA or to the BBC. The BBC has applied to use them for the alternative service it plans and the Television Advisory Committee may not find it easy to come to a decision. The BBC, meanwhile, has placed orders for the first two transmitters that it would need for an alternative service. Delivery dates for such equipment are lengthening, and if the BBC's application for an alternative service does not succeed, it should be easy enough to find buyers for the transmitters. It certainly seems to be the turn of the BBC to get new television channels in the process of parcelling out the ether, but the ITA is likely to argue that it has the greater need for an alternative programme since the transmission of only one commercial programme in any one region gives the programme contractor on that station a monopoly of television advertising in that area.

Capitulation in Cotton

BY its decision to devalue the "cotton cruzeiro" the Brazilian government has again taken the path of least resistance and bowed to a technique that has paid speculators so handsomely in the past. The technique is beautifully simple. Last February the exchange rate for exporters of coffee was raised from 31.50 to 37.06 cruzeiros to the dollar (and to the equivalent in sterling and other convertible currencies); this placed coffee in the same category as cotton and certain other products. Cotton growers then claimed that cotton should also receive more favourable treatment. Anticipatory buying by speculators—and Brazil has many—forced up prices until Brazilan cotton was too dear in world markets and exports declined. Last week the authorities accepted this *fait accompli* and transferred cotton into another category where, with cocoa products and other commodities, it enjoys a rate of 43.06 cruzeiros to the dollar. Export prices of Brazilian cotton have fallen, but the internal price has risen more, thus feeding an inflation that has long been chronic. Inevitably, the coffee and cocoa growers are now hoping that their turn will come, and foreign buyers—particularly of coffee—are holding off the market. Is there no end to this sorry roundabout?

Meanwhile, the devaluation will help to increase exports of Brazilian cotton to Britain, and thereby improve the prospects of British exports to Brazil. That gain will not come soon, however, for buyers of cotton are holding off owing to the fear of a devaluation in a different form—by an export subsidy on the American cotton crop. There is, however, another ray of hope for British trade with Brazil. Germany and Holland are now considering whether to drop their bilateral trade agreements with Brazil. Under these agreements, German importers of Brazilian products, for example, have been able to buy "clearing dollars" for D-marks at less than the official rate; hence they could offer Brazilian products to Britain at prices that undercut the British importer, with the result that Brazil's earnings of sterling were diminished. At recent talks between the German, Dutch and British banking authorities at the Hague, Britain is understood to have argued that these bilateral agreements



700,000 miles a week of carefree air travel!

When you fly B.O.A.C. you're in the competent hands of an airline flying over 700,000 miles of world-wide routes *every week*! You enjoy carefree travel in superb, air-conditioned aircraft, delicious free meals and courteous, *personal* service.

STRATOCRUISERS TO THE WEST

Only B.O.A.C. offers First and Tourist Class transatlantic services by these double-deck airliners. First Class by "Monarch" to U.S.A., Canada, Caribbean; "Coronet" Tourist to Canada—soon to U.S.A.

CONSTELLATIONS AND ARGONAUTS TO THE EAST

Fly "Majestic" by First Class *Constellations* to Middle East, Far East, Australia—soon to South Africa; "Coronet" Tourist to the east by *Argonaut*, to Australia by *Constellation*—high standard of service.

Ask about the B.O.A.C. Ticket Instalment Plan—10% down, balance by monthly instalments.



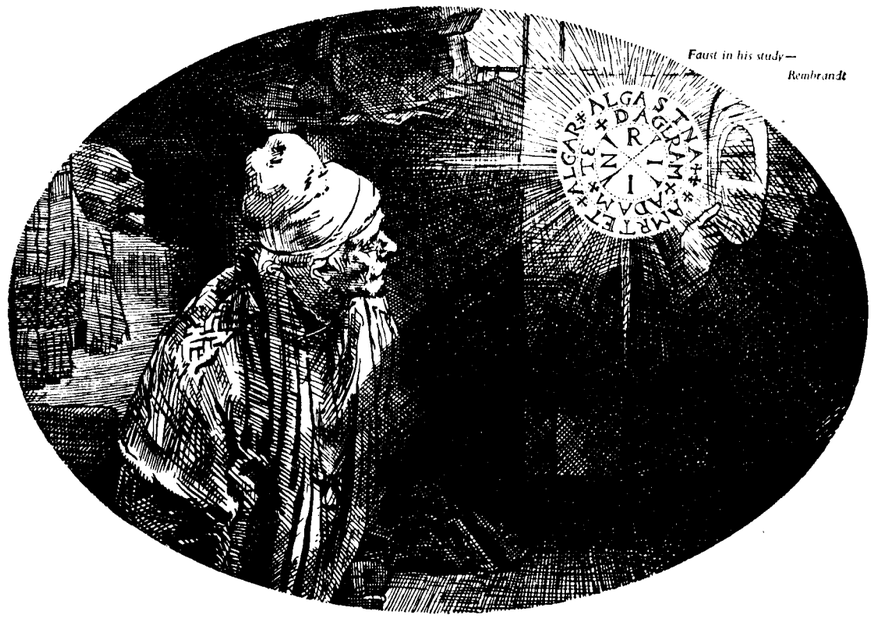
All over the world

B·O·A·C

takes good care of you

Consult your B.O.A.C. Appointed Agent or B.O.A.C., Airways Terminal, Victoria, S.W.1 (VIC 2323); 75 Regent St., W.1 (MAY 6611), or offices in Glasgow, Manchester, Birmingham and Liverpool (see your Telephone Directory for details).

BRITISH OVERSEAS AIRWAYS CORPORATION WITH QANTAS, S.A.A. AND TEAL



Faust in his study—
Rembrandt

Man loves to wonder, and that is the seed of his science—

RALPH WALDO EMERSON (1803—1882)

Ever since he watched his first-meteor trail, man has been wondering—about what makes the sky stay up, or why a kettle-lid jumps. From his first uncertain, casual thoughts whole branches of science have been born, and great industries have sprung. His ideas have become facts, and his facts have guided nations.

In the research departments of modern industry today, scientists are experimenting and speculating. Molecular structure, the behaviour of light, the mysteries of temperature—their study of these problems helps to sow the seeds for new sciences tomorrow, and to build finer products today. In the great world of man's economic creation, his power to wonder is the secret of his power to advance.

Esso

Esso Petroleum Company, Limited

should be replaced by multilateral trade that would confer equal benefits to all, not least to Brazil. The German agreement is now due for renewal, and it may soon be apparent whether the British argument has succeeded.

The Empire of Mr Clore

AFTER the dust of battle and the bids dispersed, Mr Charles Clore was left in control of a new industrial holding company arising out of the assets of J. Sears (True Form Boot). The money released through the sale of the freehold properties at current values enabled him to build up and to consolidate his wide-ranging interests in footwear (through Freeman Hardy and Willis), in shipbuilding (through Furness Shipbuilding), in hosiery machinery (through Mellor Bromley) and in engineering (through Bentley Engineering). The new empire deserves a new title; it gets one, Sears Holdings replacing J. Sears (True Form Boot). Mr Clore is still in the "take over" market; last year he acquired the Curtess chain of forty shoe shops, and this year he has bought the chain of nearly fifty shops of Phillips Brothers Character Shoes. And he still possesses assets enough to finance more bids. In the last two years as much as £5½ million has been released from the sale of shop properties, but the unsold properties on an up-to-date valuation are worth about £2,100,000. There is a cost for putting that money to fresh uses—the new rent roll that Freeman Hardy Willis has to pay on the shops which it has taken back on long leases; in a full year the rents will total about £350,000.

To silence those who criticise him for channelling that money into new and possibly more profitable outlets Mr Clore needs to show first that the footwear business can still expect good profits after paying the new rents and secondly that his other interests are at least as profitable as the rent Freeman Hardy and Willis has to pay. In a comprehensive statement he does indeed show that the group has made a good start. The footwear business enjoyed record sales in 1954; new branches were opened; many shops were modernised; further improvements, including the building of a new warehouse, are planned; but Mr Clore adds that it may be some time before high sales are fully reflected in earnings. Furness Shipbuilding specialises in the construction of tankers; its yards have been fully occupied for years and its order book is full until 1958. In the Bentley Engineering group (which last August raised £2 million in debentures to reimburse part of the cost of acquiring Mellor Bromley and in which Sears recently acquired another slice of the equity) Mr Clore looks for an expansion in sales; costs are rising and efforts are being made to rationalise production, but the directors seem confident that "profits for 1955 will bear a favourable comparison with those of 1954." Mr Clore is not shy in hoping that Sears Holdings will "become truly a growth company." For 1954 the ordinary dividend is 100 per cent, compared with 50 per cent in 1953, on a capital of £556,250 (soon to be increased to £2,781,250 in 5s. units by a 400 per cent free scrip issue); the 1s. "A" units stand at 16s. 6d. xd. (to yield 6¼ per cent). Effectively, then, those shareholders who did not sell their "A" shares back to Mr Clore are 9s. better off than those who accepted 40s. a share for their entire holdings.

Houses for Tobacco

THE programme of American "aid" to Britain grows more labyrinthine every year. The latest variant, now under negotiation between the two governments, would swap surplus American tobacco for British houses. American tobacco growers would be able to sell an extra $15 million worth to British manufacturers, and the proceeds of the sale would be available for the British defence budget. As a special measure to help to meet American military needs, the British government would in return spend the equivalent sum (£5.3 million) on the construction of houses for American servicemen in this country. The houses would remain British property, but would be let to the American authorities at a nominal rent for as long as they were required. The tobacco, which will be used to build up manufacturers' working stocks, will eventually be consumed, but if the houses are vacated by the Americans before their economic life ends, Britain will make a windfall gain. Only in that sense is the tobacco a gift.

Meanwhile, the long haggling over the aid programme for the American financial year ending in June has ended, with barely two months of that year to run. It is usually easier for Britain to take a strong line about the way in which the sterling counterpart of this aid can be used, than to decide which commodities can be accepted as aid without damage to normal channels of trade. Canned citrus fruit is the main item that has been refused, the British desire to help the West Indian and other supplying countries having triumphed over the American desire to help the Californian packers. The programme now agreed provides for the shipment of commodities to the value of $74 million (£26.4 million), consisting of raw cotton, $25 million; maize, $20 million; oils and fats, $11 million; and fruit, $15 million. The remaining $3 million reimburses Britain for the additional freight charges incurred because 50 per cent of the cargoes must be shipped in American bottoms. Britain has told the American authorities that it remains strongly opposed to this—and to all other—forms of flag discrimination, and that it can only accept the 50 per cent rule when it considers that the transaction in question contains a real element of aid and is in Britain's interests. The sterling proceeds will be devoted mainly to the defence effort, but Britain has agreed that an amount not exceeding $13.7 million (£4.9 million) will be used by the United States to buy British military equipment for the aid of third countries.

SHORTER NOTES

Arrangements have been made between the Standard Motor Company and Fisher and Ludlow—which was acquired two years ago by the British Motor Corporation—to make certain capacity at Fisher and Ludlow available for the production of car bodies for Standard. Fisher and Ludlow are at present making bodies for the Standard 8 and 10, and have supplied Standard for many years. The British Motor Corporation later stated that the new arrangement did not imply any alteration in BMC's own plans for expanding ouput to 12,500 vehicles a week by 1956. Present output has reached 10,000 units a week.

Company Notes

ROAN ANTELOPE AND MUFULIRA. The recent strike of the African Mineworkers Union was a boon to the Rhodesian copper producers. That is the only possible deduction from the quarterly reports of Mufulira Copper Mines (controlled by Rhodesian Selection Trust) and Roan Antelope Copper Mines. Both companies enjoyed bumper earnings. Roan shows an estimated profit for the March quarter before tax of £3,068,000, compared with £2,754,000 in the previous quarter and with £2,311,000 in the corresponding quarter of last year. Mufulira—not quite so fortunate—shows earnings of £3,048,000, compared with £3,299,000 in the previous quarter and with £2,300,000 in the corresponding quarter of last year. How have these results been obtained from a period in which production was badly affected by the strike? Prices were high, and costs naturally were low. The companies met the squeeze by selling at high prices copper that was in their pipe line. Mufulira's output fell from 22,000 tons to 12,000 tons but it sold 18,000 tons. Roan's output fell from 23,000 tons to 15,000 tons but it sold 20,000 tons. Naturally the pipe line has later to be refilled, but it is

Nine months July to March of Financial years ended June 30.

	1954	1955
Roan Antelope	(£'000)	
Revenue	12,025	15,730
Costs	8,211	8,038
Stock Adjustment	+ 1,736	+ 300
Replacement	571	592
Profit before tax	4,979	7,400
Production ('000 tons)	*65*	*59*
Sales ('000 tons)	*53*	*59*
Mufulira		
Revenue	11,913	16,601
Costs	6,936	7,642
Stock Adjustment	+ 749	+ 52
Replacement	632	740
Profit before tax	5,094	8,271
Production ('000 tons)	*58*	*59*
Sales ('000 tons)	*52*	*61*

a fair assumption that while the strike was on supplies of coal, the real limiting factor, were building up and the copper ore remains in the ground unworked.

So the Selection Trust group approaches its fixed price plan with the somewhat uncomfortable feeling of having made even bigger profits than it expected. It discards the time honoured yardstick of the market price and offers consumers an initial concession of roughly £30 a ton. But there are risks and penalties attached to throwing away the measuring rod of market prices. One is that sooner or later consumers will look for another yardstick. How would the cost of production fit? It is calculable, not exactly—for in the quarterly returns the companies make provisional allowances for obsolescence and replacement that are often varied in the final accounts—but within narrow limits. On that provisional basis Roan produced its 58,994 tons of copper for the nine months ended on March 31st at an average cost of £146½ per ton and Mufulira produced 59,400 tons at £141 a ton. Whatever allowance is made for margins of safety £280 a ton is still an attractive price, and the first three quarters of the financial year to end on June 30th this year show a big advance in profits.

★

GUEST KEEN AND NETTLEFOLDS. Tht preliminary report of Guest Keen and Nettlefolds, the manufacturers of nuts, screws and bolts, for the year to January 1st came as a pleasant surprise to Throgmorton Street. The ordinary dividend has been raised from 15 to 20 per cent and there is the promise of a 100 per cent free scrip issue, requiring the capitalisation of £11,568,895 from reserves.

The dividend is backed by an extremely strong profit statement. After charging depreciation the trading surplus has jumped from £7,460,883 to £12,404,901. And that profit is struck after charging not merely statutory depreciation (up from £1,941,707 to £2,850,200) but also after transferring £701,596 (against £743,934) to capital reserves; those appropriations are designed to provide for replacement of assets at current values. Part of the increase in profit must simply reflect the inclusion in the 1954 figures of the earnings of the steel assets that Guest Keen bought back from the Iron and Steel Realisation Agency a year ago; but it is also apparent that the money spent by the group on capital developments—about £16 million between 1949 and 1954—has begun to bear fruit.

Taxation, too, has gone up—from £5,115,067 to £6,942,956—but the net profit has more than doubled, rising from £2,585,856 to £5,402,222. The net ordinary dividend absorbs £1,315,962, about one-third of the net profit, and £3,587,805 (against £1,870,024) has been ploughed back in reserves. Not the least surprising feature of this statement is that a year ago the chairman had cautioned stockholders that it was not easy to be optimistic about an improvement in the 1954 results over the 1953 figures. Hence the figures were much better than the most optimistic expectations. After the announcement, the £1 ordinary stock units gained 10s. 3d. to 79s. 6d. to offer a yield of 5 per cent.

★

ROYAL MAIL. Against the background of lower profits from the liner companies, the 1954 results of Royal Mail Lines, whose ships operate largely on the South American run, are reasonably satisfactory. For the third year running Royal Mail's profits have fallen, but in the latest year they have fallen by only £73,368 to £1,639,736. The ordinary dividend is again 10 per cent, so that at the current price of 28s. 6d. the £1 ordinary stock units yield 7 per cent.

The inference is that trading conditions with South America showed little change. The other figures in the preliminary statement, however, suggest that in preparations for the future 1954 was an important year for Royal Mail. Three sets of figures all point in the same direction. Income from investment is down from £419,211 to £296,326; provision for taxation is sharply down from £589,422 to £183,996; and the appropriation to the fleet replacement account has been raised from £250,000 to £650,000. All those figures imply that Royal Mail was busy replacing its fleet. The decline in tax must be accounted for mainly by the receipt of initial or investment allowances on new ships. The increased appropriation to the replacement account (unaccompanied in 1954 by a write off on ships under construction, which in 1953 amounted to £412,800) also points to further expenditure on the fleet. And the decline in investment income can be linked with the chairman's statement a year ago that the building of a new liner for the subsidiary, Pacific Steam Navigation, would absorb "a very large part of diminishing cash resources."

★

ALBRIGHT AND WILSON. At the current price of 28s. 3d. the 5s. ordinary stock units of Albright and Wilson offer a yield of just under 4 per cent. That yield suggests that the equity is classed along with that of Monsanto among the growth stocks of the chemical industry. That assumption seems to be based, first, on the company's progressive profit and dividend record, and, secondly, on the increase in the group's manufacturing capacity and its broadening scope—for instance the joint venture with Bradford Dyers. Profits before tax and depreciation last year rose from £2,456,048 to £3,152,262 and the ordinary dividend was raised from 17½ to 22½ per cent; that dividend, absorbing £258,860, is covered more than three times by the net profit of £863,070 (compared with £710,305 in 1953). The chairman, Mr Kenneth Wilson, also reveals that the turnover of the British company went up by about 20 per cent last year; he does not believe that demand will change materially until the autumn "when it may possibly show some further increase." He adds, however, that labour and material prices are likely to rise more quickly than selling prices in a competitive market and that supplies of two of the group's most important products, phosphorus and sodium tripolyphosphate (which is used by the detergent manufacturers), are "now ample for present requirements and to cover market forecasts for several years ahead." He does not add that another British chemical manufacturer is entering this field.

The increase in the group's capacity is reflected in the growth of the gross book value of fixed assets in 1954 from £15.9 million to £18 million. New equipment automatically means heavier depreciation charges and in 1954 these charges rose by £666,000 to £1,276,000, so that the advance in profits after all charges except tax was limited to a mere £90,221.

★

WIGGINS TEAPE. The reports of Bowater Paper and of Albert E. Reed had prepared investors for the announcement of much higher profits from another paper manufacturer, Wiggins Teape. This company has much more in common with A. E. Reed than Bowater Paper for it has no interest in newsprint, while newsprint represents only a small proportion of Reed's sales. There were some hopes that the directors would decide to pay out a little more than the final dividend of 10 per cent which they predicted last November after making the two for three free scrip issue. Those hopes were not disappointed; a bonus of 2½ per cent has been added to the final dividend of 10 per cent. Together with the interim, this makes the full year's dividend 17½ per cent on a capital of £7,483,519, compared with the equivalent of 10½ per cent in 1953. The immediate reaction to this dividend in Throgmorton Street was to mark the £1 ordinary stock units up from 63s. to 64s. 3d. But a dividend announcement usually brings in profit taking and the price fell back to 62s., setting the yield at £5 12s. per cent.

The 1954 consolidated profit is £4,079,120, compared with £2,692,905 in 1953, but the 1954 figure includes eleven months' profits of Thomas Owen, a company which Wiggins Teape acquired to secure more paper making capacity. Taxation has risen from £1,271,454 to £1,823,711 and net earnings are up from £1,237,420 to £2,095,199, from which the ordinary dividend takes only £743,683.

★

INTERNATIONAL PAINTS AND GOODLASS WALL AND LEAD. Paint manufacturers continue to benefit from the industrial and building boom. But the wicket on which they are batting is not completely docile, for competition, bringing with it higher advertising and distributing costs, is keen. Two of these manufacturers have recently published their preliminary profit statements. International Paints reports almost no change in its profits before tax—they were £2,974 higher at £1,379,019—while Goodlass Wall and Lead's statement reveals an increase in gross profits of £240,000 to £2,713,000. In addition to paint Goodlass Wall also has interests in lead pipes and other lead products.

Both companies report higher net profits and both have recommended bigger dividends. The net earnings of International Paints have risen from £574,723 to £581,983; though the dividend rate is left unchanged at 20 per cent, it is payable for 1954 on a capital increased to £2,138,000 by the one for three free scrip issue made last June. Effectively the dividend has thus been raised from 15 per cent (absorbing £176,385) to 20 per cent (absorbing £242,663). About a year ago Goodlass Wall also made a free scrip issue. Allowing for that 50 per cent scrip issue the company's ordinary dividend has been raised from the equivalent of 10⅔ per cent to 14 per cent. The payment takes £289,000 from a net profit higher by £227,000 at £1,288,000.

THE ACTUARIES' INVESTMENT INDEX

Group	Price Indices (Dec. 29, 1950 = 100)					Average Yields (per cent)				
	Apr. 27, 1954	Jan. 25, 1955	Feb. 22, 1955	Mar. 29, 1955	Apr. 26, 1955	Apr. 27, 1954	Jan. 25, 1955	Feb. 22, 1955	Mar. 29, 1955	Apr. 26, 1955
2½% Consols	93·5	90·7	86·3	89·4	86·5	3·78	3·90	4·10	3·96	4·09
Debenture stocks:										
Industrial	88·1	92·4	88·8	85·4	85·1	4·67	4·46	4·63	4·82	4·83
Investment trust	90·5	93·9	91·6	88·5	88·5	4·56	4·39	4·51	4·66	4·66
Preference stocks:										
Industrial	91·9	95·4	89·4	89·4	90·3	4·94	4·77	5·10	5·10	5·05
Investment trust	88·9	91·0	86·7	84·6	85·0	4·96	4·85	5·09	5·21	5·19
Ordinary stocks:										
Banks	99·1	112·1	108·0	107·3	106·5	4·44	4·24	4·40	4·43	4·46
Industrial insurance	115·6	135·0	127·3	128·7	127·4	5·04	4·48	4·75	4·99	4·99
Investment trust	153·7	211·2	212·2	195·8	202·6	4·83	4·07	4·19	4·62	4·46
Electrical engineering	135·2	148·8	150·0	143·2	151·4	5·33	4·50	4·53	4·82	4·77
Engineering	183·7	183·7	179·0	169·8	176·0	4·75	4·08	4·17	4·47	4·44
Motors and aircraft	165·4	180·7	173·6	170·4	174·7	5·67	4·75	5·05	5·20	5·11
Breweries	105·9	123·0	113·6	113·4	117·4	6·55	6·23	6·73	6·59	6·35
Chain stores	197·0	283·3	246·0	252·6	258·5	3·53	3·25	3·70	3·62	3·56
Cotton textiles	125·7	125·1	116·8	108·1	109·5	6·57	6·81	7·34	8·03	7·93
Household goods	128·7	171·4	158·3	153·3	151·1	5·36	4·73	5·30	5·98	6·05
Rayon	86·2	85·5	77·4	73·5	72·0	4·86	6·23	6·94	7·61	7·83
Tobacco	80·5	93·1	88·9	86·9	88·4	7·73	6·84	7·41	7·63	7·48
Wool textiles	108·1	127·1	124·5	116·3	117·5	6·09	5·67	5·84	6·38	6·46
Chemicals	149·6	202·7	188·8	184·6	194·4	4·66	3·88	4·14	4·29	4·40
Oil	149·6	204·4	183·6	187·8	187·9	6·06	5·47	6·03	5·91	5·96
Shipping	125·1	180·1	164·0	155·4	151·6	6·07	4·31	4·73	5·16	5·41
Total (capital goods)	*138·0*	*171·5*	*167·1*	*161·7*	*167·6*	*5·36*	*4·58*	*4·75*	*4·96*	*4·91*
Total (consumption goods)	*118·8*	*144·1*	*132·7*	*130·6*	*133·2*	*5·81*	*5·44*	*5·96*	*6·14*	*6·05*
Total industrial (all classes)	**125·7**	**160·1**	**148·4**	**146·5**	**149·9**	**5·61**	**5·62**	**5·45**	**5·58**	**5·55**

LONDON STOCK EXCHANGE

Next Account begins: May 18th
Next Contango Day: May 18th
Next Settlement Day: May 24th

Throgmorton Street was dominated this week by a further fall in gilt-edged prices. Further selling by the banks of the short-dated stocks and the credit stringency in Lombard Street forced prices down. The losses in the "shorts," where selling was reported to have been concentrated upon National War Bonds and Serial Funding, were reflected in falls in the longer dated and undated stocks. But the selling pressure appeared to be easing on Wednesday. Some selling brought about losses in banking shares, notably in Barclays and Westminster "B." By contrast insurance shares were firm; Nation Life and General Assurance were introduced to the market at 15s. 9d. and opened at 18s. before profit-taking brought them back to 16s. 6d. In the foreign market German issues began the week strongly on Continental buying, but prices later weakened.

At the beginning of the week the prices of industrial equities continued to edge upwards. The stream of company reports and dividend announcements contributed to this slow advance. By the close on Tuesday the *Financial Times* ordinary share index had risen to 186.1 but in an irregular market on Wednesday it fell back to 185.8 (compared with 183.8 a week earlier). The principal feature of the market was the renewed advance in steel shares; Stewarts and Lloyds led the way, and at the close on Wednesday stood at 55s. 7½d. Most motor issues were a little firmer, notably Associated Commercial Vehicles; Standard Motor gained 3¾d. to 7s. 11¼d. on the new arrangements with Fisher and Ludlow. Building shares also made some good gains. Profit taking in Bowater Paper had brought the price back to 99s. 6d. by Wednesday's close.

Having begun the week well, oil shares lost a little ground later, though Trinidad Leaseholds were marked up in advance of the interim dividend. Kaffirs staged a slight improvement. Copper shares rallied on the Roan Antelope and Mufulira figures, only to fall back later in the face of light selling.

FINANCIAL TIMES INDICES

1955	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
May 4	183·8	108·61	4·13	4·96
" 5	183·9	108·59	4·12	4·96
" 6	184·5	108·40	4·12	4·99
" 9	185·5	108·31	4·11	4·96
" 10	186·1	108·06	4·12	4·95
" 11	185·8	107·93	4·13	4·95
				Total bargains
1955, High	197·5 (Feb. 3)	115·97 (Jan. 7)	1955	
" Low	175·7 (Mar. 15)	107·61 (Feb. 24)	May 4	9,617
			" 5	9,377
			" 6	9,017
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	" 9	12,291
			" 10	9,864
" Low	131·1 (Jan. 1)	111·78 (Jan. 5)	" 11	9,871

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to May 11 High	Prices, 1955 Jan. 1 to May 11 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, May 4, 1955	Price, May 11, 1955	Net Yield, May 11, 1955 (§)	Gross Yield, May 11, 1955
			£ s. d.	£ s. d.	£ s. d.	£ s. d.
100 3/32	97 1/32	Funding 2½% '52-57	97 1/32	97 1/32	3 0 8	4 3 5
100 1/32	97 1/32	War Bonds 2½% '54-56	97 1/32	97 1/32	3 0 4	4 6 2
100 1/32	96 1/32	War Loan 3% '55-59	97 1/32	96 1/32	2 9 7	3 16 1
100 1/32	99 1/32	Serial Funding 3% 1955	99 1/32	99 1/32	2 14 4	3 19 8
100 1/32	96 1/32	Serial Funding 2½% 1957	96 1/32	96 1/32	2 17 1	3 16 7
99 31/32	93 1/32	Conv. 2% 1958-59	94 1/32	93 1/32	3 0 6	3 19 11
97 1/32	92 1/32	Exchequer 2% 1960	93 1/32	92 1/32	2 17 9	3 16 6
104 1/32	96 1/32	Exchequer 3% 1960	97 1/32	96 1/32	2 7 9	3 14 10
100 31/32	90 1/32	Savings Bonds 3% '55-65	92	91	2 15 9	4 3 6
100 1/32	91 1/32	Funding 2½% '56-61	92 1/32	91 1/32	3 0 3	4 2 11
97	86 1/32	Funding 3% '59-69	87 1/32	86 1/32	2 18 0	4 5 11
103 3/32	97 1/32	Funding 4% '60-90	98 1/32	97 1/32	2 16 7	4 11 4
96 1/32	85 1/32	Savings Bonds 3% '60-70	86 1/32	85 1/32	2 18 0	4 6 6
102 1/32	92 1/32	Exchequer 3% '62-63	94 1/32	92 1/32*	2 13 10	4 0 0
99 3/32	87 1/32	Exchequer 2½% '63-64	88 1/32*	87 1/32*	2 19 8	4 2 6
95 3/32	84 1/32	Savings Bonds 2½% '64-67	85 1/32	84 1/32	2 19 10	4 3 4
94 3/32	83 1/32	Savings Bonds 3% '65-75	84 1/32	83 1/32	2 16 5	4 5 5
105 1/32	98	Victory 4% '20-76	99 1/32	99	2 8 11	4 3 11
98 1/32	87 1/32	Funding 3% '66-68	88 1/32	87 1/32	2 17 10	4 6 2
103	92 1/32	Conv. 3½% 1969	93 1/32	92 1/32	2 14 0	4 5 10
98 1/32	87 1/32	Treas. 3½% '77-80	90 1/32	87 1/32*	2 13 6	4 5 7
99 3/32	88 1/32	Treas. 3½% '79-81	89 1/32	88 1/32	2 13 2	4 5 11
88 1/32	78	Redemption 3% '86-96	79 1/32	78 1/32	2 11 5	4 1 9
95 1/32	87 1/32	Funding 3½% 1999-2004	88 1/32	87 1/32	2 9 7	4 3 1
97 1/32	90 1/32	Consols 4% aft. Feb. '57	92 1/32	91 1/32	2 10 8	4 8 6
88 1/32	79 1/32	War Ln. 3½% aft. Dec. '52	80 1/32*	80 1/32*	2 10 1	4 7 0
89 1/32	79 1/32	Conv. 3½% aft. April '61	81 1/32	81	2 9 10	4 6 10
78 1/32	69 1/32	Treas. 3% aft. April '66	71	70	2 9 5	4 6 1
66 1/32	60	Consols 2½%	60 1/32	60 1/32	2 7 6	4 2 10
66 1/32	59 1/32	Treas. 2½% aft. April '75	60 1/32	60 1/32	2 7 10	4 3 5
94 1/32	84 1/32	Br. Elec. 3% '68-73	85 1/32	84 1/32	2 17 0	4 5 6
93 1/32	83 1/32	Br. Elec. 3% '74-77	84 1/32	83 1/32	2 15 0	4 3 11
109 3/32	99 1/32	Br. Elec. 4½% '74-79	100 1/32	99 1/32	2 9 5	4 6 0
98 1/32	88	Br. Elec. 3½% '76-79	89*	88*	2 13 8	4 5 11
105 1/32	98	Br. Gas 4% '69-72	99	98	2 9 9	4 5 0
102 1/32	91 1/32	Br. Gas 3½% '69-71	92 1/32	91 1/32	2 13 6	4 5 4
88 3/32	78 1/32	Br. Gas 3% '90-95	79 1/32	79	2 11 5	4 1 6
94 1/32	84 1/32	Br. Trans. 3% '68-73	85 1/32	84 1/32	2 17 0	4 5 6
105 3/32	96 1/32	Br. Trans. 4% '72-77	98 1/32	97 1/32	2 10 3	4 6 0
88 3/32	79 1/32	Br. Trans. 3% '78-88	80 1/32	79 1/32	2 13 9	4 4 2

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

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan.1toMay11 High	Prices, 1955 Jan.1toMay11 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, May 4, 1955	Price, May 11, 1955	Yield, May 11, 1955 £ s. d.
97 1/32	90 1/32	94 1/32	86 1/32	Aust. 3½% '65-69	88 1/32	88 1/32	4 7 0
101 1/32	97 1/32	101 1/32	95 1/32	Ceylon 4% 73-75	97 1/32	97 1/32	4 3 9
106 1/32	98 1/32	103 1/32	95 1/32	N. Zealand 4% '76-78	97 1/32	95 1/32*	4 6 9
79 1/32	71 1/32	75 1/32	66 1/32	L.C.C. 3% aft. 1920	67 1/32*	67 1/32*	4 8 11
99 1/32	95	99	90	Liverpool 3% '54-64	91 1/32	91 1/32	4 3 0
87 1/32	80 1/32	84	73 1/32	M.Wtr.'B'3% '34-2003	77 1/32	76 1/32	4 2 6
104 1/32	100	102 1/32	100	Agric. Mort. 5% '59-89	101 1/32	101 1/32	4 11 6
109 1/32	71 1/32	108 1/32	91	German 7%	100 1/32	107 1/32	...
168 1/32	102	176	149	German 5½%	164 1/32	173 1/32	...
171	132 1/32	179 1/32	160	Japan 5% 1907	176	179 1/32	...
198 1/32	167	211 1/32	190	Japan 5½% Conv. 1930	205 1/32	211 1/32	...

Prices, 1955 Jan. 1 to May 11 High	Prices, 1955 Jan. 1 to May 11 Low	Last Two Dividends (*a*) (*b*) (*c*)		ORDINARY STOCKS	Price, May 4, 1955	Price, May 11, 1955	Yield, May 11, 1955
		%	%	BANKS & DISCOUNT			£ s. d.
58/6	48/9	5	*a* 7	*b* Barclays £1	53/-	53/-	4 10 7
76/7½	64/-	7	*a* 8	*b* Lloyds 'A' £5, £1 pd.	66/-	67/-	4 9 7
89/3	76/9	8	*a* 10	*b* Midland £1, fully pd.	77/6	78/6	4 11 9
87/-	76/-	8½	*a* 9½	*b* N. Prov. 'B' £5, £1 pd.	77/-	78/-	4 12 4
96/10½	86/6	8	*a* 8	*b* Westmstr'B'£4,£1½pd.	87/-	86/6	4 12 6
69/-	51/-	7½	*a* 8½	*b* Alexanders £1	52/6	52/6	4 15 3
58/6	48/3	5	*a* 7	*b* Nat. Disc. 'B' £1	51/-	49/6	5 1 0
60/-	51/-	5	*a* 7½	*b* Union Disc. £1	54/-	53/-	4 14 4
48/10½	39/6	4	*a* 4	*b* Barc. (D.C.O.) £1	43/-	44/-	3 12 9
51/9	42/3	7½	*a* 7½	*b* Chart. Bk. of India £1	44/-	43/-	6 19 6
				INSURANCE			
17 3/32	14½	50	*a* 110	*b* Leg. & Gen. £1, 5/- pd.	16½	16½	2 9 8
23½	20½	20+	*a* 45+	*b* Pearl £1, fully pd.	22½	22½	4 19 5
46½	41½	112½†	*c* 117½†	*c* Prudential 'A' £1	42	42	4 16 6
				BREWERIES, ETC.			
141/-	128/3	10	*a* 33	*b* Bass £1	129 4½	130/-	6 12 4
29/0½	22/-	25	*c* 10	*a* Distillers 6/8	25 6	26/-	3 16 11½
49/6	40/3	8	*a* 15	*b* Guinness 10/-	43 9	45/-	5 2 3
93/9	81/-	7	*a* 14	*b* Whitbread 'A' Ord. £1	85/-	85/-	4 18 10

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 14·4%. (*j*) On 11¾%. (*k*) On 8%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 81%. (*q*) Yield basis 22·17% gross. (*r*) Dividend for 15 months. (*s*) On 18%. (*t*) On 7½%. (*u*) On 12½%. (*z*) On 8½%. (§) On 20%. (‡) On 15%.

Prices, 1955 Jan. 1 to May 11 High	Prices, 1955 Jan. 1 to May 11 Low	Last Two Dividends (*a*) (*b*) (*c*)		ORDINARY STOCKS	Price, May 4, 1955	Price, May 11, 1955	Yield, May 11, 1955
		%	%				£ s. d.
20/10½	17/4½	3½	*a* 6½	*b* Bristol Aeroplane 10/-	19/6	19/9	
12/9	9/10½	8½	*b* 4	*a* British Motor 5/-	11/3	11/7½	*
27/3	21/3	Nil	*c* 7½	*c* De Havilland £1	23/-	23/9	
50/6	37/-	5	*a* 10	*b* Ford Motor £1	47/9	48/9	
57/6	43/1½	3	*a* 7½	*b* Hawker Siddeley £1	49/6	50/6	
43/8	33/6	25	*c* 50	*c* Leyland Motors £1	38/9	38/9	
88/6	71/3	12½	*b* 5	*a* Rolls Royce £1	80/-	81/3	
8/-	6/10½	12	*c* 12	*c* Standard Motor 5/-	7/6	7/9	
				SHOPS & STORES			
32/6	25/-	10	*a* 17½	*b* Boots Pure Drug 5/-	28/-	31/-	
45/3	36/9	7½	*a* 20	*b* Debenhams 10/	40/-	39/9	
62/6	43/9	45	*b* 15	*a* Gt. Universal 5/-	48/-	49/-	
114/-	97/6	17½	*b* 5	*a* Lyons (J.) 'A' £1	105/-	105/-	
76/-	58/6	45	*b* 15	*a* Marks & Spen. 'A' 5/-	64/-	69/-	
71/9	55/3	20	*a* 36½	*b* Woolworth 5/-	58/6	61/-	
				OIL			
88/9	68/6	5	*a* 14	*b* British Petroleum £1	77/6	78/1½	
138/-	100/-	17½	*c* 14	*a* Burmah £1	115/-	119/4½	
£58½	£50½	6	*a* 10	*b* Royal Dutch 100 fl.	£55	£54½	
132/-	109/9	5†	*a* 10†	*b* Shell Reg. £1	121/10½	121/3	
35/1½	26/9	5†	*a* 15†	*b* Trinidad Lhlds 5/-	30/-	31/3	
				SHIPPING			
37/3	25/10½	5	*a* 1	*b* Cunard £1	27/-	26/6	*
57/-	45/-	12	*c* 12	*c* Furness Withy £1	45/6	45/6	
76/-	55/-	3	*a* 13	*b* P. & O. Def. £1	66/-	66/-	
				MISCELLANEOUS			
74/3	61/3	4	*a* 10	*b* Assoc. Elect. £1	66/3xr	67/6	
104/-	88/9	5	*a* 15	*b* Assoc. Port. Cem. £1	96/3	100/-	
105/6	67/-	7½	*a* 15	*b* Bowater Paper £1	95/-	98/9	*
55/3	44/1½	2½	*a* 7½	*b* B.I.C.C. £1	46/-	46/-	*
43/9	35/6	4	*a* 8	*b* Brit. Aluminium £1	39/6	43/-	
55/7½	47/10½	15†	*c* 5†	*a* Brit. Amer. Tob. 10/-	52/9	53/3	
$60½	$51½	3	*a* 3	*b* Canadian Pacific $25	$56½	$58	
45/4½	31/4½	41½	*b* 6	*a* Decca Record 4/-	34/4½	34/4½	
33/4½	27/-	4	*a* 10	*b* Dunlop Rubber 10/-	31/1½	28/9	
69/3	54/1½	4	*a* 8½	*b* English Elect. £1	63/9	63/9	
61/9	51/3	12½	*c* 4½	*a* General Elect. £1	56/3	56/3	
45/4½	38/3	4	*a* 6	*b* Imp. Chemical £1	41/9*	42/6*	
64/6	57/9	8½	*a* 12½	*b* Imp. Tobacco £1	62/6	63/-	
$121¼	$105¼	$2·90	$2·90	*c* Inter. Nickel n.p.v.	$116	$118½	
69/-	57/6	7½	*a* 10	*b* London Brick £1	65/-	65/-	
34/9	26/-	6¾	*a* 15⅞	*b* MonsantoChemicals5/-	29/9	29/9	
69/-	60/3	3½	*a* 14½	*b* Tate & Lyle £1	65/6	66/-	
85/9	72/6	10	*b* 10	*a* Tube Investments £1	82/6	85/-	
114/9	95/6	5	*a* 17½	*b* Turner & Newall £1	104/4½	105/-	
82/-	69/3	6	*a* 9½	*b* Unilever £1	79/6*	80/6*	
43/3	35/-	†7½	*b* †7½	*b* United Molasses 10/-	37/-	36/6	
49/9	34/-	10†	*c* 2½	*a* Cons. Tea & Lands £1	37/6	38/6	
2/8½	1/10½	10	*c* 10	*c* London Asiatic Rbr. 2/-	2/4½	2/4½	
50/6	38/9	7½	*a* 20	*b* United Sua Betong £1	43/9*	43/1½	
				MINES			
9 3/32	7 1/32	20	*a* 50	*b* Anglo-Amer. 10/-	7 1/32	7 1/32	
143/3	106/10½	80	*a* 120	*b* De Beers 5/- Bearer	116/3	117/6	
126/3	78/9	...	...	Free State Geduld 5/-	88/9	88/1½	
70/9	58/5½	5	*a* 10	*b* Randfontein £1	61/3	61/6	
8/1½	6/8½	22	*c* 24	*c* London Tin 4/-	7/9	8/-	
38⅜	31½	200	*b* 50	*a* Rhokana £1	35½	35½	

New York Closing Prices

	May 4 $	May 11 $		May 4 $	May 11 $	
Balt. & Ohio	44⅜	45½	Am. Smelting	48	48	Inter. Paper
Can. Pac.	31⅞	31⅞	Am. Viscose	48¼	46⅜	Nat. Distill.
N.Y. Cent.	40⅜	40⅜	Gel. of Am.	22½	23⅝	Sears Roebuck
Pennsyl.	27⅝	—	Chrysler	79	75⅞	Shell
Amer. Tel.	183½	1	Gen. Elec.	51⅛	50⅞	Std. Oil of N.J.
Stand. Gas	10⅛	1	Gen. Motors	96⅜	95	U.S. Steel
United Corp.	6⅛		Goodyear	59	59⅛	Westinghouse
W. Union Tel.	101⅛	16½	Inter. Nickel	64	64⅛	Woolworth

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	April 23rd	Western Europe:	
Production and Consumption	This week	Production and Trade	May 7th
Manpower	April 16th	British Commonwealth	This week
External Trade	May 7th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	April 16th
Industrial Profits	April 30th	United States	April 23rd
		World Trade	April 30th

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages 1952	1953	1954	1954 Jan.	Feb.	Mar.	Dec.	1955 Jan.	Feb.	Mar.
	INDUSTRIAL PRODUCTION											
	dex:											
	All industries	1948=100	114	121	129	127	130	132	130	134	138	139–140
	ining and quarrying	„	109	109	110	117	118	117	107	114	116	...
	uilding and contracting	„	103	110	111	110	111	112	111	...	...	...
	as, electricity and water	„	127	132	142	162	166	153	161	175	176	...
	nufacturing, total	„	115	123	132	129	132	135	134	138	142	...
	Engineering, shipbuilding, electrical goods	„	127	129	138	136	138	142	147	...	...	...
	ehicles	„	124	138	155	150	153	163	162	...	...	...
	hemical trades	„	132	151	166	164	167	164	163	...	...	...
	extiles and clothing	„	99	114	116	119	124	125	107	...	...	...
	ood, drink and tobacco	„	108	114	116	108	108	113	115	106	...	...
	BASIC MATERIALS											
	uction of:											
	Coal (1) (2)	W	'000 tons	4,332	4,300	4,298	4,591	4,605	4,609	4,132	4,408	4,518	4,614
	Pig-iron	W	„	202	215	229	230	222	231	234	236	242	241
	teel, ingots and castings	W	„	310	339	356	360	357	365	355	381	394	395
	uric acid	M	„	125·5	156·3	170·2	174·8	166·1	186·3	181·3	183·9	167·3	...
	nt	W	„	10·32	11·60	11·77	11·92	12·53	12·16	11·62	12·21	13·21	...
	(1)	M	mn. kwh	5,166	5,459	6,075	7,122	6,609	6,650	7,354	7,988	7,299	7,795
	UFACTURING											
	gle	W	mn. lb.	14·82	17·97	19·17	19·80	20·05	20·54	18·25	19·10	19·43	19·11
		M	„	14·84	18·40	18·80	19·27	18·19	20·85	18·46	18·43	17·77	...
	ayon and synthetic fibres, total	M	„	23·59	34·94	37·30	37·24	34·80	40·18	36·04	38·18	37·09	42·21
	„ „ „ „ staple fibre	M	„	10·59	16·85	19·00	18·68	17·18	19·94	17·97	19·25	19·00	21·64
	Cotton cloth, woven	W	mn. yds.	32·5	35·2	38·3	39·1	39·5	40·4	36·6	39·3	40·7	39·8
	Wool fabrics, woven	M	mn. sq yds	31·5	34·3	34·5	36·8	33·4	36·3	34·9	37·5	34·8	...
	ineering production:											
	assenger cars and chassis	W	'000s	8·62	11·44	14·79	13·38	14·03	14·71	15·20	17·29	17·92	18·63
	ommercial vehicles and chassis	W	„	4·65	4·61	5·17	5·00	5·06	4·87	5·58	6·33	6·50	6·45
	etal-working machine tools	M	'000 tons	12·58	12·63	11·39	9·92	10·73	13·12	13·62	...	...	...
	ternal combustion engines	M	'000 BHP	331	311	356	330	326	353	516	381	377	...
	BUILDING ACTIVITY											
	anent houses completed: (1)											
	tal	M	'000s	19·99	26·56	28·97	24·60	19·79	33·71	30·66	20·97	23·35	37·92
	private owners	M	„	2·86	5·24	7·55	5·60	4·73	7·07	8·77	6·76	6·71	8·60
	local housing authorities	M	„	16·11	19·91	19·58	17·14	13·97	24·54	20·20	13·37	15·63	27·53
	ter	M	„	1·03	1·41	1·83	1·86	1·09	2·10	1·70	0·84	1·01	1·80
	WHOLESALE SALES (1)											
	e houses:		Av. value									
	al home sales		1950=100	90	95	95	53	86	116	94	56	86	114
	men's and children's wear		„	90	96	96	52	92	123	90	56	90	118
	n's and boys' wear		„	82	91	90	48	69	110	94	52	70	112
	ce-goods		„	68	66	63	46	79	87	52	40	77	77
	RETAIL SALES (1)											
	e retailers:		Weekly av. value									
	erchandise		1950=100	117	124	132	118	115	122	179	127	122	...
	ing and footwear		„	110	113	125	99	89	105	200	105	92	...
	sehold goods		„	102	110	125	112	99	114	160	128	117	...
	ndent retailers:											
	ing and footwear		„	95	94	97	90	72	79	138	93	72	...
	sehold goods		„	109	120	132	120	115	112	177	141	139	...
	STOCKS											
	materials:											
	l, distributed (1)		'000 tons	15,801	17,614	15,670	15,441	13,457	12,772	15,670	12,880	11,381	10,542
	el		„	817	1,112	899	1,027	984	979	899	856	876	...
	per (4)		„	131·9	55·3	61·5	60·4	60·1	47·2	61·5	62·8	70·2	...
	phur		„	211·8	66·8	67·2	53·8	87·1	82·3	67·2	77·1	61·3	...
	wsprint		„	189·7	110·6	97·5	111·6	108·4	100·1	97·5	102·3	100·2	...
	les:		Av. value										
	olesale houses, total (1)		1950=100	74	89	95	101	118	118	95	104	116	115
	ge retailers, clothing and footwear (1)		„	92	102	107	95	114	128	107	99	125	...

t Britain. (2) Provisional estimate. (3) 1954 figures exclude all screening losses normally amounting to around 5,000 tons a week. (4) Excluding government stocks from August, 1953. (5) Figures for fourth quarter.

British Commonwealth

PRODUCTION OF FUEL AND POWER [1]

Monthly averages or calendar months	Coal				Crude petroleum		Electricity				
	Australia	Canada	India	S. Africa	Canada	Pakistan	Australia	Canada	India	N. Zealand	S. Africa
	'000 tons						million kwh				
1938	973	987	2,362	1,335	72	...	363	2,168	...	...	478
1953	1,535	1,032	2,987	2,335	889	19·3	1,079	5,457	552	286	1,112
1954	1,644	953	3,064	2,404	1,062	21·4	1,205	5,761	625	312	1,220
1954, September	1,831	958	3,171	2,432	1,176	20·5	1,255	5,510	648	331	1,234
„ October	1,724	1,034	2,921	2,484	1,155	22·0	1,242	6,131	627	320	1,273
„ November	1,752	1,169	3,323	2,500	1,100	21·8	1,212	6,206	654	304	1,247
„ December	1,482	1,169	3,504	2,557	1,278	21·4	1,185	6,556	683	302	1,221
1955, January	946	1,032	3,153	2,461	...	...	...	6,602	668	287	1,9[illegible]

PRIMARY PRODUCTION [2]

Monthly averages or calendar months	Copper		Rubber		Tin	Steel				Gold		
	Canada	N. Rhodesia	Ceylon	Malaya	Malaya	Australia	Canada	India	S. Africa	Australia	Canada	S. A[illegible]
	'000 tons									'000 fine ounces		
1938	17·7	17·7	4·2	30·0	5·31	109	96	78	25	132·7	394	1,[illegible]
1953	16·0	28·4	8·2	47·9	5·20	170	306	126	106	89·7	338	
1954	19·5	28·8	7·8	48·7	5·93	185	237	140	117	...	364	1,[illegible]
1954, November	20·9	28·8	9·9	54·8	5·94	189	257	146	119	95·5	385	1,163
„ December	21·2	28·8	11·2	54·6	5·72	189	246	153	137	...	385	1,19[illegible]
1955, January	21·3	7·1	9·6	57·2	6·30	173	282	157	120	...	...	1,1[illegible]
„ February	19·7	14·8	4·5	48·9	4·62	157	286	...	119	...	...	1,[illegible]
„ March	21·3	25·8	4·9	54·2	...	...	...	...	...	...	...	[illegible]

EXTERNAL TRADE [3]

Monthly averages or calendar months	Australia		Canada		India		New Zealand		Pakistan		S. Africa	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	mn. £A		mn. C$		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1938	10·6	11·8	56	71	...	...	4·62	4·76	...	...	7·97	2·71
1953	42·5	70·9	365	348	471	442	16·01	19·61	112·7	125·8	35·45	27·93
1954	56·5	68·1	341	329	...	...	20·43	20·33	92·8	107·2	...	...
1954, October	64·6	73·2	333	317	537	476	21·4	14·9	88·5	90·4	33·9	29·9
„ November	54·9	50·9	372	369	604	655	24·3	12·3	112·3	103·0	31·3	29·1
„ December	64·4	85·0	337	391	490	619	18·5	25·6	91·0	124·6	36·7	31·3
1955, January	76·0	64·1	307	310	523	547	...	13·4	111·5	114·7	...	...
„ February	69·8	67·8	308	301	592	504	...	...	93·9	140·2	...	...

EXCHANGE RESERVES AND PRICES [4]

Monthly averages or calendar months	Gold and Foreign Exchange Holdings					Cost of Living						
	Australia	Canada	India	New Zealand	S. Africa	Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1948 = 100						
1938	281	220	485	41	259	69	66	35	72	...	68	71
1953	1,361	1,826	1,765	204	295	178	120	103	134	112	130	136
1954	...	1,955	1,782	238[5]	416	180	121	104	141	110	133	137
1954, November	...	1,931	1,761	245[5]	376	180[6]	121	101	141[6]	110	135	136
„ December	...	1,955	1,782	233[5]	416		121	100		109	135	136
1955, January	...	1,943	1,779	229[6]	393	...	121	95	...	107	135	136
„ February	...	1,843	1,777	225[5]	400	...	121	...	...	105	136	137
„ March	...	1,830	1,780	225[5]	390	...	120	...	...	...	...	137[3]

[1] Petroleum production in Canada in 1938 includes natural gasoline. 1938 figure of electricity production in Australia is for 12 months ended June 30th; figures for New Zealand represent about 87 per cent of total generation. [2] Copper and tin refer to metal production. [3] General trade (including re-exports) except for Canada, which is special trade only. Imports are c.i.f. except for Australia, Canada and S. Africa which are f.o.b.; exports are f.o.b. Trade for India and Pakistan includes that going by land; annual figures for India are for 12 months beginning April 1st of year stated and for Australia and Pakistan 12 months ended June 30th. [4] Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia and Pakistan include holdings of commercial banks. Cost of living for Pakistan is based on 12 months ended March, 1949, as 100; for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. Annual figures for Australia are for year ended June 30th. [5] Including foreign investments. [6] Figures for fourth quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended May 7th there was an "above-line" surplus (after allowing for Sinking Funds) of £164,000 compared with a surplus of £1,164,000 in previous week and a surplus of £43,785,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £9,950,000, bringing the total cumulative deficit to £88,405,000 (£34,507,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to May 8, 1954	April 1, 1955 to May 7, 1955	Week ended May 8, 1954	Week ended May 7, 1955
Ord. Revenue					
Income Tax	1877,400	117,113	101,373	9,986	17,376
Profits Tax	136,000	11,700	10,200	1,800	1,600
Estate Duties	185,000	17,800	20,300	3,500	5,500
Stamps	7,300	6,800	7,400	1,500	1,600
Profits Tax & EPT	180,000	13,000	14,800	2,500	2,200
Excess Profits Levy	25,000	6,100	5,200	1,400	700
Special Contribution and other Inland Revenue	1,000	100	...	...	...
Inland Rev.	2478,400	172,613	159,273	20,686	28,576
Customs	1131,700	119,690	113,551	22,912	24,361
Excise	796,050	78,450	78,205	32,970	38,320
Total Customs and Excise	1927,750	198,140	191,756	55,882	62,681
Profits	80,000	6,846	7,749	1,955	2,228
Surplus	25,000	1,250	1,500	...	...
Miscellaneous	24,000	1,948	2,096	1,842	2,042
	55,000	17,733	8,269	10,183	1,111
Total	**4710,150**	**[illegible]30**	**370,642**	**90,548**	**96,638**
Ord. Expenditure					
Debt Interest	600,000	77,274	80,156	5,440	19,969
Payments to N. Ireland Exchequer	53,000	5,137	5,517	1,713	1,747
Other Cons. Fund	10,000	440	754	...	384
Supply Services	3862,875	328,014	299,395	38,550	33,650
Total	**4525,875**	**410,865**	**385,822**	**45,703**	**55,751**
Sinking Funds	36,000	2,785	2,304	1,060	680
"Above-line" Surplus or Deficit		**15,120**	**17,484**	**43,785**	**40,207**
					Cr.
"Below-line" Net Expenditure*		19,771	36,859	9,739	*6,145*
Total Surplus or Deficit*		**34,891**	**54,343**	**34,045**	**34,062**
Net Receipts from:					
Tax Reserve Certificates		28,563	18,886	2,067	214
Savings Certificates		1,300	5,300	900	700
Defence Bonds		— 5,262	1,465	—1498	— 171

Since end September the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at May 7th this item stood at £5,950,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
8	3,240·0	1,272·2	266·9	...	5,134·2
1955					
[illegible]	3,240·0	1,575·9	236·8	...	5,052·7
[illegible]	3,190·0	1,557·1	251·8	...	4,998·9
[illegible]	3,160·0	1,674·1	286·4	...	5,120·4
[illegible]	[illegible]0·0	1,691·5	268·0	...	5,109·5
[illegible]					5,123·9
[illegible]					5,156·4

THE MONEY MARKET

Credit conditions in Lombard Street have been difficult in the past week. The market was "in the Bank" on Saturday, Monday and Tuesday, as well as on Thursday of last week. The amounts involved were generally small, though on Tuesday several houses were affected. Up to 5 per cent was paid for overnight loans and rates of 3⅞ per cent conceded for sales of July and August maturities—against the prevailing rates of 3⅞-3⅛ per cent. On Wednesday credit was in easier supply and the market was able to secure a good portion of its requirements at the clearing banks' basic rate of 2½ per cent.

The Treasury bill rate rose further at the tender on Friday last. The market reduced its bid by 1d. to £99 0s. 5d. per cent (equivalent to a discount rate of 3 59/64 per cent) and the average rate of discount on all bills rose correspondingly, by nearly 4d. per cent to £3 18s. 3.59d. per cent. The offer was up by £10 million to £230 million, and as applications increased by only £4.5 million to £384.8 million the market's allotment rose slightly, from 39 to 41 per cent.

The Bank return shows a reflux of notes of £2.5 million. Discounts and advances are up by £9.1 million to £29.2 million, reflecting the week's borrowing at the bank, and as government securities fell by only £6.6 million, bankers' deposits rose by £6.9 million from the low point of £244.6 million reached last week.

Sterling has weakened this week. On Wednesday the spot dollar rate fell by ¼ of a cent to $2.79⅞.

LONDON MONEY RATES

Bank rate (from 3½%, 24/2/55)	% 4½	**Discount rates**	%
Deposit rates (max)		Bank bills: 60 days	3⅛
Banks	2½	3 months	3⅛
Discount houses	2½*	4 months	4⅛-4¼
Money Day-to-day	2½-4	6 months	4-4⅛
Short periods	2½-3		
Treas. bills 2 months	3⅛	Fine trade bills:	
3 months	3⅛	3 months	4⅛-4¼
		4 months	4⅛-4⅜
		6 months	4¼-5⅛

*Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	May 12	May 4	May 11
*Issue Department**:			
Notes in circulation	1,612·9	1,742·7	1,740·2
Notes in banking dept.	12·5	32·6	35·1
Govt. debt and securities*	1,621·8	1,771·2	1,771·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·6	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	19·9	22·1	20·1
Treasury special account	4·6	4·6	4·9
Bankers	270·6	244·6	251·5
Others	70·7	63·1	63·2
Total	365·8	334·4	339·7
Securities:			
Government	346·2	283·5	276·9
Discounts and advances	8·4	20·1	29·2
Other	14·0	13·7	14·0
Total	368·6	317·3	320·1
Banking department reserve	15·1	35·1	37·5
	%	%	%
"Proportion"	4·1	10·4	11·0

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £1,750 from £1,725 million on April 6, 1955, and to £1,775 million on May 4, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate* %
1954						
May 8	240·0	406·6	240·0	40	10·84	42
1955						
Feb. 4	220·0	387·4	220·0	46	3·17	39
„ 11	230·0	363·0	230·0	46	3·57	50
„ 18	250·0	366·9	250·0	46	3·97	60
„ 25	260·0	381·9	260·0	75	5·32	50
Mar. 4	260·0	390·7	260·0	75	8·93	50
„ 11	270·0	393·9	270·0	76	0·65	61
„ 18	270·0	385·2	270·0	75	11·64	56
„ 25	280·0	410·7	280·0	75	11·21	51
April 1	270·0	408·5	270·0	75	10·33	48
„ 7	250·0	402·4	250·0	74	5·00	61
„ 15	250·0	420·7	250·0	75	3·09	33
„ 22	230·0	385·2	230·0	77	1·08	39
„ 29	220·0	380·3	220·0	77	11·45	39
May 6	230·0	384·8	230·0	78	3·59	41

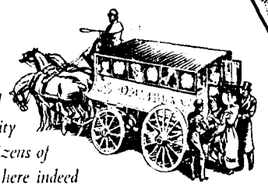
* On May 6th tenders for 91 day bills at £99 0s. 5d. secured about 41 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £230 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates May 11	Market Rates: Spot May 5	May 6	May 7	May 9	May 10	May 11
United States $	2·78-2·82	2·79[illegible]-2·80	2·79[illegible]-2·79[illegible]	2·79[illegible]-2·79[illegible]	2·79[illegible]-2·79[illegible]	2·79[illegible]-2·79[illegible]	2·79[illegible]-2·79[illegible]
Canadian $	...	2·76[illegible]-2·76[illegible]	2·76[illegible]-2·76[illegible]	2·76[illegible]-2·76[illegible]	2·76[illegible]-2·76[illegible]	2·76[illegible]-2·76[illegible]	2·75[illegible]-2·75[illegible]
French Fr.	972·65-987·35	980[illegible] 980[illegible]	979[illegible]-979[illegible]	979[illegible]-979[illegible]	979[illegible]-978[illegible]	978[illegible]-978[illegible]	979[illegible]-979[illegible]
Swiss Fr.	12·15[illegible]-12·33[illegible]	12·27[illegible] 12·27[illegible]	12·27[illegible]-12·27[illegible]	12·26[illegible]-12·27[illegible]	12·26[illegible]-12·26[illegible]	12·26[illegible]-12·26[illegible]	12·26[illegible]-12·26[illegible]
Belgian Fr.	138·95-141·05	140·00-140·05	139·90-139·95	139·90-139·95	139·90-139·95	139·90-139·95	139·75-139·80	139·82-139·87
Dutch Gld.	10·56-10·72	10·64[illegible]-10·64[illegible]	10·64-10·64[illegible]	10·64-10·64[illegible]	10·63-10·63[illegible]	10·62[illegible]-10·62[illegible]	10·62[illegible]-10·63
W. Ger. D-Mk.	11·67[illegible]-11·84[illegible]	11·76-11·76[illegible]	11·75[illegible]-11·75[illegible]	11·75[illegible]-11·75[illegible]	11·74[illegible]-11·75[illegible]	11·74[illegible]-11·74[illegible]	11·75[illegible]-11·75[illegible]
Portuguese Esc.	79·90-81·10	80·30-80·70	80·40-80·70	80·50-80·75	80·50-80·80	80·55-80·85	80·55-80·85
Swedish Kr.	14·37[illegible]-14·59[illegible]	14·54[illegible]-14·55	14·54[illegible]-14·54[illegible]	14·54[illegible]-14·54[illegible]	14·54[illegible]-14·54[illegible]	14·53[illegible]-14·53[illegible]	14·53[illegible]-14·54[illegible]
Danish Kr.	19·19[illegible]-19·48[illegible]	19·40[illegible]-19·41	19·40[illegible] 19·41	19·40[illegible] 19·41	19·40[illegible]-19·41	19·40[illegible]-19·41	19·40[illegible]-19·40[illegible]
Norwegian Kr.	19·85-20·15	20·01[illegible] 20·01[illegible]	20·01[illegible]-20·01[illegible]	20·01[illegible] 20·01[illegible]	20·01[illegible]-20·01[illegible]	20·01[illegible]-20·01[illegible]	20·01[illegible]-20·01[illegible]
One Month Forward Rates							
United States $		[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm
Canadian $		[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm	[illegible]-[illegible]c. pm
French Fr.		Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis
Swiss Fr.		2[illegible]-2c. pm	2[illegible]-2c. pm	2[illegible]-2c. pm	2[illegible]-2c. pm	2[illegible]-2c. pm	2[illegible]-2c. pm
Belgian Fr.		[illegible]-[illegible] pm	[illegible]-[illegible] pm	[illegible]-[illegible] pm	[illegible]-[illegible] pm	[illegible]-[illegible] pm	[illegible]-[illegible] pm
Dutch Gld.		2[illegible]-1[illegible]c. pm	2[illegible]-1[illegible]c. pm	2[illegible]-1[illegible]c. pm	2-1[illegible]c. pm	2-1[illegible]c. pm	2-1[illegible]c. pm
W. Ger. D-Mk.		[illegible]pf. pm-par	[illegible]pf. pm-par	[illegible]pf. pm par	[illegible]pf. pm-par	[illegible]pf. pm-par	[illegible]pf. pm-par
Swedish Kr.		2-1[illegible] pm	2-1[illegible] pm	2-1[illegible] pm	2-1[illegible] pm	2-1[illegible] pm	2-1[illegible] pm
Danish Kr.		1 4[illegible] dis	1-4[illegible] dis	1-4[illegible] dis	1-4[illegible] dis	1-4[illegible] dis	1-4[illegible] dis
Norwegian Kr.		Par-1[illegible] dis	Par-1[illegible] dis	Par-1[illegible] dis	Par-1[illegible] dis	Par-1[illegible] dis	Par-1[illegible] dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/5	250/6	...	250/5½	250/5½	250/6½

THE LONDON OMNIBUS

A VEHICLE OF INFORMATION



WHEN Shillibeer's omnibus first clattered its way through the city streets in 1829 the citizens of London realized that here indeed was a public service worth knowing and using.

Likewise, the London Assurance offer the public another kind of useful service by journeying into print with selections from their own omnibus collection of insurance policies.

Better Terms

When school fees come in, some fathers find themselves wrestling with sums. Others have discovered, however, that the right answer to this particular problem is to take out an Education Policy with us well before schooling begins. It's just a matter of good arithmetic.

"How to be Well Assured"

The many different kinds of Life Assurance we provide deserve a volume to themselves—and they have one. Our booklet "How to be Well Assured" has helped many people to find the Life Policy that suits them exactly. Would it help you?

Valuables Advice

"Rings on her fingers and bells on her toes, she shall have cover wherever she goes" if her jewellery, furs and other valuables are safeguarded by our All-Risks Policy.

There's more to be said . . .

If you would know more about any of the policies outlined here, if we can provide any information about any other particular policies or about insurance problems generally —pray make what use of us you wish. Our address is 1 King William Street, Department X6, London, E.C.4.

THE LONDON ASSURANCE

"Very good people to deal with"



Head Office

DISTRICT OFFICES IN
LONDON, LEEDS, LIVERPOOL, MANCHESTER, BIRMINGHAM and NEWCASTLE upon TYNE
and
OVER 600 BRANCHES THROUGHOUT THE COUNTRY
AGENTS ALL OVER THE WORLD

MARTINS BANK LIMITED

London District Office: 68 Lombard Street, E.C.3
Chief Overseas Branch: 80 Gracechurch St., London, E.C.
HEAD OFFICE: WATER STREET, LIVERPOOL 2.
Total Assets (as at 31st December, 1954), £363,655,940

HALIFAX BUILDING SOCIETY

ASSETS £237,000,000
RESERVES £12,000,000

SAVINGS AND INVESTMENTS
The interest rate on Paid-up Shares is now 2½% with income tax paid by the Society.
(Maximum investment £5000)
Apply for Investment Brochure

HEAD OFFICE HALIFAX YORKS
LONDON 51-55 STRAND W.C.2

Branches and Agencies throughout the United Kingdom

Canada

New trade connections

For assistance in arranging desirable new trade connections in Canada, call on our Business Development Department.

London Offices:
6 Lothbury, E.C.2
2 Cockspur Street, S.W.1

THE ROYAL BANK OF CANADA

Over 800 branches in Canada, the West Indies, Central and South America

CANADA'S LARGEST BANK

Incorporated with limited liability in Canada in 1869

Where the NATIONAL comes in



Australia's continued development offers undoubted scope and opportunities for the expansion of British industrial interests and activities. In the initial stages of estimating prospects, and later during the planning and operation of an enterprise, The National Bank of Australasia is in a good position to help the wheels go round much more smoothly. 'On the spot' information, gathered from over 750 branches throughout Australia, is readily obtainable from the Information Department of the Bank's London Office.

THE NATIONAL BANK OF AUSTRALASIA LIMITED

(Incorporated in Victoria)

Your best introduction to Australia

Head Office: 271-279 Collins Street, Melbourne
London Office: 7 Lothbury, EC2

Over 750 Branches throughout Australia — *Assets £271 Million*

B. W. BLYDENSTEIN & CO.

BANKERS

Established in London in 1858

Partners:
R. A. Vreede, J. R. R. Wierdsma, H. H. Oerlemans.
The Twentsche Bank (London) Ltd.,
Netherlands Trading Society (London) Ltd.

WE ARE ABLE TO GIVE A SPECIALIZED SERVICE COVERING ALL TRANSACTIONS WITH THE NETHERLANDS, THE NETHERLANDS ANTILLES, SURINAM, INDONESIA, SINGAPORE, MALAYA, BURMA, INDIA, PAKISTAN, THE FAR EAST, SAUDI ARABIA, LEBANON, EAST AFRICA, TANGIER, URUGUAY AND NEW YORK.

54, 55 & 56, THREADNEEDLE ST.,
LONDON, E.C.2

Telephone: LONdon Wall 2131

ALLIANCE

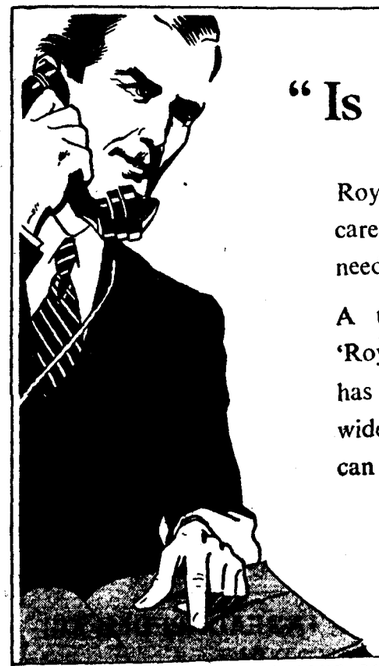
ASSURANCE COMPANY LIMITED

Head Office:
BARTHOLOMEW LANE, LONDON, E.C.2
Established 1824

The Finest Service
for
All Classes of Insurance

REPRESENTATION THROUGHOUT
THE UNITED KINGDOM
THE BRITISH COMMONWEALTH AND
ELSEWHERE ABROAD

The Company undertakes the duties of Executor and Trustee



"Is that the Royal . . . ?"

Royal Insurance Service, a service which has been carefully planned to meet a variety of individual needs and circumstances is easily available to you.

A telephone call to the nearest 'Royal' office—and the Company has a network of Branches country-wide—and all your insurance needs can be speedily met.

Head Office

1 North John St., Liverpool, 2. | 24/28 Lombard St., London, E.C.3.

ROYAL INSURANCE COMPANY LIMITED

CONSULT THE TELEPHONE DIRECTORY FOR YOUR NEAREST BRANCH

What ARE *the Business Prospects?*



The answer is readily available from

The Commercial Bank of Australia Limited

(INCORPORATED IN VICTORIA)

where specially trained officers obtain Trade Information from all points in AUSTRALIA and NEW ZEALAND

LONDON OFFICE: 12 Old Jewry, E.C.2.
Telephone: MONARCH 8747-9

Enquiries welcomed

Head Office: 335-339 Collins Street, Melbourne
Chief New Zealand Office: 328-330 Lambton Quay, Wellington.
691 OTHER OFFICES

Founded: 1866

CREDIT SUISSE
ZURICH
(ESTABLISHED 1856)

Capital and Reserves
Swiss Francs 225,000,000

With Branches in all parts of Switzerland and also at 25 Pine Street, NEW YORK, and with Correspondents throughout the World the CREDIT SUISSE, one of the oldest and largest BANKS of Switzerland, provides an efficient service for all kinds of banking transactions.

Please address your enquiries to the Head Office in Zurich, or to :—

THE UNITED KINGDOM REPRESENTATIVE
Robert J. Keller
4 Tokenhouse Buildings, Kings Arms Yard, London, E.C.2

• • •

AFFILIATED COMPANIES

SWISS AMERICAN CORPORATION
25 Pine Street, NEW YORK

CREDIT SUISSE (CANADA) LIMITED
1010 Beaver Hall Hill, MONTREAL

COMPANY MEETINGS

CANADIAN PACIFIC RAILWAY COMPANY

WIDESPREAD CHANGES IN POSTWAR YEARS

VITAL AND IMPRESSIVE PROGRESS

"THE WORLD'S GREATEST TRAVEL SYSTEM"

MR W. A. MATHER ON THE OUTLOOK

The seventy-fourth annual general meeting of the Canadian Pacific Railway Company was held on May 4th at Montreal, Mr George A. Walker, QC, chairman of the company, presiding.

Mr W. A. Mather, the president, addressing the meeting said: So vital is rail transport to the prosperity and growth of Canada, and so important is the role of the Canadian Pacific in the economic life and wellbeing of our country, that it is natural and understandable to regard your company as an enterprise of national significance. This, however, should not be allowed to obscure the fact that the Canadian Pacific is today no less a private commercial enterprise than when on October 21, 1880, seventy-five years ago, a group of men entered into a contract with the Government of Canada undertaking to risk private capital for a transcontinental railway. The fulfilment of that contract provided the essential transportation link between the Eastern Provinces and British Columbia, and assured the settlement and development of Western Canada.

Your first president, George Stephen, declared shortly after the enterprise was launched that "the directors, whilst not underestimating the main difficulties to be overcome, have the utmost confidence in the rapid settlement of the country, and in the success of the Canadian Pacific Railway as a commercial as well as a national enterprise." The men who risked their fortunes to make the Canadian Pacific rail enterprise a reality did so with clear knowledge of the hazards involved.

There was no guarantee from the government that, if the venture were to prove unsuccessful, losses would be paid out of the public Treasury. Such were the conditions of their contract and the risk of their capital that personal impoverishment would have been their lot had success not attended the results of their undertaking. Today, as in the past, there are many problems which offer a continuing challenge to your company. Initiative, prudence and the will to persevere are qualities as essential to the success of the Canadian Pacific today as in the 1880s.

THREE IMPORTANT EVENTS

The fact that over the years Canadian Pacific has earned the reputation of "The World's Greatest Travel System" is a token that these qualities continue to animate the affairs of your company. The Canadian Pacific continues in the vanguard of Canadian progress, and this year's annual meeting occurs amid three events of major importance in the history of your company. On April 24th, the first of the new transcontinental streamlined trains, bearing the name "The Canadian," departed from Toronto, Montreal and Vancouver commencing a service which has reduced the time formerly required to travel across Canada by as much as sixteen hours. This event, introducing the first transcontinental trains of this type in North America, brings to Canada the finest and most modern equipment in rail passenger service.

On June 3rd, Canadian Pacific Air Lines will inaugurate its Trans-Arctic Service from Vancouver to Amsterdam. This service, linking Europe with the Orient and Australasia, gives a new reality to that ancient dream of a North-West Passage, and has brought Europe within 19 hours' flying time of Vancouver. On June 22nd Her Majesty the Queen will launch on the Clyde the new *Empress of Britain* built for the Atlantic service of Canadian Pacific Steamships. This vessel incorporates the latest advances in marine engineering and will embody appointments fitting the high standards of your steamship service.

SUMMARY OF PROGRESS IN THE POSTWAR PERIOD

These events are indicative of the widespread changes wrought in Canadian Pacific facilities and services in the short space of the past eight years. Not since the original construction period has there been more vital and impressive progress. The demand for railway transportation in the postwar period presented a manifold challenge to your company.

One aspect was the need to provide service for a volume of traffic exceeding even that of the war years. Another was the need to gear railway services to the accelerated pace of modern competitive business conditions. In short, there was a need for increased capacity, speed and service, as well as for economy. A further challenge was to retain passenger traffic, which was being increasingly subjected to the competition of other agencies.

DIESELISATION

By far the most important change effected in operations has been dieselisation—a revolution in railway motive power. When it was decided, after the war, that no more orders for steam locomotives would be placed, your company had 42 diesel-electric units, all of them in yard switching service. The first conversion made to diesel power for road service was on your Esquimalt and Nanaimo Railway on Vancouver Island. As studies were completed and diesel units received, other conversions followed in rapid succession.

Priority was given to territories where traffic needs were most pressing and where the greatest economies could be realised, viz.: Montreal-Wells River; the Schreiber Division; Calgary-Revelstoke; the Kootenay and Kettle Valley Divisions; and ultimately all transcontinental passenger services, as well as passenger services between Windsor, Toronto, Montreal and Quebec; and through-freight service between Winnipeg and Edmonton. In addition, yard operations at more than twenty terminals across the system were converted to diesel power.

By the end of 1954, the number of diesel units had increased to 459, and in that year 30 per cent of all road passenger operations, 35 per cent of all road freight operations, and 55 per cent of all yard switching were handled with diesel power. Naturally, much more has been involved in these advances than just the replacement of steam units. New fuelling and servicing facilities were required at a number of points, and diesel maintenance shops had to be constructed. Through the extension of train runs, flexibility in the assignment of locomotive units, and other variations in operating procedure, advantage has been taken of the opportunities offered for intensifying the use of this type of power.

REPLACEMENT OF OBSOLETE EQUIPMENT

At the same time, great strides have been taken towards more efficient and economical handling of traffic by extensive replacement of obsolete freight train equipment. At the beginning of 1947, almost 50 per cent of all freight cars in service were more than 30 years old. By the end of 1954, one-third of the total inventory had been replaced. In carrying out this replacement programme, more than 22,000 cars had been retired from freight service and delivery had been taken of almost 29,000 new cars.

The magnitude of this programme will be realised if I point out that new units received equalled one new car for each half hour of every working day for eight years. While the number of cars in service had risen by only 9 per cent the aggregate carrying capacity had increased by 21 per cent.

In the passenger field, the answer of your company to competition from buses, planes and private cars has been modernisation and the attainment of new high standards of accommodation and service. In the period 1947-54, more than 500 new passenger train cars were purchased. About half of the number were passenger-carrying cars and the remainder were for the improvement of baggage, mail and express services. For the added comfort and convenience of passengers, a number of sleeping cars have been modernised—interiors have been rebuilt and roller bearings, lighter springs and air conditioning have been installed. There is now a total of eleven air-conditioned, self-propelled, rail-diesel passenger cars in operation in "Dayliner" services across the system, replacing or augmenting former steam services. This type of fast, lightweight equipment has proved both highly popular and economical, and plans for the extension of such services are being advanced.

The pride of your passenger train fleet is of course, "The Canadian" with its new stainless-steel, scenic dome equipment, now

in transcontinental passenger service. This equipment, smoothly and efficiently hauled by diesel engines, offers the comfort and convenience of reclining coach seats equipped with leg rests; attractive coffee-shops serving budget-priced meals and snacks; and excellently appointed sleeping, dining and lounge-observation cars. Its introduction has met with an enthusiastic public response.

TRACK IMPROVEMENT

Much work has been done in improving road bed and track structure. Since 1947 more than 2,000 miles of main track have been relaid with rai 100 pounds or over; sidings have been extended to accommodate the longer trains resulting from the use of diesel power; and the extent of your road over which operations are protected and expedited by automatic block signals has been increased by more than 50 per cent to a total of almost 3,000 miles. Many timber bridges and buildings across the system have been replaced in more permanent form. To speed the movement of traffic and reduce costs, there was a pressing need to relieve congestion at certain terminals. At Montreal this need was met by the construction of a large new hump classification yard. The latest technical advances were employed to make this yard one of the most up to date on the Continent, capable of handling traffic speedily and efficiently and in larger volume than the scattered facilities which it replaced.

Keeping pace with the needs of growing industrialisation, your company has been instrumental in having located on or adjacent to its lines over the past eight years more than 5,000 industrial establishments. Many of these have required siding facilities, and to serve them, a total of 240 miles of trackage has been constructed. In addition, the year 1954 saw the commencement of construction of 70 miles of branch lines into newly developed mining areas.

HIGHWAY FREIGHT SERVICE

To reap the benefits to be gained from integration of truck and rail services, it was decided in 1947 to expand the activities of your company in the highway field. Certain properties were acquired which formed the framework of the present highway freight service, and by the end of 1954 a fleet of 280 units of equipment was in operation over 3,500 route miles in the four western provinces. In addition, certain freight and express traffic was handled to destination from railway main line points to expedite delivery. Following the success of an experimental service, trailer-on-flat-car operations have now been put into effect between nine principal points from Winnipeg to Vancouver. By means of these operations, your rail and highway services in this territory have been co-ordinated for maximum efficiency.

Improved communications facilities have also been provided to keep abreast of the needs of modern business. There has been a steady expansion of leased private wire facilities. High-frequency, multi-channel radio links have been constructed to relieve wire line congestion and permit simultaneous telegraph, telephone and radio transmission. Your company jointly with the Canadian National has undertaken construction of microwave relay systems for television network services and of facsimile reproduction services for transmission of pictures by wire.

OCEAN LINERS

Your ocean passenger liners have all been refitted since the war and their services, which have drawn heavy patronage, have been maintained in accordance with the high standards with which your flag is identified. With the commissioning of the new *Empress of Britain* and her sister ship, which is now under construction, the maintenance of the position of your company in that field will be assured. Your British Columbia coastal services have been modernised to meet changed conditions. Three new *Princess* ships, aggregating over 25,000 tons, have been built since 1947 and one ship has been refitted. The latest of the new vessels, the *Princess of Vancouver*, which is to enter the Vancouver-Nanaimo service shortly, will accommodate 800 passengers and is specially built to carry freight train cars, automobiles and trucks.

Your air lines have maintained the traditions of the Canadian Pacific travel system. To its network of domestic operations, through which your company is actively participating in northern expansion and development, there have been added since the war, services on international routes between Vancouver and Australasia; between Vancouver, Tokyo and Hong Kong; and between Vancouver, Mexico City and Lima. With the opening of the new Vancouver-Amsterdam route, the international services will reach half-way round the world, covering a total of some 27,000 route miles and linking five continents.

MAGNITUDE OF CAPITAL REQUIREMENTS

Modernising the "World's Greatest Travel System" has been a large undertaking, which from the start of 1947 to date has required some $600 million of capital funds. Of this amount, about $300 million has been provided from depreciation and reserve funds, $200 million from new borrowings, and the balance from retained earnings. The amount of borrowed capital has risen to its highest point since 1941, with a consequent increase in fixed charges to be met.

MODERNISATION LONG IMPEDED

The absolute need for modernisation was to a large extent a legacy of the consecutive periods of depression and war, during which for more than fifteen years your company either did not have the means, or did not have the opportunity, to keep its plant adequate to the demands which the postwar economic development was to make upon it. In the depression period, when many railroads on this Continent fell into bankruptcy, your company suffered severe strain on its resources and the most that could be done was to keep existing facilities and equipment in good operating condition.

Then by prodigious effort, wartime traffic was handled without benefit of widespread technical improvements or replacement of the obsolete equipment. The result was an accumulated need for an extensive modernisation programme. That programme, once begun, was carried forward under great difficulty, for railways in Canada have not participated in the financial prosperity of industry in general.

A DIFFICULT PERIOD

The immediate postwar period was one in which there was substantial inflation, with spiralling wage rates and material prices, and an increasing tax burden for your company. As a result, a long and burdensome struggle ensued for increases in freight rates. Because rates on export grain, which are subject to statutory regulation, have not been raised, the effective rate of the general increases related to the total of all freight traffic amounted only to about 60 per cent. This was a modest rise indeed compared with an advance since 1939 of 143 per cent in wage rates and 113 per cent in material prices.

During this difficult period, however, our capital programme was pressed forward. During the past two years, the pace of economic development has slackened. There has been a decline in railway revenues which your company has met by exercising a rigid control over expenses and by deferring desirable but postponable maintenance expenditures. This policy of cutting expenditures as closely as possible in proportion to available income is the only satisfactory way which industry has found of achieving maximum economy while ensuring that solvency be maintained.

GROWING AWARENESS OF THE PUBLIC

Continued low net railway earnings indicate clearly that revenues have not kept pace with costs. The reduction in expenses that your company has been able to accomplish by modernisation and the deferment of maintenance work has not been sufficient to prevent further loss of ground. The postponement of maintenance work cannot go on indefinitely, the rate of return on net railway investment has continued to decline, and reached a low of 2.15 per cent in 1954. Consequently, progressively smaller net earnings are realised on an increasing investment.

There is at last a growing public awareness that this unhealthy situation demands attention. In this young and vibrant country, embarked on its greatest expansion period, there is an obvious paradox in the experience of the railways which are the major transportation agency. The competitors of the railways, aided in many cases by the expenditure of public funds for the construction of highways, canals, airports and the like, and with general freedom to set rates and to vary their services to meet changing conditions, make steady inroads on the most remunerative traffic of the railways. In this situation the railways find themselves bound by statutory regulations to carry a large proportion of their non-competitive traffic at unremunerative rates.

The public interest will not be served if this competition goes unchallenged. The railways have a service to sell which no other form of transportation is capable of providing, and any impairment of their ability to do so efficiently can only react to the detriment of the country as a whole. Much has been done by your company to meet competition, and much remains to be done, but the financial means to modernise and maintain your railway plant must be made available.

BURDEN OF REGULATIONS

Satisfactory earnings cannot be achieved without freedom to exercise managerial discretion and to act in accordance with the principles of our competitive free-enterprise system. The way to greater freedom for the railways has already been pointed out by the United Kingdom. There, it was clearly recognised at the outset of an extensive modernisation programme that it would be shortsighted indeed to undertake such expenditures without freeing the railways from the restrictions under which they had so long laboured and without providing an opportunity for the new plant to become fully productive. Under the Transport Act of 1953 much of the outdated regulation was cut away and the railways have been left free to bargain for traffic, competitively and in private, subject only to maximum rates set by the regulatory body for the protection of areas where there is no competition.

Similarly, in the United States we find this trend towards easing the burden of regulation upon the railways. The recently released report of the President's Advisory Committee on transport policy recommends a broad plan of revision of the transportation policy of the United States in the light of the revolutionary growth in competitive forms of transportation. This report is a document of major importance and should receive the earnest consideration of our authorities in this country.

The following short extracts show the thinking of the committee. It states: "that the transportation industry operates today in the general atmosphere of pervasive competition; that adjustment of regulatory programmes and policies to these competitive facts is long and overdue; and that the restoration and maintenance of a progressive and financially strong system of common carrier transportation is of paramount importance to the public interest," and further, "in many respects, Government policy at present prevents, or severely limits, the realisation of the most economical use of our transportation plant." In Canada, the report issued recently by the Turgeon Royal Commission has upheld the principle of agreed charges. The right to enter into these contracts illustrates only one aspect of the rate-making freedom needed by the railways. Another is the requirement that all segments of traffic shall bear their fair share of transportation costs.

OUTLOOK FOR 1955

Although the year just past saw some falling off in the gross national product, the decline was largely accounted for by the drop in farm production arising from the failure of the Western grain crop. Non-farm production, while below that of the previous year during the second and third quarters, turned upward and finished the year at an encouraging rate. A continuation of that movement is anticipated by the official forecast for 1955 which looks for a record gross national product and a return of gross capital expenditures to the 1953 level.

Looking around us we are aware of evidences of a public confidence that was not present a year ago. It is now felt that business in general is passing through a stage of economic readjustment which will amount only to a pause in the steady growth. For your railway, however, the immediate outlook is not so clear. During the first quarter of 1955, the gross railway earnings have shown a moderate improvement, increasing $2 million over the same period of last year but still below the earnings for the first quarter of 1953 by $8 million. Some developments which go to swell the gross national product generate little rail traffic, while export trade, which is important to railway activity, has declined over the past two years.

In the circumstances, railway earnings cannot be expected to match the increases which will occur in the gross national product. Expenses throughout 1955 will continue to be carefully limited and, as a result, net earnings are expected to be not less than in 1954. I would be happy to report a more favourable outlook, but I see little prospect of doing so as long as export grain, which represents an important portion of total freight traffic, must be hauled at a level of freight rates in effect almost 60 years ago.

In conclusion, while the problems facing us are formidable indeed, I am confident that, if we display the courage of our founders, solutions to them will be forthcoming. Your company is determined to remain a great national undertaking for the benefit of Canada.

The report and accounts were adopted.

ATLAS ASSURANCE COMPANY

MR RUDOLPH E. F. DE TRAFFORD'S REVIEW

The annual general meeting of Proprietors of the Atlas Assurance Company Limited will be held on June 3rd at the company's head office, 92 Cheapside, London, E.C.

The following is an extract from the statement to shareholders by the chairman, Mr Rudolph E. F. de Trafford, OBE, which has been circulated with the report, accounts and balance sheets for the year ended December 31, 1954:

FIRE ACCOUNT

Our premium income, at £5,931,206, was nearly £100,000 higher than in 1953.

Direct losses by fire in the United Kingdom, amounting to £26 million, were again greater than in any previous year and fire wastage in the United States was lower by $32 million than in 1953.

Not by any means all losses falling on the fire account, however, are due to fire. For example, in Australia there were the losses resulting from the earthquake which took place in Adelaide in March but, overshadowing everything else, were the very severe windstorms—insurance in respect of which is written under an extension of fire covers—experienced in the United States. The over-all loss falling upon insurance companies, national and otherwise, is of the order of $250 million.

Naturally, we have had to bear our share of the losses to which I have referred and, despite an improved experience with business drawn from other parts of the world, our over-all underwriting profit of £434,950 is markedly lower than in 1953, when it was £586,918.

ACCIDENT ACCOUNT

Premium income, amounting to £2,807,985, continued to expand and, in fact, exceeded the 1953 figure by £231,837. As is to be expected, quite a considerable part of this increase is related to motor business derived from both the home and overseas markets. This particular and very large section of our account still causes us much concern and the frequent references in the Press to the growing rate of road casualties—which are on all counts so much to be deplored—both in the United Kingdom and elsewhere are, I am sure, enough to explain the reason for this concern.

The year's operations have been productive of a profit of £250,179.

MARINE DEPARTMENT

The London marine market continues to be, I fear, in a sorry state. In previous years I have pointed to some of the weaknesses and in a sense, but only in a sense, it might be more comforting if these weaknesses were less obvious than they must be to the skilled underwriters in the market. I would not presume to prescribe the remedies, and in any case both the chairman of the Institute of London Underwriters and the chairman of the Liverpool Underwriters Association have in recent months forcefully and comprehensively dealt with the whole subject.

I hope, therefore, that it is not asking too much to expect the leaders in all sections of the market, who must surely have the remedies for the ills of which I have spoken in their hands, to give the lead before deterioration becomes too dangerously corrosive.

The tendency has been for our premium income to fall and claims paid during the year were also lower The reduction in claims relates almost entirely to our overseas business. After transferring £125,000 to profit and loss account, a large portion of which will be absorbed by taxation, the marine fund at the end of the year amounted to £1,329,039.

LIFE DEPARTMENT

The new business completed in 1954 was a record in the company's history. Net sums assured under new life assurances amounted to £6,963,189 and new deferred annuity contracts secured £561,403 per annum. The corresponding figures for 1953 were £5,039,709 and £387,759 respectively.

As compared with the previous year the total premium income of £2,901,607, excluding single payments for immediate and deferred annuities, showed an increase of very nearly £200,000 and gross interest, dividends and rents, at £1,277,121, improved by about £120,000. Interest earnings showed a gross return of £5 per cent and a net return of £4 3s. per cent per annum after deduction of income tax.

Notwithstanding the increased new business, expenses of management and commission, totalling £315,027, were only £818 greater than in 1953 and represented 10.86 per cent of the premium income.

The life assurance and annuity fund increased by over £1,800,000 and amounted to £26,969,390 at December 31st last.

APPROPRIATION ACCOUNT

The dividend paid for the year 1953 was at the rate of 15s. per each £5 share, equal to 3s. per each £1 share, the new denomination. The dividend relating to the year 1954 has been increased to 3s. 6d. per share. The total carry-forward amounts to £1,081,795.

GENERAL

Two years ago, in my annual statement relating to our operations, I referred to the activities of insurance companies in the investment field and it seems to me that nothing would be lost were I to do so again in the hope that this may be of some help in removing doubts that may still persist in regard to this very important part of an insurance company's functions. It would be as well, I think, if I were to commence by saying, with some emphasis if you will allow me, that an insurance company's primary duty is to its policyholders and if by any chance shareholders should entertain some misgivings about so unequivocal a statement on my part perhaps I can allay these misgivings by adding that an insurance company which did not fulfil its primary duty to its policyholders would almost certainly fail its shareholders.

What is of paramount importance as regards the investment of an insurance company's funds is that these should be invested wisely and well and these two criteria could not, I suggest, be satisfied if the company did not, at the same time, invest with broad vision not only in regard to its own needs but also of the needs of the national economy.

Sometimes it is suggested that insurance companies, whilst ready to take a financial interest in large business undertakings, are less well-disposed towards the smaller concerns. In fact, the companies give not a little help today to small industry.

Finally, insurance companies, neither collectively nor individually, seek in any way to exercise control over industries or commercial enterprises of any kind in which they have a shareholding interest. Occupation with their own affairs is a sufficient occupation in itself.

BABCOCK & WILCOX LIMITED

ANOTHER GOOD YEAR

HUGE SUMS BEING SPENT ON PLANT MODERNISATION

NEED TO CONSERVE RESOURCES TO MEET COMPETITION

MR W. LIONEL FRASER ON A WELL-EQUIPPED ORGANISATION

The fifty-sixth annual general meeting of Babcock & Wilcox Limited will be held on May 31st in London.

The following is the review by the chairman, Mr W Lionel Fraser, CMG, which has been circulated with the report and accounts for the year ended December 31, 1954:

THANKS TO STAFF AND OPERATIVES

I wish at the very beginning of this review to pay a special compliment to all those—the staff and operatives, men and women, in our company and in the subsidiary companies at home and throughout the world—who have contributed towards what has been another successful year. In my opinion it would be difficult to find a body of employees more devoted to the interests of the company and it is certain that this spirit is very conducive to the fine efforts being made, for which your directors express their deep gratitude.

FINANCIAL COMMENTS AND RECOMMENDATIONS

It is my pleasure now to be able to report that the profits of the group, subject to United Kingdom taxation but after setting aside additional depreciation to cover the replacement value of fixed assets, were £3,983,223. After having absorbed the charge for normal depreciation, provided for United Kingdom taxation and made other necessary adjustments, the balance standing to the credit of the consolidated profit and loss account is £1,904,228. The preference dividends, less tax, required £52,334, and your directors now recommend that a final dividend of 8 per cent, less tax, be paid on the ordinary stock, requiring £346,122, making a total of 15 per cent for the year, as compared with 12 per cent for the previous year. Your board further recommend that the sum of £250,000 be transferred to general reserve, which, together with amounts placed to reserve in the accounts of the subsidiary companies, raises general reserve to a new total of £6,312,472. It is also recommended that the sum of £100,000 be transferred to special research and development reserve and, in addition, that the contingencies reserve be increased from £1 million to £1,250,000. Lastly, the credit balance of profit and loss account has been considerably increased because of the flexibility which this type of reserve affords.

The cash position has improved beyond the expectations expressed last year. This is due to generally improved trading conditions including arrangements made with customers whereby increased progress payments are received during the period of manufacture and erection.

PROVISION OF NEW PLANT AND MACHINERY TO MEET CHANGING CONDITIONS

The substantial allocations to reserves have been made because your directors believe that the rapidly changing conditions in which our business operates, in this country and abroad, can only be met by developing and extending the range of our engineering designs and manufacturing facilities.

In the United Kingdom today there are several companies undertaking contracts for the supply of the more conventional type of boiler plant required for power stations and industrial plants. Whilst competition for the simpler type of installation is severe, your company, in view of the unique facilities of its works and of its engineering knowledge and experience, is also best equipped to undertake the more advanced and complicated installations. It is vital to maintain this position and at the same time keep existing plant in first-class condition. Funds must therefore be devoted to the provision of new equipment for the manufacture of the heavy vessels and intricate components embodied in the very large high pressure and high temperature plants required today. For many years it has been our policy to install modern equipment capable of achieving increased production and efficiency, but now it is more than ever essential both to accelerate this process and to improve our underlying engineering strength.

RESEARCH AND DEVELOPMENT

In this sphere of the company's activities the range of investigation has, during the past year, been extensive and the results are proving very useful at home and abroad. No doubt stockholders will be aware of the important work which your company is doing in connection with the future use of nuclear energy for generating electricity and, in particular, for the first atomic power station now under construction at Calder Hall.

OVERSEAS SUBSIDIARY COMPANIES

Babcock & Wilcox of Australia Pty Limited.—The Australian company flourishes, their figures beating all previous records.

It was, indeed, a great pleasure, as well as an interesting and encouraging experience, for me to visit them in November, 1954, and no doubt was left in my mind that it is the firm intention of all concerned to ensure the advance of this splendid undertaking.

Babcock & Wilcox of Africa (Proprietary) Limited.—Your directors feel justly proud of the Duncanville Works near Vereeniging, where 700 persons are now employed. The company is filling an important role in the supply of boilers for the African market.

Babcock & Wilcox (Caldeiras) SA Brazil.—Reference was made last year to the arrangements which were entered into for the setting up of works in Brazil. Today the erection of the shops is well advanced and we hope to be in production before the end of the present year. Indications are that there will be a steady demand in Brazil for the boiler and general engineering products of this new enterprise.

Babcock & Wilcox de Mexico SA de CV.—Here again, the construction of the new plant has proceeded smoothly and the first section should be in production by August of this year.

HOME SUBSIDIARY COMPANIES

Bailey Meters & Controls Limited.—Arrangements have been made for an extension of the works and offices on a site adjacent to the present factory at Croydon. This company, too, had a record year and the call for its products is such as to justify increasing the manufacturing facilities to more than double those at present available.

Edwin Danks and Company (Oldbury) Limited.—Rebuilding of the main works is proceeding and, despite this hindrance, output compares well with last year's record figures. As evidence of the efficiency of the Oldbury stoker in burning difficult fuels, it is pleasing to report that this company delivered its 3,050th stoker during the past year.

Dewrance & Company Limited.—This company is still adding to its reputation as a first-class valve-manufacturing organisation and produced record figures last year.

GENERAL REVIEW AND PROSPECTS

The volume of unfulfilled orders is still satisfactory, although the betterment in raw material supplies, together with the higher output from all our works, has, naturally resulted in some reduction in the order book—a healthy state of affairs, reflecting, amongst other things, speedier delivery dates.

Your company has traded with excellent effect but, nevertheless, there is a real need to conserve resources if the impact of severe competition from all sides is to be met successfully. We are spending huge sums on up-to-date machinery and plant in all our works, both in this country and abroad. Faced with the growing tendency towards national industrialisation in the world, we are, as I have mentioned previously, expanding manufacture in certain centres abroad, in which we have for long been established and where we shall endeavour not only to retain, but also to increase, our trade.

We have to adjust ourselves to new circumstances and in doing so we must be forward-thinking and courageous in our plans for the company's future development, which are necessarily of a long-term nature. At the same time we must combat intensifying competition, as well as the effect of rising costs and wages. This prospect, challenging and stimulating in itself, adds point to the financial policy of your board, with which I feel sure stockholders will agree.

It is perhaps unnecessary for me to say that great determination, wisdom and resolution are being shown by the chief executive of the company, under the inspiring leadership and example of our deputy chairman and managing director, Sir Kenneth Hague, whose efforts are so well supported by Mr Hector McNeil, the deputy managing director. Indeed, I emphasise that throughout the entire organisation there is outstanding skill and ability which, supplemented by a keen sense of efficiency, pride in the company's achievements and progress, and loyalty to its traditions, can but yield good results.

Our horizon is world-wide and we are thus sensitive to causes and effects far beyond the bounds of this country. Inevitably, new problems will arise and may occasion adjustments in our plans, but I have no doubt that over the years stockholders will have reason to be satisfied.

PHILIPS' INCANDESCENT LAMP WORKS HOLDING COMPANY

EINDHOVEN

The Annual Report and Accounts of the above-named company and of the Operating Company, Philips' Incandescent Lamp Works, are now available in their English translation. The Holding Company owns fl.231,743,000 Ordinary shares of the Company out of a total of fl.232,090,000 and fl.107,534,000 Preference shares out of the fl.108,000,000 in issue. Below are given the Balance Sheet and Profit & Loss Account of the Operating Company as at 31st December, 1954.

BALANCE SHEET AS AT 31st DECEMBER, 1954

ASSETS				LIABILITIES			
Property, plant and equipment :				**Share capital and reserves :**			
at replacement value	fl. 436,485,000			Ordinary share capital	fl. 232,090,000		
less depreciation	„ 226,255,000	fl. 210,230,000		6% Cum. part. pref. share capital	„ 108,000,000		
				Share premium account	„ 54,625,000		
Intangible Assets :		—		Retained profit reserve	„ 201,077,000		
Investments in and amounts due from Associated Companies		„ 618,026,000			fl. 595,792,000		
Sundry non-current assets		„ 2,978,000		Revaluation reserve	„ 193,481,000	fl.	789,273,000
Stocks :							
Raw materials and semi-finished goods	„ 112,996,000			**Sundry Provisions**		„	97,933,000
Finished goods	„ 41,202,000	„ 154,198,000		**Long Term Liabilities :**			
				3½% 25 years' unsecured debentures	fl. 71,250,000		
Debtors :				3½% 20 years' unsecured dollar debentures	„ 19,000,000		
Trade and other debtors	„ 158,325,000			4% 25 years' unsecured dollar debentures	„ 76,000,000		
Prepaid expenses	„ 5,824,000	„ 164,149,000		Other long term liabilities	„ 75,484,000	„	241,734,000
Liquid Assets :							
Marketable Securities	„ 21,336,000			**Current Liabilities :**			
Cash at Bank and in hand	„ 116,101,000	„ 137,437,000		Creditors, incl. provision for taxation	fl. 92,336,000		
				Accrued expenses	„ 17,728,000	„	110,064,000
				Profit Available for Distribution		„	48,014,000
		fl. 1,287,018,000				fl.	1,287,018,000

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1954

Balance of Profit and Loss Account, including profits made by subsidiaries before deduction of the following items		fl.	193,099,000
Depreciation of property, plant and equipment	fl. 22,644,000		
Interest paid	„ 8,972,000		
Payment to Netherlands Pension funds	„ 21,707,000	„	53,323,000
Profit available for distribution		fl.	139,776,000
Provision for Netherlands tax on profits		„	44,014,000
Net Profit for the Year		fl.	95,762,000

Profit to be Distributed :—		
Shareholders, dividends at the rate of 7.6 per cent. per annum on the Cumulative Participating Preference Shares and 14 per cent. on the Ordinary Shares	fl.	40,700,600
Board of Directors and Board of Management	„	3,522,844
Personnel interests	„	3,790,627
	fl.	48,014,071

The development of the Philips Group as a whole over the past eight years is shown in the following table published in the Annual Report and entitled "Philips from 1947-1954."

	1954	1953	1952	1951	1950	1949	1948	1947
	In millions of guilders							
Sales	1,936	1,601	1,384	1,242	982	830	651	497
Profit before taxation	231	172	143	144	102	52	42	42
in relation to sales	11.9%	10.7%	10.4%	11.6%	10.4%	6.3%	6.5%	8.3%
Net Profit for the year	119	88	64	63	48	16	12	21
in relation to sales	6.2%	5.5%	4.6%	5.1%	4.9%	1.9%	1.8%	4.2%
Profit distributed	48	37	31	24	18	13	13	7
Profit retained	71	51	33	39	30	3	—1	14
Dividend on ordinary shares	14%	14%	12%	12%	12%	9%	9%	9%
Dividend on preference shares	7.6%	7.6%	7.2%	7.2%	7.2%	6.6%	6.6%	6.6%
Additions to property, plant and equipment	144	82	113	97	61	72	76	55
Depreciation of property, plant and equipment	74	64	59	51	44	36	33	25
Fixed assets	654	567	543	479	386	358	315	273
Current assets	1,481	1,378	1,276	1,199	821	736	614	529
Current liabilities	713	618	570	506	358	308	256	196
Long-term liabilities	393	378	347	304	208	186	99	150
Net worth	1,029	949	902	868	641	600	574	456
Ratios :								
Current assets to current liabilities	2.1	2.2	2.2	2.4	2.3	2.4	2.4	2.7
Net worth to liabilities	0.9	1.0	1.0	1.1	1.1	1.2	1.6	1.3
Number of persons employed	123,000	106,000	95,000	99,000	90,000	79,000	81,000	77,000

Copies of the above Accounts may be obtained from the Company's British Fiscal Agents,

PHILIP HILL, HIGGINSON, & CO. LIMITED

34, MOORGATE, LONDON, E.C.2.

THE NORTHERN ASSURANCE COMPANY, LIMITED

CONTINUED PROGRESS

OUTSTANDING ADVANCE OF NEW LIFE BUSINESS

The one hundred and nineteenth annual general meeting of The Northern Assurance Company, Limited, will be held on June 1st in Aberdeen.

The following is an extract from the statement by the chairman, the Right Honourable Lord Glenconner, which has been circulated with the report and accounts:

Progress, indeed, continues to be the keynote of the Northern's affairs, and I refer in particular to the very great increase in new life business that the Northern group assured last year. It is not, however, on the efforts of a single year that such results depend. They spring from policies and plans laid down in earlier years, by which the administration of the Northern group has been brought to a higher level of efficiency, its organisation improved and expanded, and its reputation with the public still more firmly consolidated.

LIFE DEPARTMENT

Last year the life department again achieved a truly outstanding advance. New life sums assured by the Northern group as a whole increased by no less than 46 per cent, from £16,131,239 to £23,495,389. Such a rate of increase (it compares with a 23 per cent advance in 1953) is much above the general average. As recently as 1951, I may recall, our new life business amounted to £9,429,030. These figures provide remarkable evidence of the esteem in which Northern life policies are held.

PENSIONS DEPARTMENT

Towards this rapid progress by the life department, the pensions department has made an important contribution. It has written an increased volume of staff pension business, but its outstanding achievement last year was to arrange, in conjunction with two other companies, a scheme for a large industrial concern, involving some 40,000 works employees. In its energy and versatility the pensions department is fulfilling our highest expectations.

It is also encouraging to record a rapid expansion of life business in South Africa; last year's new business totalled £1,416,079, and was more than double that of the preceding year.

FIRE AND ACCIDENT BRANCHES

The general insurance business of the Northern and its associates is conducted over the whole world, and there is no cause for dissatisfaction in the growth of premiums in the fire and accident branches. The fire account shows an increase from £8,823,585 to £9,509,246, and accident premiums were almost a million pounds higher at £8,772,484. The underwriting results of last year's fire account, however, were severely affected by losses caused by the succession of storms in the United States and Canada in the latter part of the year, and after making the usual conservative reserve of 50 per cent of premiums to cover unexpired risks, which absorbs an additional £342,831, the net profit is £151,573, compared with £685,642 for 1953. In the exceptional circumstances of last year this is a useful profit.

Our main preoccupation in the accident branch has been to secure a further improvement in the results of motor insurance business. This policy is proceeding satisfactorily, although in certain areas we have deliberately accepted some reduction in income with a view to improving the underwriting results. If our connections all over the world can balance their motor business with other more profitable classes of accident insurance, the outlook will be a good deal more hopeful than it has been for some years past. As it is, the accident account shows a more satisfactory profit of £184,839 against £99,389, whereas two years ago there was a loss.

MARINE ACCOUNT

The marine account continues to reflect the difficulties of recent years. Last year's premium income was reduced from £5,835,787 to £5,468,199, largely owing to the reduction in rates caused by international competition. But there was a welcome reduction in casualties affecting large vessels, which had been particularly heavy in the early months of 1953, and so far the first year's settlement of the 1954 account shows an improvement over that of the previous year. The final outcome will not be determined for some time, and it must inevitably be affected by the rising cost of ship repairs. An earlier provision of £193,000 for excess profits tax is not now required, and this amount has therefore been credited to revenue account from which it was originally provided. The transfer to profit and loss account amounts to £311,668, compared with £296,494 in the 1953 accounts.

PROFIT AND LOSS ACCOUNT

The transfers to profit and loss account from the fire, accident and marine accounts set out above total £648,080, against £1,081,525. Together with the gross investment income on the shareholders' funds (which has shown an appreciable increase from £937,366 to £1,017,542) and other items, the Northern group's gross profit amounts to £1,696,136, compared with £1,908,642 for 1953. Taxation at home and abroad has absorbed the slightly higher sum of £1,078,035 (against £1,064,295) equivalent to nearly two-thirds of the total profit. The group's net profit thus comes to £618,101, compared with £844,347 for the preceding year: of the year's profit, £320,000 has been set aside to investment and contingency reserve.

Shareholders look primarily to the investment income earned on the non-life funds for their dividend prospects. After deducting income tax, the shareholders' net investment income showed a satisfactory increase of nearly £50,000 from £524,534 to £573,768. Your directors have accordingly recommended a final dividend of 13s. 6d. on the ordinary shares, making a total distribution of 22s. for the year. This is 2s. more than the 1953 dividend and, if approved, will involve a further dividend on the participating preference shares of 11/7.701d. per share, to be paid with the half-yearly dividend due on July 1st. The total net cost of these dividends is £281,031 and after taking into account profits tax is handsomely covered by the net investment income.

INVESTMENT POLICY

The increase in the investment income of the shareholders' funds that was secured last year reflects only one aspect—though an important one—of our investment activities. A composite insurance group like the Northern, conducting life and general business, has a paramount duty to its policy holders of all kinds. It must maintain its funds in complete integrity to meet life assurance policies as they become payable, and to cover with an unquestioned margin all claims that arise from its fire, accident and marine underwriting. If the skill of the actuary and the experience of the underwriter are essential to the progress of our undertaking, a farsighted investment policy is no less essential to its financial strength.

I should like to draw attention to the growth of the investment funds for which the Northern group is responsible. At the end of last year, the book value of the Northern group's stock exchange securities amounted to £44,317,319, compared with £40,032,907 at the end of 1953. Security in investment policy can never be a passive matter. If it is true that there is a persistent tendency towards inflation in the world's economic affairs today, an undue concentration on fixed interest securities, to the exclusion of equity shares, would fail to provide our participating policy holders and our shareholders with the useful element of protection that a well-balanced portfolio can provide. There is, of course, no inevitably right scale of proportions in which the various types of Stock Exchange securities should be combined by an office such as ours. These are questions that must rest, in the end, on experience and the prudent assessment of the many complex factors both in the investment markets and in the needs of the different classes of insurance funds.

LONG-TERM EXPECTATIONS

Successful investment policy in the insurance business is not to be measured by the outcome of a single year; premiums that are entrusted to us by life policy holders must usually be invested over a period of many years to build up the funds from which claims are paid. There is a continuing need throughout the life of each policy to invest each premium to obtain the best return that is consistent with security, avoiding discernible risks but taking advantage of promising investment opportunities as they arise. We are not alone in the insurance business in giving greater weight in our investment thinking to the long-term expectations of sound industrial ordinary shares, and the prospect of a gradually improving income from them. But in investment policy there can be no preconceived or hard and fast line, as recent events have again proved; only by constant watchfulness as conditions change can the maximum security and the best return be secured.

We have, too, another responsibility in our investment policies. That is to take our share in directing an important part of the stream of national savings into productive industry. This aim, so essential to the progress of the British economy, is in our view no less to the ultimate advantage of our policy holders also.

In this continuing work, we pause momentarily at the end of each year to measure our growth and progress. The scale of achievement continues to be most impressive and for this we have to acknowledge our debt to the staff, in this country and overseas, whose loyal service and devoted work are the foundation of the Northern group's reputation and expansion. The burden that falls upon them should not be underrated because it is so efficiently carried.

ROYAL DUTCH PETROLEUM COMPANY

N.V. KONINKLIJKE NEDERLANDSCHE PETROLEUM MAATSCHAPPIJ

(Founded in 1890)

ANNUAL GENERAL MEETING, JUNE 1, 1955

BALANCE SHEET AS AT DECEMBER 31, 1954

ASSETS	£	LIABILITIES	£
Investments:		Capital Shares and Surplus:	
Group Companies	1,297,598,973	Ordinary Share Capital	2,998,500,000
N.V. Nederlandse Olie Maatschappij	1,410,000	Of which unissued	1,782,134,400
	1,299,008,973		1,216,365,600
Current Assets:		4% Cumulative Preference Share Capital	1,500,000
Receivables from Group Companies:		Capital Surplus (as per Article 4 of the Articles of Association)	22,300,370
Dividends	105,336,000	General Reserve	99,976,069
Supplementary amounts	17,986,295	Earned Surplus (before deducting proposed dividends)	224,799,714
Other Receivables	14,487,101		1,564,941,753
Marketable Securities	70,113,224		
Cash at Bankers	73,024,856	Current Liabilities:	
	280,947,476	Accounts payable and sundry accruals	4,928,639
		Unclaimed dividends payable	5,012,414
		Amounts held for shareholders in respect of 1947 issue	5,073,643
		Provision for Taxes	—
		Accrued Interest on 3¼% Convertible Debentures 1951	—
			15,014,696
	1,579,956,449		1,579,956,449

STATEMENT OF INCOME 1954

	£
INCOME:	
From Group Companies:	
Dividends	171,354,843
Supplementary Amounts	29,869,664
Other Income, principally interest on marketable securities	2,603,228
	203,827,735
EXPENSES:	
Administrative and General Expenses	3,761,997
Interest on Debentures	—
Losses on and Adjustment to market values of marketable securities	267,842
Miscellaneous	458,061
	4,487,900
Income for the year	199,339,835
Less: Directors' and Managing Directors' share in Profit in virtue of article 36, under 5, of the Articles of Association, if the proposed distribution of profit is accepted	4,102,162
To be transferred to Statement of Earned Surplus	195,237,673

STATEMENT OF EARNED SURPLUS 1954

	£
Balance, beginning of year	191,401,265
Add:	
Transferred from Statement of Income	195,237,673
	386,638,938
Deduct:	
Distributions in respect of preceding financial year:	
Cash Dividends:	
Preference Shares	60,000
Ordinary Shares	162,182,080
Less: Cash Dividends prior years forfeited by Shareholders	(402,856)
	161,839,224
Balance, end of year	224,799,714
Proposed distributions in respect of the financial year 1954:	
Preference Shares 4%	60,000
Ordinary Shares 16%	194,618,496
	194,678,496

The Hague, April, 1955.

The Board of Directors:

J. B. AUG. KESSLER, *Chairman*. W. H. VAN LEEUWEN
J. KLOPPER, E. J. IJZERMAN, W. H. DE MONCHY, C. J. COLLOT D'ESCURY, F. O. DEN HOLLANDER, J. LUYTEN
A. S. OPPENHEIM, M. P. L. STEENBERGHE, B. TH. W. VAN HASSELT.

The Managing Directors:

J. H. LOUDON, *General Managing Director*.
H. BLOEMGARTEN
F. A. C. GUEPIN
L. SCHEPERS

PRINCIPAL POINTS OF INTEREST IN THE ANNUAL REPORT FOR 1954

The income of Royal Dutch Petroleum Company for 1954 of fls. 199,339,835 (as against fls. 165,050,109 for 1953) allows the payment of a dividend of 4 per cent. on the cumulative preference share capital of fls. 1,500,000 and of 16 per cent. on the ordinary share capital of fls. 1,216,365,600 outstanding on 31st December, 1954; this includes 6 per cent. already made payable as interim dividend in January, 1955.

The Royal Dutch/Shell Group of Companies maintained its leading position in the world markets and sales of "Shell" products world wide increased during 1954.

Production of crude oil and natural gasoline, including quantities received under special supply contracts, amounted to over 640 million barrels during 1954, as against some 610 million barrels in 1953.

The Group processed in its refineries a total of some 670 million barrels of crude oil, equivalent to a daily average of more than 1.8 million barrels, or nearly 9 per cent. more than in 1953.

The total owned and chartered tonnage of vessels of 2,000 dwt. and over operated by Group Companies amounted to about 7.1 million tons, about one-third of which were owned and the balance chartered. Eleven 18,000 ton and three 15,000 ton tankers were delivered by the builders during the course of 1954.

As on previous occasions, the Annual Report of Royal Dutch Petroleum Company will include financial statements of the Royal Dutch/Shell Group of Companies.

The Net income of the Group for 1954 amounted to £134 million (£130 million in 1953).

Sales proceeds and other income totalled £1,850 million (£1,700 million in 1953).

Capital expenditures for 1954 were £226 million, a continuation of the high rate of capital investment necessary to meet the expansion of the Group's business. During the past four years capital expenditures have aggregated £800 million. In addition, during 1954, a further £19 million was invested in companies in which the Group interest is 50 per cent. or less.

Cash and securities amounted to £346 million at the end of 1954, compared with £315 million in the previous year. Liabilities for tax payments also increased, from £115 million in 1953 to £129 million in 1954.

Sales taxes, excise duties and similar levies collected and paid by the Group to Governments totalled £406 million, an increase of £58 million over 1953.

From the Net Income of £134 million, dividends have been declared in respect of the year 1954 to the parent companies, viz. Royal Dutch Petroleum Company and The "Shell" Transport & Trading Company, Limited, of £26.8 million (for 1953 £22.2 million). The balance has been retained in the business.

Copies of the full report and accounts can be obtained free of charge from N. M. Rothschild & Sons, New Court, St. Swithin's Lane, London, E.C.4.

LONDON AND MANCHESTER ASSURANCE COMPANY, LIMITED

LORD GRANTCHESTER'S SPEECH

The eighty-sixth annual meeting of the London and Manchester Assurance Company, Limited, was held on May 11, 1955, at the chief office, Finsbury Square, London, E.C.2. The chairman, Lord Grantchester, OBE, presiding, said:

DIRECTORS' REPORT AND ACCOUNTS

The accounts for the period March 25, 1954, to December 31, 1954, and the directors' report, have been before you for some weeks and I assume that you would wish me to take them as read.

Before I comment on the accounts perhaps I should refer to the fact that, as I indicated last year, the necessary resolution to subdivide the shares has been placed on the agenda of this meeting. A desire for this sub-division has been widely expressed by shareholders and by making the shares more readily marketable the number of potential investors may well be increased. We also intend to follow the modern practice of dispensing with the distinctive numbering of shares.

I should mention one other matter arising out of the directors' report. The change of the date for the end of the company's year to December 31st created a small problem in relation to the transfers to the pension fund. In order to avoid complications and any possible small unfairness to any member of the staff it was decided to leave the pension fund year unaltered. Your directors have consequently agreed to make an allocation for the period from January 1st to March 24th immediately after the annual general meeting in each year on account of the transfer for the year then current. The present accounts, of course, include only a proportionate amount appropriate to the period under review.

The accounts record continued progress and the increase in the funds of over £2 million during this period of approximately nine months is only a little less than the increase during the preceding full year.

There is an increase in premium income in all branches. We should like to express our grateful thanks to the directors, management and staff of the County Fire Office for the willing assistance they have given our staff in the complicated problems of fire and accident business.

I am glad to be able to report that mortality continues to be favourable and expenses steady.

FUNDS

It may be useful if I say a few words about our funds which are sometimes the subject of unenlightened comment even by some who ought to know better.

£52 million sounds a large sum of money if it is not related to the liabilities of the company. If we have large funds we have also large liabilities and obligations to our policy holders. The assets which are behind the funds cannot be made subject to outside control without detriment to the policy holders. It is upon this time honoured principle of providing for liabilities that confidence has been built. We sell a promise to pay at a future date or upon an event in the future the date of which is uncertain. If there were not absolute confidence that we should neither fail to meet our obligations nor prevaricate we should soon cease to exist as a company.

It is of the utmost importance to the millions of citizens who are policy holders in insurance companies to understand what is involved in any proposal to take over or even to interfere on any pretext with the assets or with the investment of the funds which are held for the due payment of the claims as they arise on their death or on the maturity of their policies.

INVESTMENTS AND BONUSES

The present accounts show a reduction of nearly £4 million in Government and Government guaranteed securities and increases of £1 million in loans on rates, £3 million in debentures and preference shares and £1½ million in equities, our holding of which at the date of these accounts totalled approximately £9 million.

It is satisfactory to record that the balance sheet values of the Stock Exchange securities as at December 31st last were in total less than their market value without recourse to the invesments reserve fund.

The increase in the gross rate of interest earned from £4 14s. 3d. per cent per annum to £4 17s. 4d. per cent per annum in the industrial branch and from £4 13s. 11d. per cent per annum to £4 16s. 10d. per cent per annum in the ordinary branch is one of the results of the redistribution of the assets from which the full benefit had not been reaped at the date to which these accounts were made up.

The increases in bonuses recommended this year will, I am sure, be welcome to all. They are pointers of good omen and a recommendation for saving through our policies. The bonus additions are one of the advantages that make the particular method of saving which we offer through our policies specially attractive.

It is surprising that discrimination against dividends is continued and to hear renewed the advocacy in some circles of equity dividend limitation by government action. Nothing could be more detrimental to bonus prospects. Increased equity dividends should be one of the normal results of the expansion of an industry quite apart from any leeway which has to be made up on adjustment to current replacement costs. The very continuance of a business is ultimately threatened if it cannot earn an adequate return on the capital necessary to provide replacement at current values. All those who work in industry and who invest their savings in policies, which either by contract or custom share in profits, benefit from any higher equity dividends we receive.

It is particularly important to all policy holders that the purchasing value of money should not be further reduced. The continuing high level of Government expenditure at nearly £5,000 million per annum, which is a main source of inflationary pressure, is therefore a matter which calls for new and rigorous examination.

It is sometimes said that insurance companies in their cautious investment policy do not contribute sufficiently to industrial expansion. It may interest you to know that during the period under review your company has found no less than £1½ million for investment in new issues, with an additional amount for new houses erected and purchased under our house-purchase scheme.

DIVIDEND

We directors recommend a dividend which, related as it is to a period of approximately three-quarters of a year—shows an increase in the annual rate.

In the current year your directors propose to institute the practice of paying an interim dividend on November 30th in each year, a step which I know shareholders will welcome.

SAVING FOR RETIREMENT

We are living in a rapidly changing world. In many countries men are trying to catch up in the short space of a generation with one thousand years of material progress which has largely passed them by and to which they have contributed very little. But the pace of change—though less perceptible to us in our country which has led in many fields—is also very great. I am only going to mention one aspect—one with which we are vitally concerned: as a result of medical discoveries people are living longer. The elderly population in this country today is seven million. There is one elderly person to every four active persons, and soon there will be one elderly person to every three working, whereas a few years ago the ratio was one elderly person to every ten working. It is more than we can expect that every three active men and women will be able to carry the burden of one elderly person, and ensure for that person, adequate comfort. The alternative is that everyone while he or she is still active should put aside something for old age. After all, it is easier to make a little sacrifice in those days when just to be young brings so much pleasure than to go without that extra comfort which is needed in later years.

The level of wages today has risen to a new peak. Now is the time to take out a new or larger policy and so make sure of that extra comfort, peace of mind and independence in retirement, and it should be a matter of pride to do so. In this matter, every member of the staff of the company has a duty to perform to put this story over. We must engage in a campaign of more imaginative selling in which I appeal to everyone connected with the company to take part.

STAFF

May I say how glad I am to find that members of the staff are taking a greater interest in the reports of these annual general meetings. I have used these occasions not only to pay a tribute to all the staff who by their efforts have contributed to the results before you but to try to send them a helpful message. I think this is particularly appropriate because here anything I say is reinforced with the added authority of you, ladies and gentlemen, who collectively constitute the company, which the management, whether at the top or in the smallest agency, alike, are proud to serve. This year I want to emphasise that responsibility for management runs right through the company. Every member of the staff of this company has something to manage and good management can only be achieved in practice if this responsibility is recognised and accepted.

A general increase in basic salaries was recently granted after negotiation with the staff union. It is now the turn of every member of the staff to respond by making a special effort to expand the company's business. They will, I am sure, also derive intense satisfaction from the realisation that when calling in so many homes they carry a message which, if heeded, particularly if they are bold enough to press for larger policies, will go far to remove anxiety for the family when retirement is due or should death overtake the breadwinner in his working years. There is a vast field for increase open today in all branches and I am sure you will join with us in wishing our staff every success in their efforts. With the willing co-operation of all we confidently hope to be able to put before you next year an even more satisfactory report.

The report and accounts were adopted.

THE SCOTTISH UNION AND NATIONAL INSURANCE COMPANY

RECORD LIFE FIGURES

INCREASED BUSINESS IN ACCIDENT AND MARINE DEPARTMENTS

SATISFACTORY INVESTMENT POSITION

MR CHARLES F. J. YOUNGER'S REVIEW

The one hundred and thirtieth annual general meeting of the company was held at Edinburgh on May 11th.

The following is an extract from the statement made by the chairman, Mr Charles F. J. Younger, DSO, TD, circulated with the report and accounts for the year 1954:

The directors have in mind that, at some future date, it may be desirable to obtain a new and up-to-date Act of Parliament and at the same time to revise the company's capital structure. With this in view the position of the company's published reserves has been reviewed, and after giving effect to various amendments, including the adjustment of the additional provision in the fire fund and the elimination of the contingencies reserve, the general reserve of the parent company is now £3,200,000 and the group general reserve is £4,750,000.

The new life business completed after deduction of reassurances was more than £6 million for the first time in the history of the company, while the life and annuity fund increased by approximately £1,750,000 and is now almost £20 million. The pension side of the business continues to expand successfully, but despite the importance of this development the principal objective in the life department remains to increase steadily the number and amount of ordinary individual life assurance contracts sold to the general public through our valued agency connections throughout the country. The increase in the rate of the interim bonus payable on with-profits policies to 36s. per cent indicates that, in the absence of any exceptional circumstances, this type of policy should appeal to those who wish both an assurance and an investment.

The premium income in the fire department for the year 1954 exceeded £5 million, a reduction of fully £438,000 compared with 1953, mainly due to the decision to discontinue the underwriting of certain unprofitable risks. The claims experience was not so favourable as it was in 1953 by reason of the three serious hurricanes which took place last year in the Eastern States of the USA.

The premium income in the accident and general account increased to £1,811,431 and the sum of £79,527 has been transferred to the profit and loss account. Although the home motor account cannot yet be considered satisfactory, the motor account as a whole produced a profit.

In the marine department a small increase took place in the premium income, and a gratifying decrease in claims settled resulted in an increased transfer to the profit and loss account.

The past year has been satisfactory in relation to the company's investments and their values showed a substantial appreciation over book values. The net rate of interest earned after deduction of income tax on the life and annuity fund increased from £3 15s. 6d. per cent to £4 0s. 1d. per cent. During 1954 we have invested more largely in industrial securities. We have also extended our lending business and begun a house purchase scheme in conjunction with endowment assurance.

The directors felt that at the present time it would not be appropriate to suggest any further increase in the dividend, and recommended that a dividend of 8s. on the "A" shares and 30s. on the "B" shares be confirmed.

The chairman paid tribute to all the officials and members of the staff at home and overseas who have given whole-hearted service to the company during the past year and to all members of local boards and agents at home and abroad who have continued to give the company their valuable support.

The report and accounts were adopted.

THE RHEOSTATIC COMPANY

INCREASED TURNOVER

The eighteenth annual general meeting of this company was held on May 6th at Slough, Mr M. J. Gartside, BSc (Eng), MIEE, ACGI, ACCS (chairman and managing director), presiding.

The following is an extract from his circulated review for the year ended September 30, 1954:

The board is able to show a satisfactory advance in the progress of your company.

The turnover increased in the home and export markets and the net profit before taxation was substantially higher at £151,426; after taxation the final net profit is £67,065 compared with last year's figure of £51,152. The board recommends a final dividend of 15 per cent (less tax), which brings the total distribution to 22½ per cent compared with 20 per cent last year.

Your company has a very full order book and there is a considerable world-wide demand for Satchwell thermostats and instruments for use in domestic electric water heaters and cookers and for the control of oil and gas burners, coal stokers and central heating equipment. Subject to no unforeseen difficulties arising your board believes that the past year's results can be maintained for the current year.

Your board has decided to recommend that the authorised capital of the company be increased from £400,000 to £650,000 by the creation of additional ordinary shares, and that reserves be capitalised and applied in paying up in full bonus shares which will be distributed to ordinary stockholders in the proportion of three new shares for every five 4s. stock units held.

The report was adopted.

ALLIANCE ASSURANCE

A SATISFACTORY YEAR

The annual general meeting of the Alliance Assurance Company Limited will be held on June 1st in London.

The following are extracts from the review of the report and accounts for the year 1954, circulated by the chairman, Mr Anthony G. de Rothschild:

I am glad to be able to report that the company had a satisfactory year in 1954, the total premium income in the fire, accident and marine departments having increased from £13,485,484 to £14,301,704. This expansion in income was accompanied by a small increase in the total underwriting surplus which, after providing for unexpired liabilities, rose from £1,505,493 to £1,533,389.

Life Department: The net new sums assured completed during the year amounted to £10,077,720 as compared with £8,532,922 in the previous year. This satisfactory increase may be taken, I think, to reflect the welcome expansion which took place in the National Savings during the year.

During the year the life and annuity funds increased from £28,857,303 to £30,468,661.

Fire Department: The net premiums in this department rose from £5,875,913 to £6,214,273 and claims from £2,044,971 to £2,466,077.

The business both at home and overseas expanded satisfactorily and each section contributed to the surplus mentioned above.

Marine Department: The net premium income showed a further decline from £2,257,546 to £2,159,164.

The underwriting account for 1952 has now been closed with a balance of £305,979. Of this amount £180,384 was required to settle claims arising from previous years' accounts leaving £125,595 available for transfer to the profit and loss account.

This is in contrast to the position arising from the closing of the year 1951 when, as you know, it was necessary to transfer £74,171 from profit and loss in order to maintain the "reserve for previous years" at the figure of £425,000.

Accident Department: In this department the net premiums amounted to £5,928,267 compared with £5,352,025 and after providing for unexpired liability, the surplus amounted to £649,547.

As last year the expansion in the department's figures extended to all classes of business both at home and abroad.

Trustee Department: The total fees received during 1954 amounting to £25,040 showed an increase of £3,037 over those for the previous year.

Investment Department: The interest income for 1954 was improved by further increases in equity dividends and by the possibility of investing new money (including a larger proportion than hitherto in equities) on favourable terms. As a result the average gross income yield on the life and annuity funds (ignoring any increments on redemption) increased from £4 11s. 1d. per cent to £4 15s. 3d. per cent.

Profit and Loss Account: The profit of the group, after making provision for taxation and other outgoings, you will see amounts to £1,335,298 which is slightly more than that for the previous year which was £1,299,463.

As you are aware, the board has decided to declare a final dividend at the rate of 1s. 9d. per share.

PHŒNIX ASSURANCE COMPANY

IMPRESSIVE STRENGTH OF FINANCIAL POSITION

COLONEL THE HONOURABLE J. J. ASTOR ON HIGHLY COMPETITIVE CONDITIONS

The 173rd annual general meeting of Phœnix Assurance Company, Limited, will be held on June 1st at Phœnix House, King William Street, London, E.C.4.

The following are extracts from the statement by the chairman, Colonel The Honourable J. J. Astor, on the directors' report and statement of accounts for the year ended December 31, 1954:

Since our last annual general meeting we have been privileged to appoint to the board Field Marshal Lord Alexander of Tunis, whose services to the nation in so many varied fields are widely known. We welcome this distinguished colleague.

A further matter which I am pleased to record is the appointment during the year of our managing director, Sir Edward Ferguson, as a deputy chairman.

Two of the most troublesome problems with which we had to contend in 1954 were the abnormally heavy weight of windstorm claims in North America and the intensification of competition in all classes of business in all areas in which we operate. The former has never been greater in our long experience and in common with all companies writing insurance in the United States, we have readily met the spate of claims that descended upon us. We recognise that in these days of economic and industrial expansion throughout the world, coupled with a tendency towards more frequent catastrophes, we must be more than ever prepared for a recurrence of large aggregate losses. The importance of maintaining adequate free reserves against these elements of uncertainty has always been an essential and important principle in our company, and the strength of our reserves is impressive.

In highly competitive conditions at home and abroad, we have written a satisfactory total of premiums in the fire, accident and marine departments, and of a new business in the life department. The profits earned in the fire, accident and marine revenue accounts produced in the aggregate £1,109,000 for transfer to the profit and loss account. A record profit was earned in the accident department.

FIRE DEPARTMENT

The results of the fire department after five years, in which the transfer to profit and loss account averaged over 8 per cent of the premiums written, show a sharp decline from that satisfactory level. Twelve months ago I referred to an unprecedented sequence of windstorms in the United States and their effect upon our fire department results in that important territory, but I did not anticipate that in 1954 similar unfortunate occurrences occasioned by the elements would be of even greater magnitude and severity. The destruction caused by the hurricanes was widespread and, in common with all other insurance companies, the "Phœnix" suffered severely under policies extended to cover this peril. Up to the end of last year we had received notification of some 25,000 individual claims in the United States. Insurance losses as a whole have been estimated at $250 million, or £90 million. There is some comfort in the fact that as from the beginning of this year the premiums required for extended coverage in the States particularly affected by the first of the hurricanes were substantially increased.

However, our operations in the United Kingdom provided us again with a satisfactory ratio of profit.

ACCIDENT DEPARTMENT

The accident premiums at £18,307,000 show a moderate increase of £624,000, thus continuing the slower rate of progress evident in the figures for 1953. The advance, which is well distributed both geographically and by classes of risk, owes little, if anything, to inflationary influences and premium gains could only be accomplished in the face of strong competition. To illustrate the remarkable growth of our accident business during the last decade it may be of interest to note that five years ago the premium income was £9,669,000, and in 1944 it was only £4,058,000.

This year's account, with a welcome improvement in the loss ratio, has enabled us to produce the satisfactory profit of £673,000. Each of the three major divisions of the business—Home, United States and General Foreign—has contributed substantially to this profit.

LIFE DEPARTMENT

The past year has again shown steady progress in the life department and the new business completed amounted to £7,264,000. This achieves a record for the company for the fifth year in succession. The funds have risen by over £2 million to more than £33 million and the premium income, including that from the important pensions side of the business, has increased by more than £160,000 to a total of nearly £3,500,000. The claims experience continues to be favourable and is well within the mortality assumptions used in calculating the liabilities.

The gross rate of interest earned on the life funds over the past year was £4 17s. 7d. per cent and the corresponding net rate £3 8s. 7d. per cent. It is pleasing to report that both these rates are considerably higher than before the war, the gross rate, in fact, being the highest for the past 20 years.

At the end of 1955 the quinquennial valuation of the "Phœnix" fund will take place for the purpose of allocation of a bonus on with-profit policies.

MARINE DEPARTMENT

The marine department premium income of £2,173,000 is somewhat lower than it was in 1953, but fortunately the claims trend was favourable and indicates the selective quality of our business.

The disastrous possibilities of uncontrolled rate cutting have so far been avoided. As I said last year, "so long as these unstable conditions prevail it will be the policy of our underwriting, whilst endeavouring to preserve our portfolio as far as possible, not to look upon the maintenance of premium income as the primary feature of our programme." This will remain our policy.

After transferring the sum of £300,000 to profit and loss account, the marine fund represents 176 per cent of the premium income, which is 11 per cent greater than the previous year and is an indication of the strength of our resources.

PROFIT AND LOSS ACCOUNT

The profit and loss account shows that the aggregate profit transferred from the revenue accounts amounted to over £1,171,000. To that has to be added the substantial income earned on interest, dividends and rents, £919,000—an increase of £71,000 in the year, a very pleasing achievement to report.

The last increase in our dividend was two years ago and, having carefully reviewed all considerations, your directors are pleased to recommend that the dividend payable in 1955 should be increased by 3s. to 20s. per share. This will call for an amount of £577,875 net of tax and will leave a balance to carry forward of £2,534,697, an increase of £385,07[illegible] over the amount carried forward last year.

In the consolidated balance sheet you will observe that the total assets of the company now amount to £83,389,000.

I would like to express my appreciation of the valuable assistance I have received during the year from all members of the board and particularly from the managing director, also from the manager, the other members of the executive, the directors of our associated companies, and the members of our local boards.

Also I commend to you the work of the branch managers, inspectors, staffs and agents, at home and overseas.

ELLIOTT BROTHERS (LONDON) LIMITED

EXPANSION OF ACTIVITIES

The thirty-eighth annual general meeting of Elliott Brothers (London) Limited will be held on June 2nd in London.

The following is an extract from the statement by the chairman, Mr R. E. F. C. Trafford, OBE, for 1954:

The consolidated profit before taxation has risen from £142,802 in 1953 to £222,878 in 1954, due in part to growth of our various activities and in part to a continued improvement in manufacturing methods

The company's process control section has benefited substantially from the acquisition of assets and goodwill of Bristol's Instrument Company Limited, whose instruments added to our own range enable us to offer a unique service in automation.

We have recently formed a new division to deal with nucleonic instrumentation. Your company has been entrusted with important projects for Government departments. Working in close collaboration with Bendix Aviation Corporation, your company has established a position as a prominent manufacturer of aviation instruments.

Your directors propose the payment of a final ordinary dividend of 12 per cent which, together with the interim dividend represents an effective rate of 16⅔ per cent on our present capital.

In view of our present programme for buildings and plant and equipment and the continued increase in work-in-progress, the board have been giving consideration to the question of raising additional share capital. No decisions have yet been made, but I hope to have something to say on this subject at the annual general meeting on June 2nd next.

As far as the current year is concerned, business is good and the state of our order book remains high. Your board is hopeful that our profits will show some further improvement.

ST. HELENA GOLD MINES, LIMITED

SUBSTANTIALLY INCREASED WORKING PROFIT

SATISFACTORY DEVELOPMENT RESULTS

MR J. S. WALKER'S ADDRESS

Mr J. S. Walker, the chairman of the company, in addressing members at the annual general meeting held at Johannesburg on April 28, 1955, referred with deep regret to the death on November 5, 1954, of Mr P. M. Anderson, who had been chairman of the company since its inception.

He stated that the tonnage milled in 1954 was 1,041,000 tons, representing an increase of 242,000 tons as compared with 1953. The yield at 4.52 dwt per ton showed an improvement of 0.46 dwt so that notwithstanding the disappearance of the premium on gold sold for industrial and artistic purposes the revenue per ton milled increased by 5s. 5d. While there were increases in European and native earnings and railage rates and in the cost of stores and electric power, working costs fell from 42s. 9d. per ton milled to 41s. 10d. mainly due to development charges and overhead expenses being spread over the greater tonnage.

The improvement in tonnage milled and yield, together with the fall in working costs, lead to a substantial increase in the working profit which totalled £757,917 as compared with £330,348 for 1953. The net profit was £686,911.

As the remaining capital funds became absorbed during the year £103,173 was appropriated for capital expenditure which totalled £391,976; £40,000 was transferred to loan redemption reserve and the carry forward was £648,902 as compared with £105,164 for the year before.

DEVELOPMENT

The total development footage driven was 48,295 feet, and of the 21,085 feet on Basal Reef and sampled 12,990 feet, or 62 per cent, proved payable, averaging 13.0 dwt over 31 inches, equivalent to 402 inch-dwt. Although there was a decrease in the footage sampled the percentage payability and the value showed satisfactory improvements over the 1953 figures, due partly to continuing good development results in the northern portion of the mine.

The ore reserve increased by 750,000 tons to 2,750,000 tons. The value was 0.6 dwt higher at 5.9 dwt and the estimated stoping width increased from 51 to 55 inches.

During the first quarter of 1955 working results continued to improve steadily. The ore milled totalled 308,000 tons and the working profit was £329,578. Development footage totalled 13,563 feet, of which 4,755 feet were on Basal Reef and sampled, disclosing 2,810 feet or 59 per cent payable, averaging 12.3 dwt over 34 inches, equivalent to 417 inch-dwt.

DIAMOND DRILLING PROGRAMME

The diamond drilling programme mentioned at the previous annual meeting was completed during 1954. Following this the site of the new vertical circular shaft, No. 2 Shaft, which was required to serve the north-eastern portion of the property, had been selected. The collar and the foundations for the hoisting equipment needed for sinking had been completed. Good progress was being made with the erection of the necessary buildings and headgear and it was expected that sinking would start about the middle of this year. The shaft should intersect the Basal Reef Horizon at a depth of about 4,000 feet and it was intended to carry it down to a final depth of about 5,500 feet.

In view of the satisfactory development results the capacity of the reduction plant was being increased by a further 25,000 tons per month to over 125,000 tons per month and it was anticipated that the extension should be completed by the end of the current year. After No. 2 Shaft had been completed it was proposed to increase the reduction plant by a further 25,000 tons per month to over 150,000 tons per month.

CAPITAL EXPENDITURE

The cost of the new shaft and the extensions to the reduction plant were to be financed out of profits which the mine should be able comfortably to provide over the period. This programme would involve an expenditure of about £4½ million and it was anticipated that about one-third of the amount would be expended in 1955, the balance being spread much more lightly over the following four or five years.

The chairman added that in opening up the first mine in a new field the problems the company had had to overcome were many and difficult. In addition, in the early years, there were a number of setbacks and disappointments. But the progress made in the past two years and the steady expansion of the scale of operations had been most encouraging and he was sure that members could look forward with confidence to the future of the mine.

In seconding the motion for the adoption of the reports and accounts, Mr H. A. Tothill asked the chairman to indicate how far the underground workings were from the common boundary with Western Holdings, Limited, and what values were being encountered in the northern area of the mine. He also enquired whether it would be possible to declare a small dividend towards the end of the current year.

In reply, the chairman stated that the nearest workings were at present about 2,000 feet from the Western Holdings boundary. The values in the northern area up to March last could best be indicated by the fact that since the inception of development payability had averaged 65 per cent and the average payable value 463 inch-dwt. in that area compared with 49 per cent and 343 inch-dwt. for the whole of the mine since development started.

In regard to the question of a dividend, the chairman stated that as indicated in his address, very heavy expenditure would be incurred during 1955 but that this would be much lighter in the following years. The board was keenly aware of the desirability of declaring a maiden dividend as soon as possible and would do so as soon as circumstances permitted.

The motion for the adoption of the reports and accounts, which was proposed by the chairman and seconded by Mr H. A. Tothill was carried unanimously. The retiring directors, Messrs P. H. Anderson, J. Boyd, I. T. Greig and P. S. Hammond, were re-elected.

GEDULD PROPRIETARY MINES, LIMITED

MR M. W. RICHARDS'S STATEMENT

Mr M. W. Richards, the chairman of the company, in addressing members at the annual general meeting held at Johannesburg on April 28, 1955, referred with deep regret to the death, on November 5, 1954, of Mr P. M. Anderson, who had been chairman of the company for 33 years.

He stated that although there was a small improvement in the supply of native labour during the year 1954, particularly during the latter half, the shortage of underground European personnel prevented the mine from benefiting fully from this and the tonnage milled declined slightly to 1,122,000 tons. The yield increased slightly to 3.27 dwt per ton milled so that in spite of the disappearance during the year of the premium on sales of gold sold for industrial and artistic purposes, there was an increase of 7d. per ton in working revenue, which was £25,998 higher at £2,290,226.

Working costs rose by a 1d. to 33s. 11d. per ton milled and totalled £1,903,837 so that the working profit was £386,389, or £24,499 more than in 1953.

After providing £128,705 for taxation and taking into account the other items detailed in the profit and loss account, the net profit from mining operations was £273,945. Income from investments increased by £38,752 to £661,036 and the total profit was £935,167.

Two dividends totalling 12s. 3d. per share, being an increase of 9d. per share, were declared, absorbing £894,775. Capital expenditure amounted to £1,562 and the balance carried forward was £366,853.

MINING OPERATIONS

Development footage driven on Black Reef was 12,078 feet, and of the 9,615 feet on reef and sampled, 1,250 feet, or 13 per cent, proved payable, with an average value of 3.7 dwt over 66 inches, equivalent to 242 inch-dwt. On the Kimberley Reef, 1,533 feet were driven, and 1,220 feet were on reef and sampled, disclosing 180 feet, or 15 per cent payable, averaging 204 inch-dwt.

The ore reserve showed a decrease of 500,000 tons to 2 million tons, the value being 0.1 dwt higher at 3.5 dwt, and the estimated stoping width being unchanged at 53 inches.

It had now become possible to commence the extraction of some safety pillars which contained ore of comparatively high grade. In recent months the mining of some of this higher grade ore had led to a further improvement in the yield and working profits. The chairman added, however, that he could not give any assurance that this increased yield and rate of profit would be maintained.

THE CURRENT YEAR

During the first quarter of 1955 the ore milled was 295,000 tons and the working profit was £136,315. Development work on Black Reef totalled 2,292 feet, of which 1,660 feet were on reef and sampled, disclosing 300 feet, or 18 per cent payable, averaging 6.6 dwt over 45 inches, equivalent to 298 inch-dwt. On the Kimberley Reef development work totalled 1,445 feet, of which 1,050 feet were on reef and sampled, disclosing 200 feet, or 19 per cent payable, averaging 7.7 dwt over 19 inches, equivalent to 146 inch-dwt.

A member asked whether it was possible for the chairman to give an estimate of the life of the company's mine. He also enquired as to the prospects on the Black and Kimberley Reefs in view of the low payability being obtained and as to the company's prospects of

becoming a uranium producer. In reply, the chairman stated that it was impossible to estimate accurately the life of the company's mine, but that, notwithstanding the present low payability on the Black and Kimberley Reefs, it was hoped that ore, in addition to that available from the ore reserves, would be obtained from various sources. He stated that there seemed to be no chance of uranium developments on the property.

The reports and accounts were adopted. The appointment of Mr E. J. Read to the board of directors was confirmed, and the retiring directors, Messrs C. B. Anderson and C. Davies, were re-elected.

THE GROOTVLEI PROPRIETARY MINES, LIMITED

SATISFACTORY ORE RESERVE POSITION

Mr T. P. Stratten, the chairman of the company, in addressing members at the annual general meeting held at Johannesburg on April 28, 1955, referred with deep regret to the death on November 5, 1954, of Mr P. M. Anderson, who had been chairman of the company since 1932.

He stated that, due to a shortage of underground European personnel, the ore milled at 2,185,000 tons showed a slight decrease as compared with 1953. Although the yield was fractionally higher at 4.27 dwt per ton, the disappearance of the premium on gold sold for artistic and industrial purposes resulted in a fall in working revenue of 3d. per ton milled. Working costs increased by 1s. to 29s. 2d. per ton milled, mainly due to an increase in European and native earnings and the higher cost of stores. As a result of the lower revenue and the higher working costs, the working profit decreased by 1s. 3d. per ton milled and totalled £2,632,721, being £155,789 less than for the previous year.

Provision for taxation amounted to £1,372,311 and the net profit was £1,274,287. Two dividends totalling 2s. 1d. per unit of stock, being 2d. less than in 1953, were declared, absorbing £1,191,544. Capital expenditure amounted to £42,555 and the carry forward was £646,391.

In view of the satisfactory ore reserve position development work was further curtailed so that the footage driven on Main Reef at 27,149 feet was 14,042 feet less than for the previous year. 19,485 feet were on Reef and sampled, disclosing 8,060 feet or 41 per cent payable, averaging 14.9 dwt over 13 inches, equivalent to 194 inch-dwt.

By arrangement with Daggafontein Mines, Limited, that company was advancing two headings on the Kimberley Reef Horizon into the company's property for exploration purposes By the end of the year one of these headings had crossed the southern boundary and of the 198 feet driven within the company's area 45 feet were on Kimberley Reef and sampled. All of this proved payable averaging 64.3 dwt over 4 inches, equivalent to 257 inch-dwt. The recalculated ore reserve remained unchanged at 16 million tons averaging 4.6 dwt over an estimated stoping width of 47.5 inches.

CURRENT YEAR'S OPERATIONS

During the first quarter of 1955 the ore milled was 555,000 tons and the working profit £676,421. 6,310 feet were driven on Main Reef of which 5,010 feet were on reef and sampled, disclosing 2,335 feet or 47 per cent payable, averaging 14.0 dwt over 16 inches, equivalent to 224 inch-dwt. On the Kimberley Reef Horizon 263 feet were driven from the heading mentioned previously and of the 160 feet on reef and sampled 150 feet or 94 per cent was payable averaging 72.2 dwt over 5 inches, equivalent to 361 inch-dwt. The chairman added, however, that development work on this reef to date was far too limited to enable any conclusions to be drawn as to its potential value.

A member who complimented the general manager on the services rendered by him commented that it was disturbing that the dividends paid by the company, which had the largest ore reserve in the world, had decreased. The same member wondered whether it was possible for a director who had no connection with the mining houses and was more representative of the smaller shareholders to be appointed to the board. The chairman replied that the election of directors is in the hands of members.

Another asked where the second heading from the Daggafontein Mines, Limited property, referred to in the chairman's address, was situated. The chairman stated that it was approximately 4,000 feet west of the heading shown on the plan of the underground workings circulated to members with the annual report.

In reply to a further question from the same member, the chairman stated that some years ago approximately a dozen boreholes had been sunk across the southern portion of the company's property in an east to west direction. Results had, however, been disappointing, the highest value being approximately 100 inch-dwt.

The motion for the adoption of the reports and accounts, which was proposed by the chairman and seconded by Mr J. H. Crosby, was carried unanimously. The appointment to the board of Mr J. S. Walker was confirmed and the retiring directors, Messrs J. H. Crosby and M. W. Richards, were re-elected

HUDSON'S BAY COMPANY

ANOTHER GOOD YEAR

The 286th annual general court of the Governor and Company of Adventurers trading into Hudson's Bay was held on May 6th in London, Mr W. J. Keswick, Governor, presiding.

The following are extracts from his circulated statement:

The year 1954 was another good year. Consolidated earnings before taxes were £302,121 higher than last year. In the last two months of the financial year there was a sharp increase in retail sales and a sudden strengthening of the fur market, which together resulted in much of this improvement in earnings.

Taxes were lower, due to the ending of the United Kingdom excess profits levy, and net earnings after taxes were £1,723,963 compared with £1,320,842 a year ago. A total dividend from trading of 15 per cent (3s. per share gross or 1s. 7½d. per share after deducting United Kingdom income tax) is proposed. A total distribution for the year of 2½ per cent or 6d. per share is also proposed from the land account.

Sales in the stores were again a record. As economic conditions were not as good as in 1953 for every store, the maintenance of the ratio of net profit to sales is a cause for satisfaction.

The record quantity of ranch mink, consigned recently for auction to the company's fur sales units in New York and Montreal, and the sharp upsurge in demand in ranch mink, account, for the large increase in consignment sales and in profits.

The report and accounts were adopted.

DOMINION STEEL AND COAL

MR L. A. FORSYTH'S SPEECH

The annual general meeting of the Dominion Steel and Coal Corporation, Limited, was held on May 6th at Montreal.

Mr L. A. Forsyth, the president, said: The net earnings for the year ended December 31, 1954, after provision for estimated taxes, and depreciation of $5,259,735—higher by $5,717 than the provision for the previous year—amount to $3,322,006 less than the net results for 1953 by $545,708. Measured in terms of earnings per share the net for 1954, at $1.60 represents a decrease of 26 cents or about 14 per cent from last year's figure of $1.86 per share.

Gross operating profits made during the year 1954, at $12,522,510 (including $233,909 derived from the sale of fixed assets and investments and $249,675 of miscellaneous income) fall short of the comparable figure for 1953 by $1,393,120 or slightly more than 10 per cent.

Regular quarterly dividends at the rate of 25 cents per share on the outstanding ordinary shares of the Corporation were declared during 1954, in a total amount of $2,079,666. Since the close of 1954 one quarterly dividend of 25 cents per share has been declared and paid.

At the Sydney steel plant production of steel ingots for 1954 was lower by 27.6 per cent than in 1953, while steel production from the electric furnaces in the Montreal plant was reduced by 11.1 per cent.

CURRENT OUTLOOK

The course of events as reflected in the affairs of this Corporation during the twelve months of 1954 fulfilled my forecast. The softening of the domestic order position which became apparent in early 1954 showed little improvement throughout the year.

Competition from abroad, stimulated by lower wage scales and depreciated currency, to mention only those patent handicaps, continued to be a feature of the commercial scene in domestic and export markets as well. Notwithstanding strenuous effort to promote and secure business at home and abroad we found ourselves unable to correct a trend which has resulted in serious unemployment conditions at some locations.

Planned purchasing could, I am satisfied, be adopted; and, if adopted, would level out those hills and valleys in the curves of employment, production and expenditure which make it difficult for the industry to achieve satisfactory results in costs and service.

While one must view with scant optimism the prospects for this important branch of our activities to which I have just referred, there is a decided upswing in demand for many steel products which justifies a more optimistic outlook.

It is also encouraging to report that in most, if not all of our operations, a noticeable improvement in efficiency has occurred. I feel also that the tax relief accorded by the Budget recently brought down, moderate though it is, will aid Canadian industry both in domestic and foreign markets. The year 1954 has been, in some respects, a momentous year for Dosco; and it is my hope and my belief that certain of our sales achievements during that year will be favourably reflected in the financial statements, perhaps of this year, but certainly of the next.

The report was adopted.

MARIEVALE CONSOLIDATED MINES, LIMITED

IMPROVED RESULTS

Mr C. B. Anderson, chairman of the company, in addressing members at the annual general meeting held at Johannesburg on April 29, 1955, referred with deep regret to the death, on November 5, 1954, of Mr. P. M. Anderson, who had been chairman of the company since its inception.

He stated that, due mainly to an improvement in the supply of native labour, the tonnage milled increased by 51,000 to the record figure of 800,000 tons. The yield also improved slightly to 5.10 dwt, so that the output was 20,685 ounces higher at 203,894 ounces fine. Although the premium on gold sold for artistic and industrial purposes disappeared during the year, the greater output led to an increase of £243,760 in the working revenue, which amounted to £2,544,534. Working costs rose by £137,723 or 11d. per ton milled to £1,614,310, so that the working profit was £930,224, an increase of £106,037 over the previous year.

After providing £436,197 for taxation and taking into account the other items shown in the profit and loss account, the net profit was £487,148 or £36,623 more than in 1953. Two dividends totalling 2s. per share, or 3d. per share more than in the previous year, were declared and absorbed £450,000. After allowing £13,815 for capital expenditure the balance unappropriated was £488,763.

MINING OPERATIONS

Development footage totalled 38,295 feet. Of the 17,628 feet on the Main Reef Horizon 11,875 feet were on reef and sampling disclosed 6,675 feet or 56 per cent payable averaging 19.8 dwt over 14 inches. 20,667 feet were driven on the Kimberley Reef Horizon and of the 12,155 feet on reef and sampled 2,840 feet or 23 per cent was payable averaging 11.8 dwt over 21 inches. In order to explore the Kimberley Reef Horizon in the Draaikraal section No. 3 Incline Shaft had been re-commissioned and a considerable amount of work had been done, but no values of any consequence had so far been exposed.

The recalculated ore reserve increased by 400,000 tons to 4 million tons, averaging 5.5 dwt over an estimated stoping width of 47 inches, the value and stoping width being unchanged.

During the first quarter of 1955, the ore milled was 212,000 tons, and the working profit £261,601. Footage driven on the Main Reef was 4,126 feet, of which 2,560 feet were sampled, disclosing 1,190 feet, or 46 per cent payable, averaging 17.5 dwt over 14 inches. On the Kimberley Reef, 5,735 feet were driven, and of the 4,445 feet sampled, 1,080 feet, or 24 per cent, was payable, averaging 13.9 dwt over 15 inches.

KIMBERLEY REEF

A member enquired whether any development was being done in the No. 7 Shaft area, and if so whether any values were being obtained on the Kimberley Reef. He also asked what the company's prospects of becoming a uranium producer were.

In reply, the chairman stated that No. 7 Shaft, which was in the Draaikraal section of the company's property, had been sunk many years ago. Work in this area was now carried out from No. 3 Shaft, which was fully equipped and values obtained on Kimberley Reef had been disappointing. There was no immediate prospect of the company becoming a uranium producer.

The motion for the adoption of the reports and accounts which was proposed by the chairman and seconded by Mr W. H. Wickens was carried unanimously. The appointment to the board of Messrs P. S. Hammond and E. M. T. Matthews was confirmed, and the retiring directors, Messrs P. H. Anderson, P. S. Hammond and T. P. Stratten, were re-elected.

EAST GEDULD MINES, LIMITED

INCREASED TONNAGE MILLED

Mr T. P. Stratten, chairman of the company, in addressing members at the annual general meeting held at Johannesburg on April 28, 1955, referred with deep regret to the death, on November 5, 1954, of Mr P. M. Anderson, who had been chairman of the company since its inception.

He stated that due to an improvement in the native labour supply, particularly in the second half of the year, the tonnage milled in 1954 increased by 53,000 tons to 1,663,000 tons, compared with the previous year. The yield per ton milled was slightly higher at 6.15 dwt so that the output of gold increased by about 5 per cent to 511,389 ounces fine. Despite the disappearance of the premium on gold sold for artistic and industrial purposes the greater output resulted in an increase of £286,806 in the working revenue which amounted to £6,380,784. At the same time increases in the costs of labour, stores and power led to a rise of 1s. 6d. per ton milled in working costs, which totalled £2,610,951. The working profit was therefore £3,769,833, which is £85,609 higher than in 1953.

Provision for taxation amounted to £2,065,958 and after taking into account income from investments amounting to £57,874 and the other items detailed in the profit and loss account, the net profit was £1,771,529 compared with £1,760,031 for the previous year. Capital expenditure was considerably lower than in 1953 and totalled £26,463. Dividends totalling 3s. 9d. per unit of stock, being 3d. higher, were declared and absorbed £1,687,500. The balance carried forward was £608,645.

DEVELOPMENT

All the development work accomplished was on the Main Reef Horizon and the footage driven at 9,626 feet was 1,327 feet more than in 1953. 6,510 feet were on Reef and sampled of which 4,275 feet, or 66 per cent, proved payable, with an average value of 15.9 dwt over 26 inches. Whilst the percentage payability was lower, the average value was appreciably higher than in the previous year.

The ore reserve decreased by 500,000 tons to 11 million tons, the value and estimated stoping width remaining unchanged at 5.7 dwt and 51 inches respectively.

During the first quarter of 1955 the tonnage milled was 436,000 tons and the working profit was £1,011,636. Development on Main Reef totalled 2,929 feet, of which 2,245 feet were sampled, disclosing 1,765 feet or 79 per cent payable, averaging 13.4 dwt over 27 inches.

Mr Stratten recorded with regret the death of Dr H. R. Raikes, who had been appointed a director on January 1, 1954.

The reports and accounts were adopted, the appointment of Mr E. J. Read to the board was confirmed, and the retiring directors, Messrs C. B. Anderson and M. W. Richards, were re-elected.

VANDYK CONSOLIDATED MINES, LIMITED

POLICY OF MORE SELECTIVE MINING CONTINUED

Mr C. B. Anderson, the chairman of the company, in addressing members at the annual general meeting held in Johannesburg on April 29, 1955, referred to the great loss the company had suffered in the death, on November 5, 1954, of Mr P. M. Anderson, who had been chairman of the company for 21 years.

He stated that the tonnage milled during 1954 decreased by 82,000 tons to 940,000 tons, due to the continuation of the policy of more selective mining referred to at the last annual meeting, coupled with a shortage of European labour. Although this method resulted in a further small increase in the grade of ore milled, the lower tonnage milled resulted in a decrease in output of some 8,000 ounces. As a consequence of the lower output and the disappearance of the premium on gold sold for industrial and artistic purposes, working revenue at £2,012,809 was £115,088 less than for the previous year. Working costs totalled £1,992,630, leaving a working profit of £20,179.

After taking into account the items of revenue and expenditure detailed in the profit and loss account, the net profit amounted to £22,653. Capital expenditure absorbed £16,849, so that the balance carried forward increased slightly to £168,554.

DEVELOPMENT OPERATIONS

Although the total development footage driven at 31,826 feet reflected a substantial reduction as compared with the previous year, the total of 21,470 feet on reef and sampled was only slightly less. Of this footage, 5,825 feet, or 27 per cent, proved payable, averaging 7.2 dwt over 32 inches, equivalent to 229 inch-dwt. The development footage included 13,258 feet driven in the No. 5 shaft area, and of the 7,120 feet on reef and sampled 2,030 feet, or 29 per cent, proved payable, averaging 8.0 dwt over 31 inches, equivalent to 249 inch-dwt.

The ore reserve decreased by 200,000 tons to 1,100,000 tons, the average value and the estimated stoping width remaining unchanged at 3.7 dwt. and 42 inches respectively.

Much of the development work carried out in the No. 5 Shaft area during the year was devoted to further exploration in the vicinity of the patches of payable ore previously disclosed to the south of borehole V.S.6 and to the south of No. 5 Shaft. Further payable ore was disclosed by this work and stoping continued to be carried out on a limited scale. The higher grade ore from these stopes contributed to the small increase in the average yield and provided sufficient revenue to finance development work in the No. 5 Shaft area.

The chairman added that the future of the company's mine depended on the quantity and value of payable ore that might be found in the area served by No. 5 Shaft. Notwithstanding the disappointing results obtained so far in this area the possibility of discovering worthwhile stretches of payable ore could not be excluded. Accordingly, it was important that exploratory work in this area should continue to be carried out.

THE CURRENT YEAR

During the first quarter of 1955 the ore milled amounted to 239,000 tons and the

working profit to £4,476. Development footage totalled 7,219 feet, and of the 4,955 feet on reef and sampled 1,395 feet or 28 per cent proved payable, averaging 12.2 dwt. over 30 inches, equivalent to 367 inch-dwt. This development footage included 2,163 feet driven in the No. 5 Shaft area, of which 435 feet were on reef and sampled. 100 feet or 23 per cent proved payable, averaging 6.3 dwt. over 49 inches, equivalent to 310 inch-dwt.

In reply to a question by a member in regard to the life of the company's mine, the chairman said that this was most difficult to estimate and that, in addition to the available ore reserves, ore would become available from the large areas in the No. 5 Shaft area which had not yet been explored.

Another member suggested that in the light of the poor payability in the No. 5 Shaft area and the good values being obtained on the property of the East Rand Proprietary Mines, Limited, it might be wise to consider advancing a few drives from the area south of 34 level towards that property. The chairman replied that as results obtained in the area had not been promising and as there were certain technical difficulties, it was felt that for the present it would be more advisable for the company to continue to utilise its resources in the No. 5 Shaft area.

In reply to a further question the chairman stated that it was not possible to provide an accurate estimate of the break up value of the company's assets as this depended largely on whether there happened to be interested buyers at the appropriate time.

The reports and accounts were adopted, the appointment of Mr E. M. T. Matthews to the board was confirmed, and the retiring directors, Messrs P. H. Anderson and M. W. Richards, were re-elected.

HUMPHREYS LIMITED

(Building and Civil Engineering Contractors)

INCREASED TURNOVER AND PROFITS

The SIXTY-THIRD ANNUAL GENERAL MEETING of Humphreys Limited will be held on June 2, at Winchester House, Old Broad Street, London, E.C.2.

The following is an extract from the statement by the chairman, Mr. A. V. Bridgland, C.B.E., which has been circulated with the report and accounts:

The Accounts under review show that there has been a welcome increase in the Company's profits after tax, which have risen from £26,481 to £47,517. This increase has been brought about by the bigger turnover due to a large extent to the easing of many of the controls over building which has enabled our clients to tackle their problems in a much freer way than heretofore. Certain controls still remain and justification for a further attack upon them is clearly proved not only by our results but by the achievements of other firms in our industry.

We have recommended for the year a total dividend of 15 per cent., a final of 9½ per cent. now being proposed which is subject to your approval. After transferring £25,000 to reserve our carry forward is £41,507 as against £38,990 brought in.

OVERSEAS INTERESTS

I recently returned from South Africa after inspecting the works and factories of our subsidiary companies there. In Cape Town building activity is very noticeable and there is a reasonable prospect of further contracts there for R. H. Morris (Pty.) Limited. If the projects that we have initiated mature the total new business may well run into substantial figures. We are, however, finding it most difficult to deal with the labour problem. There is urgent need for technical staff and artisans due, I believe, to the restrictive immigration policy at present in force as well as the country's growth. I believe, however, that it will be very shortly alleviated for these difficulties are not only applicable to ourselves but to all other industries. The country is too wealthy to permit of static conditions as to immigration if it is to be developed as it must be.

National Quarries (Pty.) Limited have in the year under review spent substantial sums in removing overburden and have initiated deep blasting instead of the ordinary method formerly used. This has necessitated additional machinery being purchased for drilling, etc., but I am pleased to say that these operations have been successful. During the period under review there was a curtailment of new road making and civil engineering works, that lessened the demand for stone, but the present year shows that the demand for stone with a renewal of work of all descriptions has now put the quarries to their limits to satisfy their customers. The current year's prospects are good and the financial position of the Company is sound.

HOME PROSPECTS

Turning now to home prospects, I need hardly say that like nearly every other contracting firm we are extremely busy. Large contracts have been signed and more are coming forward so that our coming year will be a very active one and should result in a good year's results unless anything untoward should occur.

The Board has in mind at all times the extension of the business where opportunity offers and shareholders will be aware that these opportunities will be taken if they provide for sound expansion.

POSITION IN BRIEF

	£
Earned profit before taxation	94,517
Less taxation	47,000
Net profit after taxation	£47,517
Appropriated as follows:—	
Preference dividend net	3,025
Ordinary dividend net	16,975
Balance retained	27,517
	£47,517
Preference Shareholders:—	
Issued capital	£100,000
Gross dividend covered by taxable profits	17.1 times
Capital covered by net assets	5.2 times
Ordinary Shareholders:—	
Issued capital	£200,000
Gross rate of dividend paid	15%
Gross rate earned on present capital excluding Reserves	44%
Net assets attributable to each 5s. Ordinary Share	10s. 8d.

CALEDONIAN INSURANCE COMPANY

ANOTHER SUCCESSFUL YEAR

The 150th annual general meeting of the Caledonian Insurance Company was held on May 12th in Edinburgh, Mr Maurice Crichton, CA (the chairman), presiding.

The following is an extract from his circulated statement:

This is the 150th anniversary of the founding of the company. The directors are pleased to submit, in this very special year in the company's history, another satisfactory report to the shareholders.

Life Department.—Last year we again completed a record amount of new business. After deducting reassurances and including group life business, the amount of new sums assured was £3,573,348. Annuities of £266,658 per annum were issued as compared with £159,345 per annum in the previous year. Our life premium income at £1,086,539 has increased by £60,078, and the net interest income increased by £33,604 to £424,047. The net rate of interest earned on the life fund was £3 12s. 10d. per cent as against £3 10s. 11d. a year ago.

On the outgo side of our accounts death claims showed a slight increase at £253,203 as compared with £236,567 for the previous year. Surrenders at £148,836 show an increase of £29,308. The expense ratio for the year was 16.0 per cent as compared with 16.1 per cent for 1953.

The life fund increased by £718,137 and now amounts to £12,205,564.

Fire Department.—The premium income for 1954 was £3,094,159, a reduction of £93,190 on our 1953 figure.

There was an improvement in the underwriting results at home where the loss experience was very favourable. In the overseas field, apart from the North American Continent, there was a continuance of the good results we have experienced in recent years. We had to meet in the United States of America serious claims following widespread damage caused by a number of severe hurricanes, and these exceptional losses have adversely affected our figures. Our world-wide results notwithstanding were satisfactory. The sum of £193,277 has been transferred to the profit and loss account.

Accident Department.—The premiums amounted to £3,801,502, an increase of £291,213 over last year's income, which was a record figure. Our underwriting in the other sub-departments was successful, and the sum of £79,269 has been transferred to the profit and loss account.

Marine Department.—The sum of £70,000 has been transferred from the account to the profit and loss account. The fund at £905,454 represents 194 per cent of the premium income, which compares with last year's percentage of 201.

Total Premium Income.—The total income for all departments was £8,738.888 compared with £8,377,829 for the previous year.

Profit and Loss and Appropriation Accounts.—The amount of interest, dividends and rents (less tax) not carried to other accounts was £166,881.

The balance for the year transferred to the appropriation account was £273,728 after providing for taxation.

The directors' recommendations for dealing with the surplus are stated in the report, and if approved the balance carried forward is increased by £119,494 to £593,004.

The report and accounts were unanimously adopted.

FRIENDS' PROVIDENT AND CENTURY LIFE OFFICE

MR HERBERT G. TANNER'S SPEECH

The annual general meeting of the Friends' Provident and Century Life Office was held on May 11th in London, Mr Herbert G. Tanner, JP, the chairman, said:

1954 was another record year, with a total of £22 million new life sums assured. This is £4½ million more than in 1953, and £12½ million more than in 1949. The total new life business written during the quinquennium was £85½ million.

You will have noted that the report of the directors includes a statement by the life manager and actuary on his quinquennial investigations into the life and annuity fund. One outcome of this is the declaration by your board of a compound bonus of 50s. per cent. This compares with a rate of 30s. per cent compound at the end of 1949. Each year since 1949 the rate of interim bonus has been increased. The rate now declared is the highest in the history of the office.

Accident results are not so satisfactory. The profit is much less than in 1953, and what there is comes entirely from overseas. The trouble again arises from the motor account at home. The miscellaneous section gives a much more cheerful picture.

Continuous disability, sinking fund and ge purchase have all made outstandingly ood and record contributions to our profit for the year.

During the quinquennium the growth of ur overseas business and its profitable trad- has more than exceeded expectations.

I would again remind you that The Century is a wholly owned subsidiary of the Friends' Provident, and is, in fact, its largest single investment. The net dividend paid for 1954 exceeds by approximately £50,000 the corresponding figure for 1953—itself a record—and has been achieved after the establishment of adequate reserves.

A comparison of the dividends paid during the last two quinquennial periods is of interest. For the five years ended 1949, the total was £825,000; for the last five years £1,875,000. The transfers to profit and loss account during the same periods from the several trading departments were £664,000 and £1,762,000 respectively.

I am glad to be able to say that in spite of increasing costs in all parts of the world the expense ratios in all sections of our business show an appreciable improvement.

The improved return on investments and the larger dividend on its holding in The Century Insurance Company Limited have resulted in an increase in the average gross rate of interest earned on the funds of the Friends' Provident and Century Life Office from £5 17s. 6d. per cent to £6 5s. 6d. per cent. The net rate of interest, after tax, was £5 6s. 3d. per cent, which shows a very satisfactory margin over the rate of interest assumed by the actuary in the valuation of liabilities; in fact, this "interest profit" has, during the past quinquennium, made a substantial contribution to the surplus which has recently been distributed.

During the year we formed the Rhodesia Century Building Society, which will operate in Southern Rhodesia, and The Century Mortgage Company Limited, in which we have a majority interest and which will perform a similar function in Nigeria, a form of constructive investment which we believe will have the cordial approval of all our members. The report was adopted.

EAGLE STAR INSURANCE

The annual general meeting will be held on June 7, 1955. Statement by the chairman, Sir Brian Mountain, Bt, for 1954 indicates: Life new business again record at over £56,700,000. Life funds over £71 million. Valuation of current life funds made December 31, 1954, and bonuses for triennium declared at rates higher than for previous quinquennium. Contingency reserve £2,500,000 established.

Fire department made progress with premiums £3,664,860. Despite weather disasters in various parts of the world, profit was £310,000.

In accident account experience again satisfactory with total premiums £7,154,809 and profit £229,000. Home motor business expanded and produced a profit, but increasing number of accidents causes concern and may necessitate increased premium rates. Notwithstanding increasing costs, engineering department maintains a high standard of service.

Marine net premiums lower. £50,000 transferred to profit and loss; fund at year-end represented 120.63 per cent premiums. Outlook Hull insurance better, but prospects cargo continue uncertain owing to greatly increased competition. Aviation department had another good year.

In profit and loss account increased investment income £606,418, shareholders' profits from life funds £68,555 and transfers from fire and general accounts £589,000. Ordinary dividend 5s. 6d. per share for 1954 against 5s. for 1953.

Balance carried forward £1,152,537 and general reserve £4,500,000.

Premiums exceeded £24 million. Assets exceed £98 million.

BANCA COMMERCIALE ITALIANA

HEAD OFFICE - MILAN

BALANCE SHEET AS AT DECEMBER 31, 1954

LIABILITIES			ASSETS		
Capital Stock	L.	2,450,000,000	Cash on Hand	L.	17,547,639,319
Surplus	„	1,525,000,000	Due from Central Bank	„	54,451,575,005
Undivided Profits	„	17,844,464	Government Securities and Securities guaranteed by the State	„	90,125,454,916
Net Profit 1954	„	646,406,902	Bonds and Shares	„	1,568,269,041
	L.	4,639,251,366	Participations in Affiliated Foreign Banks	„	154,646,925
Deposits	„	525,872,505,379	Participation in Banca di Credito Finanziario	„	1,050,000,000
Cheques in circulation	„	21,775,877,735	Contango Loans	„	6,436,090,308
Liability on guarantees	„	43,556,672,388	Other Loans and Current Accounts	„	257,957,061,538
Liability on acceptances	„	10,130,803,154	Discounts	„	138,254,274,222
Liability on letters of credit	„	28,514,410,829	Customers' Liability for guarantees	„	43,556,672,388
Bills for collection	„	18,538,707,669	Customers' Liability for acceptances	„	10,130,803,154
Unearned Discount, Interest, etc.	„	1,382,069,092	Customers' Liability for letters of credit	„	28,514,410,829
Other Liabilities	„	810,390	Sundry Items	„	4,503,873,356
	L.	654,411,108,002	Bank Buildings and other Real Estate	„	160,337,000
Deposits of Securities	„	257,550,159,253	Furniture and Fixtures	„	1
				L.	654,411,108,002
			Securities on Deposit	„	257,550,159,253
	L.	911,961,267,255		L.	911,961,267,255

UNITED BISCUITS, LIMITED

SALES AT AN ALL-TIME RECORD

The seventh annual general meeting of United Biscuits, Limited, will be held on May 31st in Edinburgh.

The following are extracts from the circulated statement by the chairman, Mr P. G. Macdonald, WS, JP, for 1954:

Our group sales for the past year have reached an all-time record figure of over £11,500,000, an increase of £2 million over the previous year and more than double our 1950 sales. This increase in sales is most gratifying and speaks for the high quality and continued popularity of the products of McVitie & Price and Macfarlane, Lang. That we have been able to meet this increased demand is due to your directors' continuing policy of modernisation of plant.

There is now complete freedom from control so far as ingredients are concerned, and this means, as forecast in my 1952 statement, that the biscuit industry is again a highly competitive one.

ACCOUNTS

The group profit for the year to December 31, 1954, before providing for taxation, amounted to £1,911,533 as compared with £1,073,585 in the previous year, an increase of £837,948. There remains after taxation a balance of £997,219 (1953 £314,697). Your directors recommend the final dividend on the ordinary shares be increased to 10 per cent, less tax. The total dividend of 14 per cent for the year compares with 12 per cent paid in the previous year and 10 per cent in 1952.

CAPITALISATION SCHEME

Your directors propose to utilise the capital reserve of £1 million for the purpose of issuing to the ordinary shareholders 1 million new ordinary shares of £1 each credited as fully paid. The consent of HM Treasury to this issue has been obtained, and, subject to the necessary resolutions being passed, the ordinary shareholders on the register at the close of business on May 31, 1955, will receive one new ordinary share for each two ordinary shares held by them at that date. New shares arising from fractions will be sold and the net proceeds distributed to the shareholders entitled thereto.

In order to make this issue possible it will be necessary to increase the authorised capital of the company, and notice has been given convening an extraordinary general meeting to be held at the conclusion of the annual general meeting at which a resolution to increase the authorised capital from £3,500,000 to £4,500,000 will be proposed, together with another resolution required to complete the formalities of the issue.

If the necessary resolutions are duly passed, allotment letters in respect of the new shares will be issued on June 7, 1955, and will be renounceable up to and including July 5, 1955. Application will be made to the Council of the Stock Exchange, London, and to the committees of the Edinburgh and Glasgow Stock Exchanges for permission to deal in and for quotation for the new ordinary shares proposed to be issued.

I feel that the proposed capitalisation scheme is most desirable in order to bring the capital of your company more adequately into line with the real amount of the capital employed in the business of its subsidiaries.

The Future.—With a continuance of present trading conditions, your directors expect that a satisfactory level of profits can be maintained.

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION

NICHE IN GENERAL FINANCIAL SYSTEM

The annual general meeting of the Industrial and Commercial Finance Corporation Limited will be held on June 7th in London.

The following is an extract from the circulated statement of the chairman, The Right Honourable Lord Piercy, CBE:

Advances and investments increased during the year ended March 31, 1955, by £795,211, from £27,827,159 to £28,622,370. Thus the overall growth of the portfolio was modest.

Revenue benefited by increased interest and dividends; it was augmented, too, by profits on the realisation of share holdings in several companies which were taken over by or merged with others or went to public flotation. On balance, after making provision for doubtful debts and investments, gross revenue was substantially up. Net profit after making a (new) provision of £200,000 for contingencies, and after providing for income tax, was £252,363 up at £718,855.

The balance available was £785,776 (£523,171). The directors have recommended a dividend of 5 per cent on the paid-up share capital. This will absorb £215,625 (£206,250). The sum of £500,000 (£250,000) is transferred to general reserve and £70,151 (£66,921) is carried forward.

TEN YEARS COMPLETED

The corporation will shortly complete its tenth year. The corporation is richer in one commodity now than when it started, that is, experience—partly gained by the conscientious investigation of more than 5,000 propositions, but the result especially of its relations with its customers in good, and in some cases in ill, fortune. The principles with which it set out have not changed in any important respect. These include a willingness to examine any proposition within our ambit, the consistent pursuit of flexibility in methods, so as to find the pattern of financing most suitable to the customer's requirements, and the provision of finance, whether loan or shares, at the lowest commercial rates and at the smallest incidental expense to customers. Over the decade, in addition to our fixed interest revenue, we have profited sufficiently to be able to wipe out our not inconsiderable losses, to build reserves, and to pay to the shareholding banks who provide the capital a consistent if modest return.

I should like to think that it may now be claimed with assurance that, in the industrial structure and in its chosen field, there is a definite place for a large institution like ICFC; and that it has found a place, too, in the capital market and in the general financial system. If these propositions can be truly affirmed, then the venture of faith of 1945 has justified itself, and a useful instrument has been created.

The growth of the business, especially on the side of loan administration, has both called for and benefited by, a cautious and limited measure of decentralisation. Our branch offices in Birmingham and Manchester have achieved a recognised place in their particular regions. We have extended the activities of the one by opening recently in Leicester, and those of the other will be similarly extended by an opening in Leeds in the near future. The Scottish branch in Edinburgh is making steady progress. We should like to do more business in Scotland; and this prospect seems nearer.

AGRICULTURAL MORTGAGE CORPORATION, LIMITED

INCREASED DEMAND FOR LOANS

The twenty-sixth annual general meeting of this company will be held on May 25th in London.

The following is an extract from the circulated statement by the chairman, Mr E. J. Bunbury, CBE, MC: The year 1954 must be recorded as one of adversity for the farming industry. The weather difficulties started with the hay crop and continued with little abatement until the disastrous storms and widespread floods in November. Rarely have we witnessed such a succession of difficulties as was experienced during 1954.

The outstanding feature of the rainfall during the year was the long sequence of wet months, each of the seven from May to November giving more than average in most areas.

The quality of the cereal crops was adversely affected and the yields per acre of oats and mixed corn were below the average of the five years 1949-1953. The sugar beet crop also suffered, with the result that the weight and the sugar content were both much reduced.

The feeding of live stock, particularly h sheep, involved special difficulties and caus great anxiety. The full effect of the adve weather conditions may not be felt for so little time.

With regard to the agricultural prop market, it is clear that, where farms h declined in value, this has been largely the result of greater selectivity on the part of prospective buyers, and of the heavy ingoing cost of live and dead stock. There is, however, still a lively demand for the smaller farm where the land is inherently sound and the buildings are adequate.

LENDING RATE REDUCED

In May, 1954, we reduced our lending rate for new loans from 5 per cent to 4½ per cent. Since then the financial climate of the country has undergone a dramatic change, necessitating this year the raising of the Bank rate from 3 per cent to 3½ per cent in January and to 4½ per cent in February, the highest Bank rate since the year 1932.

Notwithstanding the effect of these upward changes in money market rates, we have been able, up to the present, to hold our lending rate at 4½ per cent.

The demand for our long-term loan facilities increased last year during which we completed new mortgage advances to the extent of £2,852,151, an increase of 47.7 per cent over last year's figures. In addition, loans of £837,858 had been approved by the directors, subject to the completion of the legal formalities, against the comparable figure of £645,696 in 1954.

The average amount of loan granted during the year was £3,950, which compares with £3,675 for the overall average loan outstanding.

Of the total loans completed during the year, 44.6 per cent were for the purchase of farms, 36.6 per cent for the repayment of bank advances and private mortgages, and 18.8 per cent for farming capital, improvements and other purposes.

In spite of the difficult conditions experienced by the farming industry during the year, I am pleased to say that our borrowers generally have met the repayment instalments on their loans with commendable promptitude.

G. & J. WEIR, LIMITED

RECORD FIGURES

The annual general meeting of G. & J. Weir, Limited, will be held on June 14th at Glasgow.

The following is an extract from the circulated statement by the chairman, The Right Honourable Viscount Weir of Eastwood, GCB, on the accounts for 1954:

It is very gratifying that once again I can report to you yet another set of record figures.

The consolidated surplus before taxation amounts to £3,068,835, and is £714,907 greater than last year. This improvement was due partly to a substantial increase in the output of engineering units consequent upon the realisation of our planned programme of expansion accompanied by some improvement in efficiency, and partly to a higher proportion of repetitive work.

The directors recommend a final dividend of 20 per cent, together with a diamond Jubilee bonus of 2½ per cent, making 22½ per cent in all. This makes a total dividend for the year of 27½ per cent.

SURVEY OF PERFORMANCE

G. & J. Weir, Limited.—The increase at ...cart over the excellent performance of ...3 was due to several factors, of which the ...cipal was the full availability of the new ...chine tools ordered under our 1950 pro...amme of expansion. In my 1951 statement ...wrote: "It will not be until 1954 that the ...ll effect of the additional capacity will be ...t in aiding output." Our performance last year represents the realisation of these views. Sub-contracting also continued to help—the assistance received from our Queenslie factory being on a substantial scale. Lastly, the character of the output itself was helpful, as it contained a higher percentage of repetitive work than in the preceding years.

Weir Housing Corporation Limited.—The Weir Housing Corporation Limited enjoyed another good year, but the output of new houses did not come up to expectations. Nevertheless the company continued as a major force in the Scottish house building industry. In 1954 its contribution of 4,000 houses was fully 11 per cent of the total number of permanent houses delivered to the orders of the local authorities in Scotland, and was almost one-quarter of the total produced by the promoters of non-traditional houses.

PROSPECTS AND OUTLOOK

We have now completed the first quarter of 1955 and our engineering group's output is already ahead of the comparative figure for 1954. The housing figures, due to the deplorable weather, are not so good as last year. Our group costs are higher and will continue to rise but my estimate is that our group output for 1955 will be comparable with that of 1954.

Looking further ahead, naturally I find it much more difficult to forecast. In the last four years we have more than doubled our rate of engineering output and during that period our order books have been overloaded and our delivery situation has been in some degree unsatisfactory. By the end of 1955 we will have reduced the back-log of orders to a much healthier state and we are now quoting much quicker delivery. Orders are certainly more difficult to obtain but inquiries are improving and we have reached advanced negotiations for certain large contracts which, if secured, will go far to strengthen the order books for 1956 and 1957. In certain directions prospects are bright and in others we find severe foreign competition.

POWERS-SAMAS ACCOUNTING MACHINES

RECORD TURNOVER

Presiding at the annual meeting, held on May 9th in London, Colonel A. T. Maxwell, TD (the chairman), said (*inter alia*):

During 1954, the volume of business taken, both at home and abroad, exceeded by a substantial margin, that achieved in any previous year.

During the past year further models of the popular Emp (Electronic Multiplying Punch) have been added to our range of electronic punched card machines, and we are also introducing the new Programme Controlled Computer, which we believe will be one of the most versatile, medium-priced, single unit, office computers in the world.

Considerable sums will be required to finance the planned expansion programme in 1955 and 1956.

You will expect me to say something regarding the recent announcement in the press that Vickers Limited, the majority shareholder, is to make an offer for the shares in the company not held by it. The formal offer, based on recommendations of Mr Leslie W. Farrow, CBE, FCA, the independent adviser, consists of the issue of three Vickers fully paid ordinary shares of £1 each and a cash payment of 6s. (i.e., 3s. for each Powers-Samas share) in exchange for two fully paid ordinary shares of 10s. each in your company. It is considered that the acquisition of the publicly held shares by Vickers will facilitate the provision of the substantial finance required over the next few years. Your board consider that the offer is fair and reasonable.

The report was adopted.

BANCO DI SANTO SPIRITO

ESTABLISHED 1605

THE ANNUAL GENERAL MEETING of the Banco di Santo Spirito was held in Rome on the 6th APRIL, 1955, the Marchese Giovanni Battista Sacchetti being in the chair. The following Balance Sheet was approved:

Balance Sheet at 31st December, 1954

LIABILITIES			ASSETS		
Capital	Lit.	250,000,000	Cash & Balances with other Banks	Lit.	7,797,173,298
Reserves	„	400,000,000	Bills and Government Bonds	„	45,221,051,810
Special Deposits	„	28,426,043,695	Securities:		
Current Accounts (Creditors)	„	46,331,437,632	State, or State-guaranteed	„	2,730,437,444
Banker's Drafts	„	2,530,432,909	Real Estate securities	„	1,305,034,878
Government Revenue Collection	„	383,580,477	Misc. shares	„	71,040,657
Creditors (Bills endorsed)	„	1,330,461,554	Holdings	„	321,989,198
Misc. Creditors	„	4,540,227,394	Carried Forward	„	3,949,193,346
Staff Retirement Fund	„	1,771,686,783	Current Accounts (Debtors)	„	19,661,696,643
Assets Rediscounted	„	676,946,512	Government Revenue Collection	„	361,312,831
Profit Balance Brought Forward	„	14,377,553	Staff Retirement Fund	„	142,243,455
Net Profit 1954	„	280,335,258	Misc. Debtors	„	764,520,538
	Lit.	86,935,529,767	Drafts for Collection	„	4,263,337,968
Unsecured Accounts	„	6,420,416,485	Premises	„	346,497,700
Counter Accounts	„	47,932,742,826	Furniture, Fixtures and Fittings	„	1
				Lit.	86,935,529,767
			Unsecured Accounts	„	6,420,416,485
			Counter Accounts	„	47,932,742,826
	Lit.	141,288,689,078		Lit.	141,288,689,078

It was further resolved: to transfer Lit.250,000,000 to reserves and to distribute a dividend of Lit.40 (8%).

THE MANGANESE BRONZE AND BRASS COMPANY

ALL-TIME RECORD EARNINGS

The fifty-sixth ordinary annual general meeting of the Manganese Bronze and Brass Company Limited, was held on May 6th in London, Mr J. C. Colquhoun, MBE (chairman and managing director) presiding.

The following is an extract from his circulated statement:

Output and earnings were both up on the previous year and, indeed, the amount earned for dividends was an all-time record. The profit, before taxation and dividends, amounted to £381,463 after charging £80,038 for depreciation. This compares with a profit of £337,277 for 1953 after charging £85,164 depreciation. Taxation amounts to £217,000 so the net amount available is £164,463 or £41,186 more than a year ago.

Subsidiary Company.—The amount of £69,676 ($190,000 Canadian) shown under this heading in the balance sheet relates to an investment in Paxol Limited, a newly formed Canadian subsidiary, in which your company owns a controlling interest. The subsidiary is now producing bearings and other parts made from metal powders. Output must reach a certain level of course before profits commence, but it is forecast that this point will be reached during the current year.

Birkenhead Works.—The tonnage of ships' propellers manufactured in 1954 was the highest since 1949 and the total value of sales including water turbine runners for hydro-electric schemes and general castings was an all-time record.

Our total order book for propellers at the end of 1954, including foreign orders to a greater total value than home orders, was equivalent to about 12 months' work compared with 16 months a year earlier. We are indebted to "The Shipbuilding Conference" for figures supplied and for the comforting information that over half of the orders booked during 1954 by the home shipyards were booked in the final quarter of the year. The better delivery dates they can now promise may attract orders.

A ship of particular interest at the moment, fitted with our Scimitar Nikalium propellers, is the new Shaw Savill liner the *Southern Cross*. This ship heralds a new era in passenger ship design and has the engines placed well aft instead of in the middle of the ship.

Handford Works, Ipswich.—The output of extruded and rolled products showed an improvement over the previous year. Orders booked were in excess of output and best in the last quarter.

Elton Park, Ipswich.—The manufacture of "Oilite" self-lubricating bearings and what is today a wide variety of parts made from ferrous and non-ferrous metal powders, was started by us, as pioneers of a new industry, in 1932. With few exceptions, each year has shown some growth of this business over the previous year and 1954 in total sales value was the best yet.

In regard to prospects, our order books are better filled at both of our Ipswich works by some 40 per cent than they were a year ago. At Birkenhead, on the other hand, the tonnage of propellers which we have on order is only about 85 per cent of the figure a year ago and export prices will be ... keener. Taking ... whole, however, ... moment of ... br...

The report was adopted and the ... distribution of 1s. 3d. per share approved.

AUSTRALIA—UNIVERSITY OF QUEENSLAND

Applications are invited for the position of LECTURER IN POLITICAL SCIENCE either Grade I, salary £A1,275/£A1,450 p.a. or Grade II, salary £A1,100/£A1,250 p.a. The applicant should have an Honours Degree and preferably with Political Philosophy as his major interest. Evidence of activity or interest in research will be taken into consideration.

Further particulars are obtainable from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on June 15, 1955.

THE GOLD COAST COCOA MARKETING BOARD

Applications are invited from suitably qualified Gold Coast Africans for the post of CHIEF ACCOUNTANT in the offices of the Gold Coast Cocoa Marketing Board, Accra. The salary attached to the post is £1,200 to £1,500 per annum, dependent on qualifications.

DUTIES: The Chief Accountant is the Executive Head of the Finance Department of the Board and is responsible among other matters for advising the Board on all matters relating to finance. He is also responsible for keeping adequate accounts and records covering all aspects of the Board's business and other transactions, preparing financial statements, reports and statistics, and annual accounts for presentation to the Board.

QUALIFICATIONS: Applicants must be members of a recognised body of professional Accountants (Chartered, Incorporated or Certified) and must have had at least three years' accountancy experience with a commercial firm or with a firm of practising accountants. They must have organising ability and initiative and be able to control staff.

Apply immediately to the General Manager, Gold Coast Cocoa Marketing Board, P.O. Box 933, Accra, giving full personal details, together with full details of qualifications and experience. Closing date for applications, May 30, 1955.

SALES MANAGER

Scotch whisky firm (not D.C.L.) require London Sales Executive of outstanding competence, age 35 to 45.

Applications are specially invited from candidates who have presence, are of methodical habits, possess the ability to direct field sales staff, and have good experience of sales administration. British nationality is essential, but there will be no preference to Scotsmen on that account only.

Full details required of education, career and remuneration earned.

Commencing salary would be 25 per cent advance on present emoluments, and an £800 a year man or a £3,000 a year man have equal chances of appointment on their merits.

Box 620, Dorland Advertising Limited, 18/20, Regent Street, London, S.W.1.

FISONS PEST CONTROL LIMITED, CAMBRIDGE (member of the Fison Group), requires a man, aged 28-30, experienced in all aspects of market research. The work consists of research into markets for the company's products, which are agricultural chemicals, spraying machinery and services for the control of agricultural pests in this country and overseas. The work is of absorbing interest, and requires exceptional qualities of curiosity and intelligence. A Degree in Natural Science, Agriculture or Economics would be a useful qualification. Applicants must have had sound experience with large market research organisation, where a complete knowledge of up-to-date techniques has been acquired. Commencing salary approximately £1,250 per annum, according to age, qualifications and experience, with exceptional opportunities for advancement. Pension Scheme available.—Write (Quoting No. 1062), stating age, fullest particulars, etc., to Personnel Manager, Fisons Pest Control, Ltd., Bourn, Cambridge.

ECONOMICS GRADUATE (female) required by Large Motor Manufacturing Organisation. Analytical mind and good knowledge current economic developments in major countries essential. Duties will cover study of changing conditions and relationship with export trade of UK. Apply, stating full qualifications, experience and age. Box 959

THE UNIVERSITY OF BIRMINGHAM

Applications are invited for a Lectureship or Assistant Lectureship in Statistics tenable in the Faculty of Commerce and Social Science. Applications for the Assistant Lectureship will be accepted from candidates expecting to graduate this year. Salary will depend on age, experience and qualifications (Assistant Lecturer £550 x £50 - £650, or, if over 26 years of age on appointment, £600 x £25 to £650; Lecturers £650 x £50 to £1,350, with efficiency bar at £900), together with F.S.S.U. and Children's Allowances in each case.

Three copies of applications, accompanied by the names of two referees, should be submitted to the Registrar by June 1, 1955.

Further particulars of the appointment may be obtained from the undersigned.

The University, Edgbaston, Birmingham, 15. May, 1955.

G. L. BARNES, Secretary.

CO-OPERATIVE COLLEGE

Stanford Hall, Loughborough, Leicestershire
Principal: R. L. Marshall, OBE, MA
RESEARCH SCHOLARSHIPS

One Research Scholarship valued at £500 is available for session 1955/56 at the Co-operative College, a residential college for adults. Applicants should be qualified to carry out research related to the development of the Co-operative Movement—either in its economic activities or in its social significance.

Information of the College and of the regulations and conditions for the award of the scholarships is available in the College Prospectus which can be obtained from the College Administrative Officer.

Applications for the scholarship must be lodged on or before June 13, 1955.

CENTRAL ELECTRICITY AUTHORITY

SOUTH WALES DIVISION
VACANCY NO. 46/55

Applications invited for Superannuable N.J.C. Appointments of ASSISTANTS in the STATISTICS SECTION of Generation (Operation) Department, Divisional Headquarters.

Salary Grade 3—£585—£645 per annum.

To (a) supervise routine calculations, (b) assist in the analysis and presentation of technical statistics.

University Degree (preferably Mathematics/Economics Statistics) or equivalent, and/or experience in the Electricity Supply Industry.

Application forms obtainable from Secretary, South Wales Division, Central Electricity Authority, Twyn-y-fedwen Road, Gabalfa, Cardiff, to be returned by May 23, 1955.

MANUFACTURERS' AGENTS REQUIRED for sale of new Plastic and Wood article mainly to shopfitters. Firms which cover London only or whole country or special provincial areas with good connections in the above field and preferably with contacts also with kitchen and occasional furniture manufacturers, building contractors and caravan makers, please write, giving full particulars of type of business, connections and available organisation, to Box P 745, Lee and Nightingale, Liverpool.

A CHARTERED ACCOUNTANT is required, with experience of financial and Cost Control procedures, by an Industrial Company of standing. Applicants, aged 30 to 35 years, must have had industrial experience and be capable of working without day to day supervision. The position calls for a man of first-class technical quality and personality. Commencing salary up to £2,000 per annum according to previous earnings and experience, with outstanding prospects. The appointment is pensionable. A record of qualifications and previous appointments should be sent in confidence to Box 919.

EXPORT SALES MANAGER. Man aged 30, who has understanding of a large number of Export Markets in which he has achieved successful sales results, now wishes to reside in UK, and has ambition to obtain the post of Export Sales Manager, for which he feels his knowledge, energies and administrative ability are most suited. Particular experience advertising and marketing of branded products. Available January.—Box 912.

CITY OF JOHANNESBURG

3¼ PER CENT INSCRIBED STOCK, 1938-63

CITY OF PRETORIA

3½ PER CENT INSCRIBED STOCK, 1953-58

CITY OF BLOEMFONTEIN

4½ PER CENT REDEEMABLE STOCK, 1964-66

Notice is hereby given that in order to prepare the Warrants for Interest due July 1, 1955, the balances of the several accounts in the abovementioned stocks will be struck on the night of June 1 next, and that on and after June 2 the stocks will be transferable ex dividend.

For Barclays Bank DCO
(London Registrars of the above stock.)
G. A. D. HARRISON, Manager.

Circus Place, London Wall, E.C.2.
May 9, 1955.

CITY OF BLOEMFONTEIN

5 PER CENT INSCRIBED STOCK, 1960

Notice is hereby given that in order to prepare the Warrants for Interest, due June 30, 1955, the balances of the several accounts in the abovementioned stock will be struck on the night of May 31 next, and that on and after June 1 the stock will be transferable ex dividend.

For Barclays Bank DCO
(London Registrars of the above stock.)
G. A. D. HARRISON, Manager.

Circus Place, London Wall, E.C.2.
May 9, 1955

RHODESIA AND NYASALAND

The directors recommend ... FOR STATISTICIANS ... AN STATISTICAL OFFICE: of 2[illegible] cent, together ... RY OF FINANCE

Applicants must be British subjects, under 30, with a First or Second Class Hons. Degree (or equivalent) in Statistics, Mathematics, Economics, or other appropriate subject. All MALE applicants must have taken a University course in Statistics or passed the examinations of an approved statistical society. For WOMEN entrants, who must be SINGLE, preference will be given to those whose degree includes statistics as a main subject.

N.B.—Applications will be considered from students taking Finals in June.

Starting salary (men) £800-£1,100, depending on qualifications and experience, on scale rising to £1,600. Women, £680-£840, depending on qualifications and experience, on scale rising to £1,280 p.a.

Application forms and further details from the Secretary, Rhodesia House, 429 Strand, London, W.C.2. Closing date June 10th.

NEW ZEALAND MARKET

A well-established, keen and experienced importing firm with first-class trade credentials and offices in Auckland, Wellington and Christchurch desires to expand its activities. We seek exclusive agencies from manufacturers. Can we discuss the sale of your product in New Zealand? References Bank of New South Wales, London. Write direct to Mair and Co (Importers), Ltd., P.O. Box 1477, Christchurch, N.Z.

THE HOSIERY AND ALLIED TRADES RESEARCH ASSOCIATION

Applications are invited for the post of STATISTICIAN. The person appointed would act as chief assistant to the Head of the Statistics Department. Candidates should possess a degree in statistics or mathematics, and experience in industry would be an advantage. The department deals with a wide range of problems in fundamental and industrial research, calling for the use of varied statistical and mathematical techniques. Salary within the range of £500—£750 according to qualifications and experience. F.S.S.U. Pension Scheme in operation.—Forms of application and further details can be obtained from the Secretary, 4 First Avenue, Sherwood Rise, Nottingham.

THE B.Sc.ECON. DEGREE of London University is open to all without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services. Wolsey Hall (est. 1894) provides postal tuition of a high order for the three (in some cases two) examinations, at reasonable fees. More than 1,000 Wolsey Hall students have passed London B.Sc.Econ (Final) exams. since 1925.—Prospectus from C. D. Parker, M.A., LL.D. Director of Studies, Dept. P17 WOLSEY HALL, OXFORD.

PROGRESSIVE appointment open in North London for University graduate engineer with ten years' industrial experience. Administrative ability and good common sense essential in order to control 1,500 employees on production of domestic appliances. Initial appointment will be Assistant to General Manager. Excellent prospects.—Box 945.

ECONOMIC CONSEQUENCE OF SIR WINSTON, is the title of a lively article by Sir Oscar Hobson in the current issue of *The Banker*. Two leading articles in this issue survey Britain's Economy on Election Eve; Mr Butler's Act of Faith and The Boom and the Strain. America's Recovery Now surveys another essential facet in Britain's economic prospect. *The Banker* for May includes also: Are Building Societies Growing Too Fast? New Attack on Italy's Unemployment; The New Bank Salaries; and a special survey of the Scottish economy. Price 2s. 6d. (30s. per year) from bookstalls or 72 Coleman Street, E.C.2.

SENIOR EXECUTIVE ENGINEER seeks responsibility for production at board level.—Reply Box M/325, Strand House, W.C.2.

THE CHARTERED INSTITUTE OF SECRETARIES.—Directors requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute, 14 New Bridge Street, E.C.4.

ORIENTAL CARPETS and rugs skilfully restored by craftsmen weavers. Specially reduced terms during summer months.—Yakoubian Bros., Ltd., 7 Milk Street, E.C.2.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the post of LECTURER IN SOCIOLOGY in the Department of Social Anthropology. Salary on a scale £650—£1,350 per annum; initial salary according to qualifications and experience. Membership of F.S.S.U. and Children's Allowance Scheme.—Applications should be sent not later than May 28, 1955, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

B.Sc.(ECONOMICS) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE provides postal tuition for the above Degree (open without residence), which is a valuable qualification for executive appointments in commerce or industry, government or municipal posts. The College founded 1887, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas, free from Registrar (60), Burlington House, Cambridge.

THE BRITISH IRON AND STEEL RESEARCH ASSOCIATION

OPERATIONAL RESEARCH. Applications are invited for the post of Head of one of the pioneer industrial operational research units in the country. Duties will include the supervision and control of about a dozen graduates who are working on a variety of problems in connection with planning, management and organisation in the Iron and Steel Industry. Candidates should have a degree in Science, Economics Engineering or Mathematics. The salary range is from £1,080 to £1,520 according to age, qualifications and experience, and the post is superannuated under the F.S.S.U. Those interested are invited to write personally to Sir Charles Goodeve, BISRA, 11 Park Lane, London, W.1, asking about the job and telling him about themselves.

GENERAL INSPECTORSHIP

THE JOHN LEWIS PARTNERSHIP

thanks for their letters 698 candidates for the General Inspectorship advertised here on March 26th. The position has been filled.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Ltd., 99 London Road, Riverhead, Sevenoaks, Kent. Sevenoaks 2251.

ASSISTANT to Export Sales Manager required by large and old established plastic raw material manufacturers. Must have experience in sales office and a general knowledge of the plastics industry is desirable. Should have fluency in two or more foreign languages and be willing to travel overseas. Age 30/40. Write, giving full details, to Box T.156, Foster, Turner and Everetts Ltd., 11 Old Jewry, London, E.C.2.

CHIEF ACCOUNTANT: Departmental stores group (5,000 employees) invites applications for this senior executive appointment at its head office in Liverpool. Candidates should be about 35 years of age, professionally qualified, and have a minimum of 10 years' experience in industry. The company seeks a man who has wide experience of the introduction and application of budgetary control; he should also be conversant with the most modern accounting and statistical methods. In addition he must have an enquiring mind accustomed to the production of control information, rather than mere figures, for management. The commencing salary will be £2,500 per annum plus pension rights under a contributory scheme. Applications, stating age, education, full details of career and salaries earned, should be made to Cooper Brothers and Co., Chartered Accountants, 14 George Street, Mansion House, London, E.C.4.

SELF-DRIVE CARS by Autohall. Get around more quickly and efficiently in one of our 200 1955 cars, all expertly maintained for trouble-free motoring for business or for pleasure. Special discount offers, contract rates, and full free maintenance. Reduced rates from mid-September to mid-May. Repurchase scheme, and special new attraction of self-drive package tours.—Write for all information to Autohall, Dept. 2, 302/6 King St., Hammersmith, W.6. Riverside 2881. Cables, Autohall, London.

A MAJOR manufacturing organisation has vacancies of various grades for men of good education (professional qualification, or degree in engineering, economics or commerce preferred) in the department concerned with the financial planning, appraisal and control of an unprecedented capital expenditure programme. The ability to investigate, under broad terms of reference, to report and to make recommendations is essential, whilst successful applicants will probably have had experience either in the control of capital expenditure (or other flow elements, e.g., production) against a forward plan, or of appraising the operational effect in financial terms of proposed capital expenditure. Positions are permanent and pensionable with good starting salary.—Please reply Box 926, quoting reference CPH/2.

SENIOR investment statistician, 32 (actuary), seeks change industrial company, institution or substantial stockbrokers. Thorough knowledge investments and finance, experienced reviews, market letters, etc. Salary £1,500.—Box 939.

EXPERT POSTAL TUITION

For Examinations—B.Sc.Econ., LL.B. and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education etc. Also many non-examination courses in business subjects. —Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2)

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

The Economist: Annual Air Subscription Rates

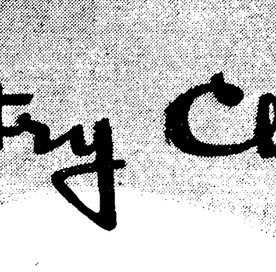
Anglo-Egyptian Sudan: £5.10s.	Europe (except Poland): £4.15s.	Israel: £6	Pakistan: £6
Australia: £8.5s. (sterling)	Gibraltar, Malta: £3.15s.	Japan: £9	Rhodesia (N. & S.): £5.10s.
Canada: $21.50 or £7.14s.	Hongkong: £7	Malaya: £6.15s.	S. America and W. Indies: £7.15s.
East Africa: £5.5s.	India & Ceylon: £6	New Zealand: £9 (sterling)	Union of S. Africa: £5.10s.
Egypt: £5.5s.	Iran: £6 Iraq: £6	Nigeria, Gold Coast: £5.5s.	U.S.A.: $21.50 or £7.14s.

Printed in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2. Published weekly by THE ECONOMIST NEWSPAPER, LTD., at 22 Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2d.; Overseas 2½d.—Saturday, May 14, 1955.

Coventry Climax

fork lift trucks

THE TOOLS OF SUCCESS



Time-saving *Work-saving*

Space-saving

COVENTRY CLIMAX ENGINES LTD. · (DEPT. E) · COVENTRY · E

20 JUN 1955 MADRAS GOVERNMENT

The Economist

FOUNDED 1843

\Y 21, 1955 ONE SHILLING

In the Sign of the Balance

How to be a Neutral

South African Union, 1910-1955?

Facts Speak for ICI

THE ELECTION OF 1955: Can Labour Recover?

AMERICAN SURVEY: Mr Benson's Hard Furrow

THE WORLD OVERSEAS: Disarming Moves

BOOKS: A Theory of Foreign Policy

Annual Postal Subscriptions: by ordinary mail £3; by air see page 731

THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1

VOLUME CLXXV · NUMBER 5830

Visit the

Luxembourg

INTERNATIONAL FAIR

9th to 24th JULY, 1955

Easily accessible by road, rail and air—and in the heart of Western Europe—Luxembourg is an ideal location for an international fair. Many firms have realized this and there is keen competition for the 1,300 stands, thereby ensuring that only the better products in every field are on view.

You can use the fair, with its 80% foreign participation, to examine and compare the other goods in your field. All details from the Official Agents in the United Kingdom.

Auger & Turner Group Ltd.

40 Gerrard Street, London, W.1

GERrard 6671

Information about the Grand Duchy of Luxembourg from the Luxembourg Legation, 27 Wilton Crescent, London, S.W.1. Sloane 6231.

ABOUT NEWS LETTERS

News letters are the oldest form of journalism. Hand-written news letters were in wide circulation during the reign of Elizabeth I, and, indeed, were important factors in politics long before that.

Modern news letters are in wide use amongst advanced students of world affairs, large business houses, in Government and diplomatic circles, and at military colleges and Universities.

Britain's leading news letters are subscribed to by over 40 official agencies of the U.S. Government alone. Official agencies of every leading Government subscribe to them.

The news letter is based on a special form of reporting. It is outspoken in its presentation. It publishes all the facts, theories, and trends behind international policy. Privately circulated, neither accepting advertisements nor bothered by news-stall circulation problems, the 20th century news letter is a private communication to its subscribers. Britain's top circulation news letters are prepared and published by

The Kenneth de Courcy Group

World Politics: Intelligence Digest	Investment & Finance: The Weekly Review	Scientific News: World Science Review
60/- per annum	210/- per annum	30/- per annum

Do *you* take a news letter? If not, send for a free specimen copy. No responsible person can afford to be without one of the leading private news letters. If you do not take our Services, then there are others. But a news letter is an essential service, without which one's knowledge of world trends is not complete.

To: The Editor, Alderbourne Manor, Gerrards Cross, Bucks. E.1.

Please send details and specimen copy (free of charge) of:

1. Intelligence Digest ☐
2. World Science Review ☐
3. The Weekly Review ☐

Name .....

Address .....

.....

Date..... Signature.....

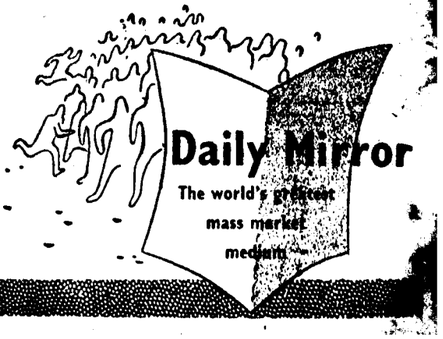


Can YOU look forward to plain sailing too?

They're vigorous, vital, and keen to get on and after eight years of marriage, they're looking forward to plain sailing with quite a bit of confidence. They're starting to buy a lot of the things they've been longing for, too. Some of them quite expensive. Are they choosing your products? Do they plan to? Today? Tomorrow, perhaps?

By facing the problems of our time realistically and presenting the news in a vigorous, modern style, the Daily Mirror appeals outstandingly to young readers. In fact, the majority of the 4,753,415 people who buy it every day belong to the all important younger generation. With long buying years ahead of them they're forming brand preferences now which may last them all their lives. If they take a fancy to your products you can look forward to plain sailing too.

With the biggest daily sale on earth, the Daily Mirror offers you the most powerful mass market coverage in the history of daily newspapers at the lowest square inch per thousand rate. Moreover, its readers are *young* readers. Your customers today—next month—next year.





Britannia (His Late Majesty King George V) leads White Heather and the famous American schooner Westward in a race for yachts of the international twenty-three metre class.

As for centuries past, men still harness the air to speed their craft on the seas of the world

The air which speeds these graceful craft is also harnessed by "BROOMWADE" for Industry. As the most reliable and efficient source of power "BROOMWADE" pneumatic equipment is unsurpassed.

"BROOMWADE"

Air Compressors and Pneumatic Tools

BROOM & WADE LTD., P.O. Box No. 7 HIGH WYCOMBE, ENGLAND

Telephone: High Wycombe 1630 (10 lines) *Telegrams: "Broom," High Wycombe*

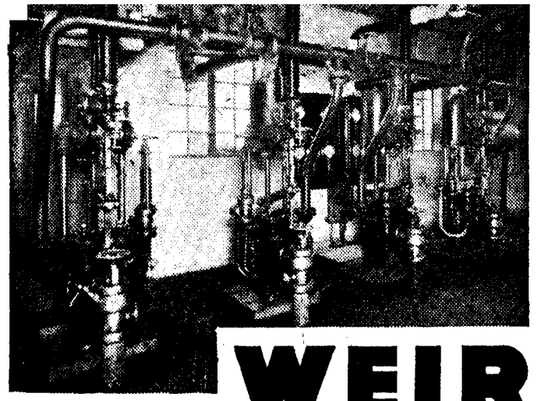
278 SAS

A dream come true...

A more efficient way to lower accounting costs



BUSINESS has rarely had the opportunity to make such savings in accounting costs as Burroughs Sensimatic Accounting Machines provide. The Sensimatic is so automatic, so simple to operate, that even beginners quickly become experts. And, by a turn of the knob, the Sensimatic can switch in a moment from one job to another—doing the work of several machines. It has thus created a new concept of speed and economy in the handling of accounting work. Five series of Sensimatics make it possible for you to select the machine exactly suited to your particular needs. See them today at your nearest Burroughs office. Burroughs Adding Machine Ltd., Avon House, 356-366 Oxford Street, London, W.1.



WEIR

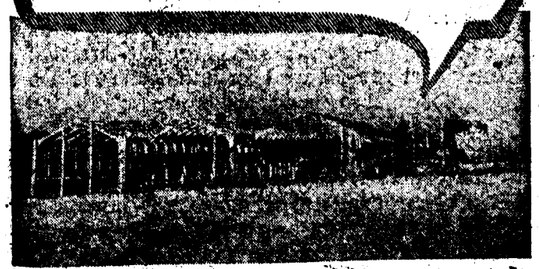
Direct-Acting PUMPS

have a world-wide renown for efficiency, reliability and economy. They include designs for boiler feeding, general service pumps, oil fuel pressure and transfer pumps, etc., and are in constant demand for ships and all types of industry where reliability and efficiency are essential.

The Weir Organisation:
G. & J. WEIR LTD.
DRYSDALE & CO. LTD.
WEIR HOUSING CORP. LTD.
THE ARGUS FOUNDRY LTD.
ZWICKY LTD.
WEIR VALVES LTD

G. & J. WEIR LTD
CATHCART GLASGOW

A GUARANTEE has been given by Beecham Buildings Ltd. to complete a new factory of 200,000 sq. ft. and considerable intricate ancillary work for an Industrial organisation in the Midlands — within a year. This is the fifth advertisement telling the story.



Even that winter couldn't stop us!

This contract has been carried through the severest winter for many years; and it will still be completed on time. Snow, rain, sleet and long periods of intense cold have not stopped the continued daily production of 6 or 7 ton components at the Beecham Buildings factory. These have then been transported over icy, frozen roads to the site where the Building teams take over. Even the winter has not put us behind schedule. Further advertisements will continue to tell the story of this contract and to prove the value of our guarantee.

May we advise you on the construction of permanent and competitive Industrial Buildings.

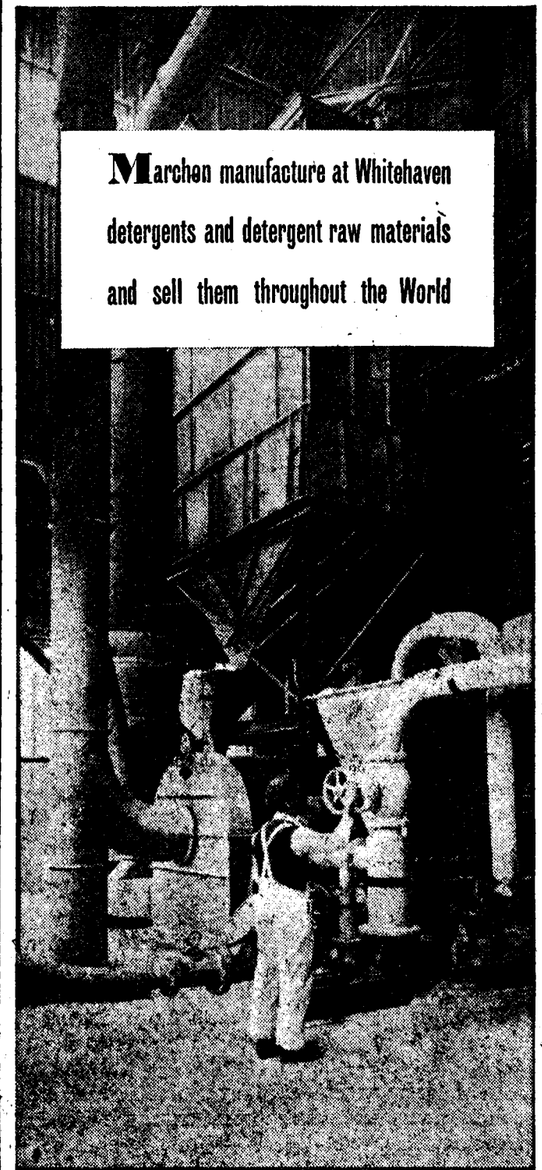


This model of the complete factory will pin-point progress in the advertisements which follow. Progress to date includes 120,000 cubic yards of excavation, perimeter roads, north extension, foundations complete, floors 80% complete.

Beecham Buildings

BEECHAM BUILDINGS LTD.
DEPT. D
SHIPSTON-ON-STOUR, WARWICKSHIRE
Telephone: Shipston-on-Stour 315, 316 & 3287

AP.211.50



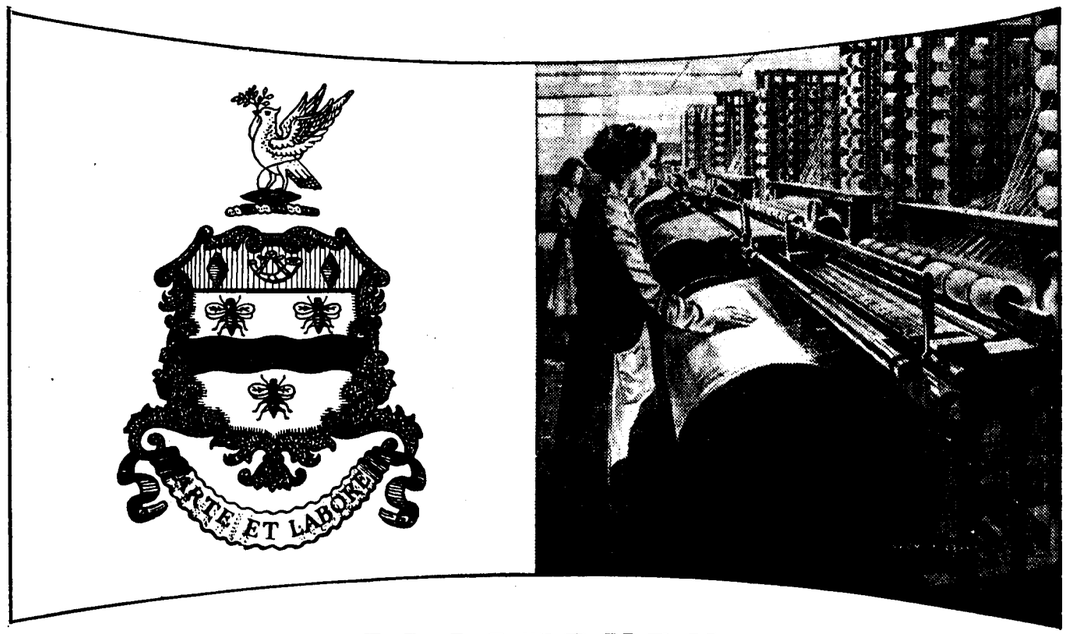
Marchon manufacture at Whitehaven detergents and detergent raw materials and sell them throughout the World

Marchon

PRODUCTS LIMITED

Head Office and Works: Whitehaven, Cumberland
London Office: 140 Park Lane, W1

The World is their Market



BLACKBURN

It was at Blackburn during the eighteenth century that James Hargreaves invented his spinning jenny. Since then Blackburn has become one of the most important centres of Britain's vast cotton industry.

The livelihood of Blackburn and the many other Lancashire cotton towns depends on their maintaining—in the face of increasing competition from other countries—their big share of the world market. This, they know, cannot be done by high production alone.

It's the same in any industry. *Making* products for the world is only half the job. You've got to show them, sell them—and *sell them hard*—wherever a market for them exists. Many manufacturers are doing this very successfully through TIME, The Weekly Newsmagazine.

2,250,000 INTERNATIONAL SALESMEN

TIME's net paid audited circulation exceeds two-and-a-quarter million copies. More than 93% of the readers of TIME hold influential positions in business, government and the professions. They look upon TIME not only as the best means of keeping abreast of international news, but as an introduction to the world's foremost companies and products.

There are five separate editions of TIME* with the same editorial content. One circulates only in the United States. The other four—the International Editions—are published simultaneously in English and read by important people in over 100 countries outside the U.S.A. You can buy advertising space in just the editions you want, covering the world markets which interest you most.

TIME

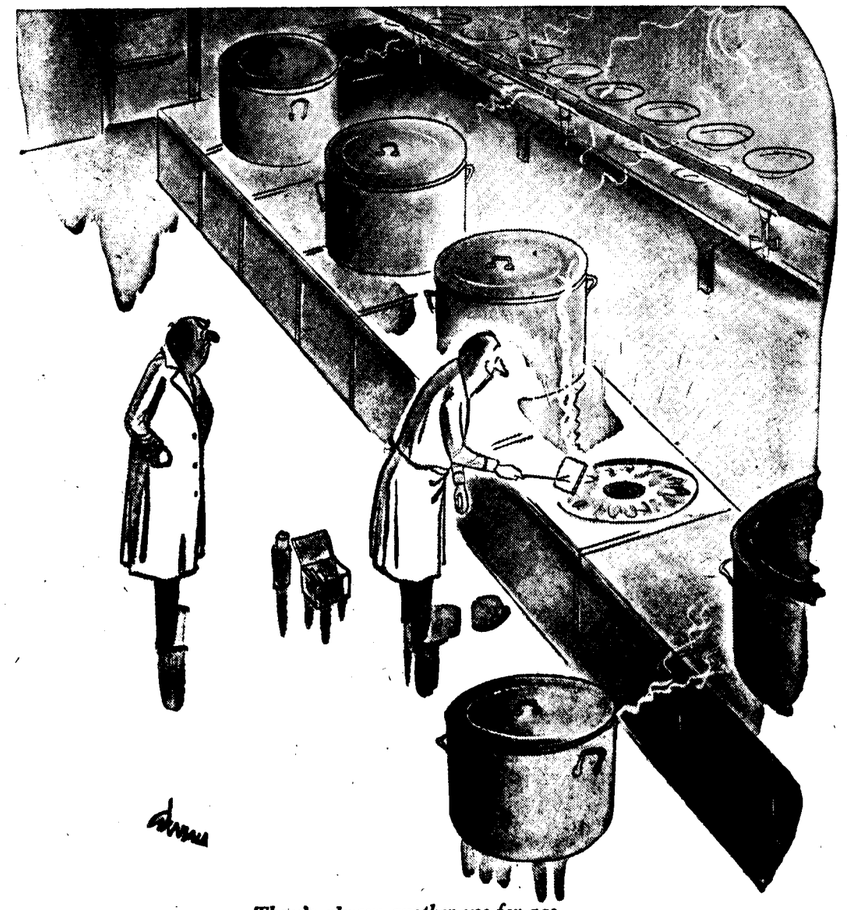
Advertising in TIME sells around the world!

TIME

THE WEEKLY NEWSMAGAZINE

*TIME **Atlantic**
TIME **Pacific**
TIME **Latin American**
TIME **Canadian**
TIME **U.S.**

TIME & LIFE BUILDING, NEW BOND STREET, LONDON, W.1 · *Telephone:* GROSVENOR 4080



There's always another use for gas . . .



Glass blowing

. . . for heating processes

You cannot take chances with process heating. That is why gas is chosen for such an impressive range of processes covering practically every industry. Its use means fewer rejects.



Varnish boiling

. . . for heating liquids

From swimming bath water to salt bath solutions, gas heating has no rival. Gas goes to work rapidly and is simple to operate. Whatever the quantity, whatever the liquid, it burns clean and constant to give you the precise heat you require.

Consult your area gas board

The Gas Industry makes the best use of the Nation's coal

ISSUED BY THE GAS COUNCIL GCG-B20



—THAT'S

MR. BOLINGBROKE

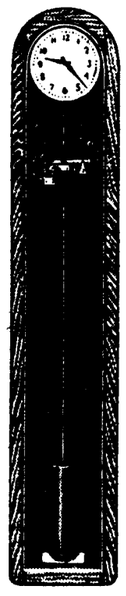
OUR FACTORY MANAGER...

In that briefcase he's got the answer

to an hourly worry



What's inside? Something to save Bolingbroke (you, too, if your concern is timing) from a minute-by-minute worry. The story of Smiths Master Clocks. It means money to him, because time is efficiency in business. And efficiency means money saved. A Smiths Master Clock is reliable to the second; it does not depend on the mains. And to the master clock is linked the whole 'blood supply' of the firm. Factory hooter. Time recorders. Wall clocks. All are slaves to one clock. Only a master clock is capable of the accuracy needed for such a vital job. And Smiths make just such *invariably* efficient master clock pendulum movements. Already many large concerns rely on them alone. Details will gladly be sent on request.



SMITHS

FAMOUS FOR ALL TIME

MAKE THE FINEST MASTER CLOCKS

Write to:

ENGLISH CLOCK SYSTEMS LTD.,

179-185 Great Portland Street, London, W.1. LANgham 7226. Also at Manchester. Glasgow and Belfast. *The Industrial Branch of Smiths English Clocks Limited.*

To Detroit and Chicago every day!



BY FAST, MODERN PAN AMERICAN CLIPPER

Now, for the first time, you can choose any day of the week for your flight to the Middle West, and be sure of finding a service to suit you. From June 1st, Pan American Airways will operate a *daily* service from London, direct to Detroit and Chicago.

Three flights a week, via Gander, will carry both first and tourist class passengers; four flights a week, via Boston, will carry tourist class only. Both routes will be served by fast, luxurious Pan American Super-6 Clippers.*

From Chicago there are immediate daily connections to Minneapolis, Winnipeg, Los Angeles and San Francisco. Ontario is served by Detroit.

You'll find this latest extension of the Pan American service fast, comfortable *and* convenient.

SEE YOUR TRAVEL AGENT, OR PAN AMERICAN:

LONDON - - - - - - 193/4 Piccadilly, W.1 (REGent 7292)

BIRMINGHAM - - Lombard House, St. Charles St. (CENtral 1128)

GLASGOW - - 15 North Brive, St. Enoch Square, C.1 (City 5744)

PAA

WORLD'S MOST EXPERIENCED AIRLINE

PAN AMERICAN

*Trade Mark, Pan American World Airways, Inc.

To do their job, advertisements first have to be READ

ADVERTISEMENTS WORK VERY WELL INDEED IN

THE READER'S DIGEST

—a magazine strictly for *reading*, which has achieved a *million* sale. This means *several* million readers—responsive and intelligent people, men and women well worth selling to.

EPSOM SUMMER MEETING MAY 24–27



Humber and Hillman chauffeur driven or self-drive limousines or saloons · Clients met at dock or airport · Britain's finest cars · British and Continental Tours arranged.

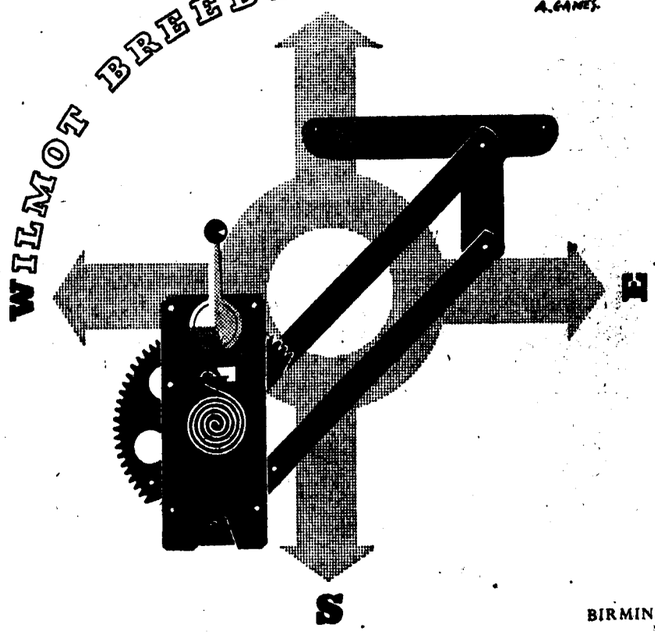
ROOTES CAR HIRE

ABBEY HALL, ABBEY ROAD, LONDON N.W.8

TELEPHONE: CUNningham 5141 | CABLES: Rooteshire, London

Also at:
MANCHESTER
BIRMINGHAM
MAIDSTONE
CANTERBURY
ROCHESTER
FOLKESTONE
WROTHAM HEATH

WILMOT BREEDEN



A. GAMES.

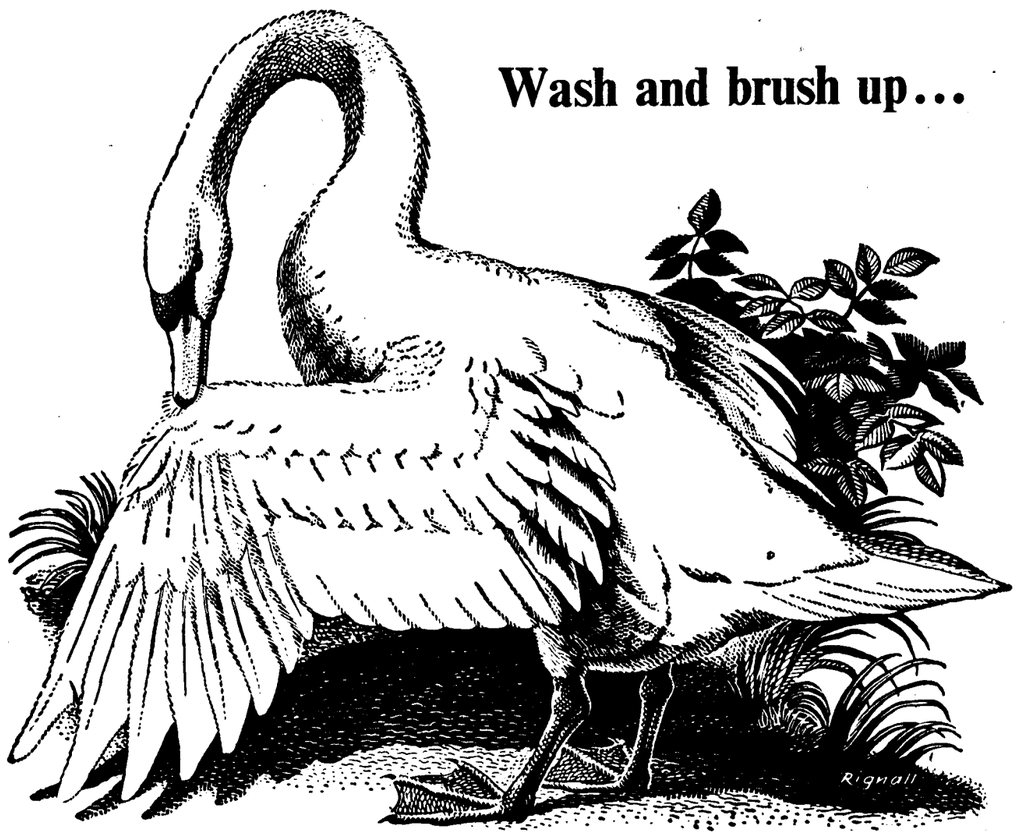
across the world

millions of car windows are controlled by Wilmot Breeden window regulators. Yet because they give lasting, undemanding service many motorists scarcely know what they look like.

The parallel arm regulator in the drawing consists essentially of a pair of spur gears, a coil spring to counterbalance the glass, an automatic device to lock the window at any height and two parallel arms to keep it level. This simple and efficient mechanism is the product of sound engineering practice both in design and manufacture.

WILMOT BREEDEN LTD

BIRMINGHAM LONDON MANCHESTER GLASGOW



Wash and brush up...

High standards of cleanliness are as important to small organisations as to big ones. Important everywhere—and especially in cloakrooms, kitchens and canteens. TEEPOL, the master detergent developed by Shell, tackles all cleaning problems with the utmost efficiency and economy. It is undoubtedly the most practical of all cleaning aids for use in commercial and industrial premises, and in all municipal, institutional and public buildings.

SHELL

TEEPOL

is a SHELL contribution to improved public health

Shell Chemicals Limited, Norman House, 105-109 Strand, W.C.2. Tel: Temple Bar 4455 • *"TEEPOL" is a Registered Trade Mark*
(DISTRIBUTORS)

The Economist
FOUNDED 1843
MAY 21, 1955
ONE SHILLING

In the Sign of the Balance 643
How to be a Neutral 645
South African Union, 1910-1955? . . 647

THE ELECTION OF 1955

Can Labour Recover? 649
Borough Results Under the Microscope; Press on its Best Behaviour; The Marginal Constituencies—II; The County Palatine; Stonewalling in Yorkshire; Stable Scotland; The Farmers' Vote; The Prospect Summarised; Straws in the Wind.

NOTES OF THE WEEK

Kid Gloves for Arms?; The Warsaw Conference; Deflation in Russia; Outlawed Union; The Pastmaster's Role; Mass Contradictions; Austrian Pitfalls; Signor Scelba Holds On; Cacophony in Tunisia; Mau Mau Tires of War; Fish Locked Out; The Scholarship Stakes; Riots in Singapore; Wine, Women and Expenses; Descent from Simla. 658

LETTERS TO THE EDITOR 666

BOOKS 667

AMERICAN SURVEY

Mr Benson's Hard Furrow 671
Cautious Beginnings; Striking Time?; The New Army; Three on a Board; Stockpile to the Rescue; Cars from Abroad.

THE WORLD OVERSEAS

Disarming Moves 678
Austria's Ransom; Action on Cartels; Brazil's Two Fevers; The Buddhas Toe the Line; Spain in Transition—III.

THE BUSINESS WORLD

Facts Speak for ICI 685

BUSINESS NOTES

Investors Decide; Funding Dilemma; The "Big Five" as Underwriters?; CEA Inherits Success; Oxygen Held Up; Credit Insurers Confer; HP Under Restraint; Growth and the Multiples; Who Pays for the Houses?; British Petroleum's 3½ per cent; Viscounts for Capital Airlines; Strain on Brazil's Banks; Fixed Prices of Copper Products; Steel from Home Ore; Delivery Dates for Civil Aircraft; Alice in the Tea-Cup; Tea Pays Off; Electrical Ventures in Canada; Lufthansa's Long Shadow; Bitter Sweets Competition; A Tithe of Quotas; Educating the Accountant; Purchase Tax on Textiles; Further Advance in Freight Rates; Shorter Notes. 687

COMPANY NOTES AND SECURITY PRICES 704

STATISTICS 707

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

In the Sign of the Balance

IN the almanac, the sun does not enter the sign of Libra, the Balance, until next September. But in politics, next Thursday is the floating voter's high festival and it is he (and she) who will then decide between the parties. On that one day it is not the five and twenty million stalwarts who matter but the very much smaller number of waverers. The time has passed when the floating voter was pictured as all that was most thoughtful and reasonable in the community, high-minded, public-spirited and judicious, as worthy to be the arbiter of the nation's fate as his vote is in fact decisive. It is now more the fashion to represent him as floating because he cannot come to earth, undecided simply because he is indecisive, wavering out of sheer mental deficiency. This picture, no doubt, is as far from the truth as the other. There are still many electors (though it may be that they are to be counted in the hundreds of thousands rather than in the millions) who refuse to commit themselves to any party and who make a sincere effort to think out where, in the national interest, their votes should be cast.

Undoubtedly the largest single group of these is the Liberals or, as they are better called (to avoid the still remaining hazard of identification with a party) the Radicals. It is to the Radicals that *The Economist* still likes to think of itself as belonging. That is the paper's historical position; that is the place to which it is carried by the momentum of the ideas it strives to represent; that is the personal instinct of those who are the present servants of the paper's traditions. It is not very easy to define what is meant by being a Radical; but the essence of it is surely a belief in change and progress. Certainly that belief, among those who profess it, is stronger today than ever before. There was never a time when the British people had more to lose by passive tranquillity. If they are to keep their place in the world—if indeed, on their crowded island, they are still to live and to prosper—it was never more necessary than it is today to foster the reformer's zeal, to be willing to probe down to the roots of every stalk of the national life and to cut and graft wherever an improvement can be seen. There ought to be nothing timid or tepid, nothing cautious and not too much that is merely judicious, about a Radical policy. It should have the quality that was described some years ago in these columns as that of the Extreme Centre—moderate and catholic in its aims, but audacious in their pursuit.

This habit of mind has, in the past, been much more characteristic of the Left than of the Right, and it certainly creates an instinctive antipathy to any party that calls itself conservative. On the other hand, the liberal mind also has an instinctive repugnance from any dogmatic formula, such as socialism, especially when it is professedly applied in the interests of one class alone. Between these opposing oppositions, it has seemed right at the last few elections—ever since it became impossible (or where it remained possible, quixotic) to vote Liberal—to take refuge in neutrality, or at least to refrain from drawing

conclusions. The question for the independent voter to decide before next Thursday is whether neutrality is still the closest he can come to his duty.

Two long articles in recent weeks have attempted to make an honest and realistic comparison between the Labour and Conservative parties on the two great issues of our time—on the economic issue and on the issue of peace and war. Neither of these analyses found it possible to reach a neutral conclusion. In each case an attempt was made to set down the sort of policy that the present posture of affairs seems to require and then to see how closely the two parties could be expected—in view of their pronouncements and of their known proclivities—to approach to it. In each case there seemed to be no doubt that, though the policies of the present Government were far from perfect, a change to Labour would be a change for the worse. And in each case the chief ground for this conclusion was the same—that there seems to be some quality in the Labour Party, as at present constituted, that prevents it from adjusting its policy or its behaviour to the manifest facts of the situation.

★

Take, for example, the matter of economic policy. If there is one observation about recent years that seems to be beyond reasonable doubt it is that the national economy has responded much better, in terms of volume and variety, to a policy of freedom in supplies and prices than could have been supposed before the experiment was tried. It has been assisted, of course, by a great deal of good fortune. But Britain in the last three years has not been the only object-lesson in the postwar world, and it cannot only be a coincidence that all the observations point the same way. Or again, one would have thought that it had now become no more than an accepted commonplace to say that the various nationalisation schemes have realised very few of the hopes with which they were launched, whereas their dangers, in terms of bureaucratic centralisation and the dragging of wage questions into politics, were beginning to be apparent.

Yet what does the Labour Party offer to this changing situation? Nothing but a desire to go back—back to controls (if they are necessary, as they soon would be, to a government that did not believe in the price mechanism) and back to nationalisation. This rigidity of mind would be disappointing enough in itself, but what makes it worse is the suspicion that it does not really reflect the views of the leaders of the party. It is widely believed, for example, that Mr Attlee, Mr Morrison and Mr Gaitskell, when they were in office, were very dubious of the wisdom of nationalising steel, but were overborne by their Left wing, speaking in the name of Socialist orthodoxy. Nevertheless, in spite of the experience of nationalisation and the success of denationalisation in the meantime, they commit themselves to putting their Act back to exactly where it was. If this is not surrendering common sense to doctrinaire obstinacy, what is? The same story can be told of the health service charges, of the use of interest rates as a means of credit management, of the whole general subject of controls over industry—in each case the requirements of internal party politics have forced the wiser heads to go back on what they thought right when they were in office. The leaders are the prisoners of the retreats they have had to make to remain the leaders.

Much the same can be said of foreign policy. No doubt the personal views of the central group of leaders are very much the same as those of Sir Anthony Eden, Mr Macmillan and Mr Butler, and where the decisions of the Labour government created a clear-cut commitment, the party has been prevented from wholly running away. But even in these cases—so-called "German rearmament" is the prime example—the principle has been so embroidered with concessions to left-wing and fellow-travelling pressure that it has almost disappeared. If the Labour party is returned to power next week, its Foreign Secretary will go into the two great impending negotiations—the negotiation "at the summit" with the Russians about Europe, and the negotiation with the Americans to work out a joint Asian policy—with his hands tied behind his back. He will have the power neither to be firm with the Russians nor flexible with the Americans. And the reason will not lie in anything that has been written in the party's manifesto; it will lie in the repeated demonstrations that the right wing of the party can keep its hold on the leadership only by making concessions on the substance of policy to Mr Bevan and his friends.

★

Thus in both the great departments of policy the weakness of the Labour party lies not in programmes so much as in persons. At any time, the task of a Labour leader is very difficult, since so much depends on votes in so many organs of the party. This is not, as it is so often boasted to be, a democratic constitution, since the real rank and file of the party—the fourteen million who vote for it—are neither represented nor often remembered. It is rather an oligarchy of the faithful, who are, almost by definition, more fanatical than the voters and less realistic than the leaders. The strong bias towards extremism and irresponsibility that this creates in the party—it has been seen at work in the choosing of candidates—can be corrected only by great force of personality among the leaders. And where is that to be found? One may even wonder how Mr Attlee could fill his posts if he were called upon to form a government. One by one the old leaders of the Labour movement have died off, or been appointed to posts in the nationalised industries. Neither Mr Attlee nor Mr Morrison can have many more years. And what then? Mr Gaitskell has fought a good fight for realism. But what hope has he of controlling the party? Nor is there a good crop (as there is among the Tories) of competent and forceful younger men growing in authority.

In the long run the Labour party will no doubt surmount its present difficulties and put itself once more into the position of providing an effective, competent and forward-looking alternative. But until it does so, any elector who votes to put the government of the country into its hands is accepting a very heavy responsibility.

★

Must one then vote Tory? The Conservatives themselves always underrate the reluctance of wide sections of the electorate to trust them. This is a matter of memory—and not of very long memory either. In the twenties and the thirties, the Tories gave the country very bad government indeed. They came within an ace of presenting the world to Hitler, and in economic matters they wasted the depression years that might have been used for national development. Distance of time lends no enchantment to the view of Baldwin and Chamberlain. Despite the new faces and the new policies on the surface, those who remember the prewar years cannot help suspecting that it is the same old party underneath. Mr Low put this thought on paper in his cartoon in the *Manchester Guardian* on Tuesday. "It's not *you* so much," he represents the floating voter saying to Sir Anthony Eden and Mr Butler, "it's your awful gang," and he draws in the unlovely ranks of "the historic party of power, pelf and privilege."

Is this suspicion still just? Again, the answer must be sought in personalities and in judgments of character, not in the words of manifestos or speeches. If the Prime Minister and the Chancellor of the Exchequer are a mere façade, Fauntleroys pushed to the front by the real managers of the party, it should be possible to name at least one or two of these sinister backroom boys. Mr Low did not draw any recognisable faces, and perhaps it was because there are none to draw. Where are Baldwin's heirs today? Or Chamberlain's? It is difficult to think of a single member of the Government whom one would suspect of wanting to hark back to the thirties. On the back benches of the Parliament now defunct the only recognisable group of rebels was that which protested against the Egyptian agreement, and one really cannot take them seriously as a portent of reaction. In time, it may be that the ancestral prejudices will re-assert themselves and "power, pelf and privilege" will return. But for the present there is really no reason at all to doubt either that the present leaders have learned the prewar lesson or that they are fully in control of their party.

We thus arrive at the answer to the question with which we started. All the best hearts are slightly on the left, as they always have been. One may suspect that, in future elections, the Conservatives may revert to the type they have exemplified in the past. One may hope that there may some day be an effective party of the Left that is not riddled with dissension and chained to a backward-looking dogmatism. One may bitterly regret the unfairness of an electoral system that rules out any effective third party. But in the election of 1955 an elector who tries to reach his conclusion by reason based on observation has no choice. He may not like voting Tory. But there is nothing else he can do.

How to be a Neutral

DURING Hitler's war, a saying often put into Irish mouths was "it all depends which side you're neutral on." Today things are even more complex. Long before the Soviet government dropped its obstruction of an Austrian treaty, its spokesmen were canvassing the idea that a "neutral belt" should be carved out, in both Europe and Asia. Since the *volte-face* over Austria last month, this theme has been increasingly developed, with obvious—and now explicit—regard to Germany; and this week a leader in *Pravda* declares that the whole question of the principle of neutrality has been "placed on the agenda of contemporary political life." Indeed, the air is full of it. Mr Nehru, the exponent of "areas of peace," will shortly visit Moscow. The Soviet "summit" is coming to Belgrade as a condescending mountain to Mahomet; and although on Wednesday *Borba* denounced the "neutral belt" idea, Marshal Tito seems confident that this time the Russians really accept his policy of "active co-existence." *Le Monde* has reverted to the concept of a "virile and active neutrality" on the Swiss model as Europe's best defence against Communism. All this is having considerable effect—particularly in Germany, where Herr Ollenhauer has now rejected both the "neutral belt" and the "Austrian solution," but not neutrality itself.

It would be astonishing if it were otherwise. As Mr Walter Lippmann has lately pointed out, in an age of nuclear weapons it is the most natural thing in the world for nations that do not possess such arms to seek "some kind of middle position where they have a hope, a chance, of not becoming involved in an atomic war"; and that the Communists are adept at harnessing this natural yearning to serve their own ends. Likewise, in the Russian leaders' eyes, their "pilgrimage to Canossa" for a parley with Marshal Tito is well worth while. And it may be pointed out, while their readiness to humble themselves is attracting so much comment,

that the Emperor Henry IV made a very good thing out of his journey to Canossa; it not only saved his tottering throne, but enabled him to return to Italy later with fire and sword, to besiege Rome and to drive Pope Gregory, to whom he had knelt, into exile, where he died. The parallel is not, fortunately, exact. Nevertheless, one does not go to Canossa without good reason; and some of the reasons only emerge afterwards.

The lurking contradiction in Moscow's present tactics is that its goal remains the total extinction of "neutrals" of every kind. As Mr Kaganovich, the Soviet deputy premier, said last week in Prague:

> We know, as Marxists, that sooner or later the peoples suffering under capitalism will tread our revolutionary path.

The men of the Kremlin are still sure that ultimately the whole world will be ruled on Communist lines, nor do they always bother to conceal their intention of hastening this total victory. Mr Molotov himself, in a recent speech, pointed out that

> Soviet foreign policy cannot help taking into account the contradictions between capitalist countries and within those countries. . . . It is our task to exploit these contradictions. . . .

Neutrality in the modern world has to be examined against this background. And it is at once apparent that wherever the yearning for neutrality leads men to forward Moscow's plans (or Peking's) they are in fact helping to shape a world in which there will be no room for neutrals.

★

Apostles of neutralism are fond of a false syllogism, which, pared down to essentials, runs as follows: if merely to be neutral helps Communism, then nations such as the Swiss and Swedes, which are neutral, are helping Communism—which is absurd. That is indeed absurd. But one can only construct such an argument by ignoring realities. One reality is that the allied democracies of the West have no ultimate aim that involves the extinction of neutrality. Another is that these allies are not demanding that the Swiss or the Swedes, the Indians or the Burmese, should abandon neutrality. One of the most obvious contrasts between the Sino-Soviet "camp" and the free world is that one is a "monolithic" structure of masters and satellites, while the other finds room for different attitudes ranging from that of the staunch ally to that of the equally staunch neutral. There are no neutrals behind the iron curtain; but there are many on this side of it.

The contrast is indeed glaring between the Communists' present praise of neutrality and their past attitude to it. Not only is Marshal Tito now fawned upon by the men who a year or two ago branded him as a British secret agent, a cannibal and a fascist, and besought his fellow countrymen to murder him; the Swiss have undergone a no less amazing transformation. Two years ago the Communists were loudly deriding Swiss neutrality as a capitalist fraud, and insisting that the Swiss and Swedes be balanced by "neutral" Poles and Czechs in supervising the Korean armistice. Even India is reclassified from time to time, according to Moscow's tactical requirements, as "neutral" or "within the sphere of western imperialism." The Finns, already helpless in the Red Army's grip, were abruptly told in 1948 that their neutrality was insufficient, and bludgeoned into making a treaty with Russia. And the "neutral" status that Moscow now confers on Austria is very far from the "Swiss model." In short, Communist definitions of neutrality are arbitrary and variable, and a nation that seeks to satisfy them is setting out on a road which has no end.

★

Moreover, the Sino-Soviet bloc has clearly no intention of letting the "neutral belt" be formed in equal parts on both sides of its frontiers. In Europe, the "belt" is planned to extend far more deeply into the western than into the eastern sphere; in the Far East, Peking derides all idea of the neutralising of Formosa, while urging neutrality upon the Asian democracies. At some stage in its campaign Moscow may well offer to "neutralise" some of its European satellites; but again the definition will be an arbitrary one. Obviously, a Poland evacuated by the Red Army (but not by Marshal Rokossovsky and his fellow Soviet officers in key posts), and released from its alliance with Russia (but not from the iron bonds of Communist party discipline and surveillance), could be held out to the world as a "neutral" without escaping from Soviet domination at all. In the satellite states there is no free press, no political opposition to express a wish for genuine neutrality. Only a Tito can make a bold break for independence, and the potential Titos in the satellites have, it seems, been taken care of.

Neutrality, in fact, is a tender plant that flourishes only in the free world, and survives only when it can draw on three elements: the neutral state's own refusal to offer an aggressor a cheap victory; the tacit support of the allied democracies; and a geographical and political background that enable that particular state to stand apart. In Europe, Sweden, Switzerland and Jugoslavia alike have illustrated the first point, shouldering defence burdens rather than relying on some mystical immunity conferred by their freedom from alliances. Last week, on the day that the Soviet mission to Belgrade was announced, the Jugoslav defence minister reminded his fellow countrymen that nations "unwilling to join any blocs" must devote extra care to strengthening their defences. And a neutral's readiness to man its own ramparts naturally helps it to secure the vital, however tacit, support of other free countries.

It may wound pride in some "neutral" countries to realise that their neutrality depends on that support, but reality cannot be shrugged off. Marshal Tito, for example, has every right to align himself with Mr Nehru and U Nu; but he seems in danger of fatal illusions when he speaks, as he did on Sunday, of having won a new tranquillity for his country by "creating the third force of moral power." It was not Gandhian soul-force that saw Jugoslavia through six years of stress to its present well deserved triumph; it was Marshal Tito's own staunchness, that of his nation, and the backing of an armed western world. And there are few Swedes who picture their country as fronting the eastern Goliath in a splendid vacuum.

Today, at Moscow's prompting, many Europeans are asking themselves why there should not be more neutrals; a simple and attractive question at first sight, but one to which part of the answer has already been given. The rest of it may be somewhat brutal, but it must be said. Since the survival of the neutrals in a dangerous world depends so largely on the existence of a nucleus of vigilant allied democracies, it is a mathematical truism that their number is limited. Exactly how many the free allies can "carry" cannot be calculated, except in the ridiculous manner of a mediaeval disputation: how many neutrals can balance on the point of a Nato? But it is painfully clear that in the present balance of affairs in Europe the free allies cannot afford to see any of their own number respond to Moscow's siren calls. And to none of the allies does this apply more than to the Germans.

Yet it applies to Germany no more than to, say, Britain. A glance at the map and a cursory survey of world relationships suffice to show that certain countries are so crucially placed today that if they try to evade their share of the common task of maintaining freedom, the whole structure will be imperilled. If Germans are debarred by stern reality from sampling the doubtful charms of neutralism, so equally are Britons, and Frenchmen and Americans. It is an illusion to suppose that any one of these key states can "expand the area of neutrality." All that is open to any of them is, by deserting its friends in a suicidal panic, to wreck the defences of democracy and thus lead directly to a world from which neutrality would have vanished—together with freedom.

South African Union, 1910-1955?

THE Union proclaimed in South Africa in 1910 was the drawing together of four political entities on an equal basis. These, which are today the four provinces, agreed on their bond of union only after lengthy wrangling, as was natural, for they represented different traditions and different racial and social blends. Their cautious attitude towards one another was reflected in the Union constitution in three ways: the provision for testing the legality of parliamentary acts in the courts; the equal representation of each province in the Senate, regardless of its size; and the "entrenching" of linguistic equality and of the Cape non-European vote, which were not to be altered except by a two-thirds majority of both houses of parliament sitting together. In a few short weeks, Mr Strydom's government has assailed all three. Has he thereby brought the Union to the point of no return?

Last month the Nationalists secured parliamentary approval of a bill to change the procedure and composition of the appellate division of the Supreme Court, which had invalidated earlier attempts to remove Cape Coloured voters from the common electoral roll. Last week Mr Strydom introduced a new bill designed to pack the Senate so as to ensure him his two-thirds majority. If this becomes law, the Nationalists, who are in office on a minority vote, could probably count on 81 votes in an almost doubled Senate of 89. Thus the judiciary, the provinces' equal status in the Senate, and the entrenched clauses of the constitution are all to be swept aside.

Constitutions themselves are not sacrosanct; but the procedure for amending them can be, and in South Africa the case for regarding it as such is strong. It is a Union not only of four formerly separate provinces, but also of five major racial groups. There can be no comparison between Mr Strydom's present tactics and, say, the Liberals' threat to swamp the House of Lords in 1911. The Nationalists are not overawing an unrepresentative and obstructive upper house. They are seeking to perpetuate the dominance in South Africa of a single party supported only by a bare half of the white electorate.

The aims of the Nationalists were simply and clearly expressed by Dr Malan the very day he took office after his electoral victory in 1948. He told a Pretoria audience that

> Today South Africa belongs to us once more. For the first time since union, South Africa is our own. May God grant that it will always remain our own.

"Us" did not refer to the people of the Union, but to the Afrikaner *Volk*; and specifically to those who rejected Smut's ideal of a truly united nation in favour of a narrowly conceived racial dominance. Mr Strydom is now moving rapidly to transform Dr Malan's pious hope into an impregnable stronghold. Once the constitution has at last been undermined, what will stand in his way when he goes on to deal first with the Cape Coloured franchise, then with the representation of Africans by elected white members of the Assembly,

and, in due time, with the Crown, the Commonwealth link, and the equality of the Union's two languages ?

Would even that be the end of Mr Strydom's road ? What kind of an ultimate republic is really envisaged by the extremist wing of the Nationalist Party, which, since Dr Malan's departure from the scene, has come strongly to the fore ? Mr Strydom has assured the country that his aims are democratic and designed to emphasise the "sovereignty of parliament." But his interpretation of this phrase to cover manipulation of the courts and sapping of the constitution does not inspire confidence in his promises either among non-Nationalist Afrikaners, of whom there are, it must not be forgotten, several hundred thousand, or among South Africans of British origin, Jews, Indians, Coloureds or Africans, groups each of which can now see its turn approaching.

Those Nationalist leaders who did command more widespread confidence by their conservatism and blunt common sense have been eclipsed by the extremists, or, like the respected and now embittered former Finance Minister, Mr Havenga, they have retired. The "grey eminence" of the extremists, Dr Verwoerd, the master mind behind the policy of *apartheid*, has risen to the heights of power ; and it seems that he can count on the new man in the cabinet, Mr de Klerk, the prime minister's brother-in-law, whose doctrinaire views on the industrial application of *apartheid* have shaken even a number of his own colleagues. Men are recalling the draft republican constitution once prepared by the Nationalists, which envisaged permanent one-party rule on totalitarian lines. This document has been disavowed ; but the memories remain. And there is very little evidence that the catastrophic economic implications of undiluted *apartheid* are appreciated by the extremists any more than its explosive racial significance.

*

The Afrikaners have qualities that have produced statesmen and personalities admired the world over. They have traditions of independence and sturdy energy, of respect for law and for integrity in their leaders, which are not compatible with totalitarian ideologies. For that reason alone it has been possible to hope, despite all, that the fatal consequences of the policies the Nationalists have pursued in recent years would come home to them before it was too late. But has not time nearly run out ? If the Senate dissolution bill becomes law this year, will not the great and imaginative experiment of 1910 have utterly failed ?

The criticisms that Mr Strydom's latest manœuvres have evoked in the British press have already met the inevitable countercharge of British meddling in the Union's internal affairs. But there is no desire in this country to impugn South Africa's sovereignty. The British people are, of course, linked with South Africa (as to Canada or Australia) by countless ties of family and friendship, as well as by membership of the Commonwealth. But South Africa is also—as the Nationalist leaders consistently point out—a member of the fellowship of western nations. It cannot expect to escape criticism when it falls so far behind the standards of democratic liberty that the West seeks to defend. If it slips over the brink into authoritarianism, it will not merely strain the Commonwealth concept to snapping point, but isolate itself from the western world, to which it is already an increasing embarrassment.

In this moment of crisis it is the whole white population of the Union who, because they have the suffrage, must accept all the responsibility. They may yet make it clear at last to the extremists that theirs is not the will of the people. There is a glimmer of hope in the fact that a group of university professors, all avowed Nationalists, have called upon the government to reconsider its threat to the Senate. But unless such voices are heeded in time, it is grimly evident that the South Africa conceived in 1910 is indeed to be no more. The political forces in Natal that are already arguing that the compact of 1910 has been broken seem unlikely to carry this argument to the extreme logic of secession. Nevertheless, if Nationalist extremism takes its course, the South Africa of 1956 will no longer be a true union, but a very different political entity—one in which all but one of the component human groups are stripped of every constitutional protection and left at the mercy of men who have already shown themselves amply capable of arbitrary acts.

Wine Drinking

Wine is enjoyed by gentlemen, and it is a theme for their pens. It has interested poets in all ages, and suggested many agreeable books. The use of wine, however . . . is little noticed by Sir Emerson Tennent, and his book is much more fiscal than bacchanal, and treats more of the effects of a tax in filling the national coffers than of the physiological effects of wine-drinking on health or disease. Sir Emerson was a member of the committee which inquired into the wine duties, and he made good use of the opportunity to get together some information. . . . The great conclusion to which he comes is, that a duty of about 5s. per gallon is the most favourable both for consumption and revenue ; and as this is about the present duty, if his narrow view of the question embrace the whole, the wine duties must be permanently left as they are. He brings forward some facts to prove that a reduction of duty has not increased consumption corresponding to expectation, and, consequently, that the hope of so increasing the consumption by a large reduction of duty as to enable the State, after a few years, to obtain as large a revenue as at present from wine, is visionary. If we could neither get as much reasonably good wine at a moderate price as we require, and if the people, could they get it, would not drink it, as he asserts with some plausibility, then there would be no chance of obtaining a revenue from wine, equal to that we get at present, by lowering the duty, and the Chancellor of the Exchequer will never make a wished-for reduction.

The Economist

May 19, 1855

The Election of 1955

Comment upon the course of the election campaign, based partly upon despatches from correspondents in the constituencies, is being presented in this special section of *The Economist*.

Can Labour Recover ?

THE Conservatives enter the last week of the election campaign as clear favourites. It is therefore something of a shock to remember that a week before the general election of 1951 they looked like clearer favourites still. At that time the Conservatives had a slightly larger lead in the Gallup poll than they have now ; they also held more local council seats, and could show a rather more impressive by-election record. Yet, in the closing stages of that campaign, a surge to the left brought Labour to within a whisker's breadth of victory.

Is there any prospect, or fear, that there might be an even more dramatic turn-round this time ? It already seems fairly clear that Labour cannot base a recovery on any new or resurrected issue ; one of the most heartening features of the campaign so far is that the hydrogen bomb issue, the "slothful peacemaker" issue, and the national service issue all seem to have fallen remarkably flat. The promise of four-power talks has helped to bundle foreign policy out of this election. Instead, the country seems to be faced by a straight battle between a Government resting on its record and an Opposition relying on the swing against authority that has been a feature of every British general election for the last ninety years. If this is the right reading, then there are two questions to which the thoughtful ferret in the constituencies should try to secure answers this week-end. They are whether the potential for a swing against the Government does seem to exist among the part of the electorate that has already been canvassed ; and whether Labour is in any fit state to get the whole of its potential vote to the polls. To these questions the observer can give only impressionistic answers.

The impressionistic answer to the first question—it is an answer that will shock Conservative supporters into the justified conclusion that there is no gratitude in politics—is that the potential for a Labour victory probably does exist. Conservative candidates in every area say that many of the 14 million people who voted Labour in 1951 ought to vote Tory this time ; but Conservative canvassers seem to be having extraordinary difficulty in finding them. Indeed they seem to be finding indications that a few hundred thousands of those who voted Conservative in 1951 on the immediate rebound from Labour shortages, and a few tens of thousands of others who are distressed by pig prices or some other peculiar issue, could be induced either to switch to Labour or to abstain. In addition, there is a perennial anti-cost-of-living vote which always goes against the Government of the day. But, so far, this bleak prospect unearthed by Tory canvassers is outweighed by an even bleaker lesson learned by Labour canvassers, and one that was already obvious from both the public opinion polls and the results of the local elections.

While the chief difficulty of Tory candidates is that of hunting the converts, the chief headache for Labour candidates is the apathy of the semi-faithful. It is already clear that a large number of people who usually vote Labour at local elections did not bother to turn up to vote at them last week ; if it is assumed that traditional Labour voters at general elections contain an even higher proportion of potential lazybones, then the Tories could poll a reduced vote next week and still be returned to office with a very considerable majority. The same danger for Labour is spotlighted by the public opinion polls. Compared with 1951 not many Labour voters seem to have swung to the Tories ; but since—for the first time—they do not really believe that a Tory Government spells irredeemable disaster for the working class, many may have relapsed into the category of "don't knows" or "don't really cares."

*

One suspects that it is to these people that Labour propaganda will be principally beamed in this last week. Indeed, the switch of emphasis has already started. Labour foreign policy has now been relegated into propagation of the slogan "Trust Mr Attlee"—a campaign, incidentally, in which it is having more than usual difficulty in hiring poster sites from Tory site-owners. Its main punch is now reserved for issues of bread and margarine, and it was to these that Labour this week devoted the first successful television programme of this campaign. For a quarter of an hour on Monday evening Dr Edith Summerskill and Mr Harold Wilson sat side by side, for all the world like each other's old Dutch, whining at the mass audience. It was an extraordinarily effective whine, however much it may have driven politically-conscious people (of both parties) into excesses of irritation or hilarity—and however peculiar may have been some of the statistics which they deployed. It was almost certainly more effective, for its purpose, than the sweet reason of the four Conservative Ministers' televised press conference on the following day. The purpose, of course, was to whip up enthusiasm among the faithful.

Even if some impression can be made by propaganda of this sort, and can be consolidated, however, the task of

bringing out the vote will lie with the local Labour party organisations; and on this score Transport House has increasing reason to feel worried. Labour started on this summer election with certain obvious advantages. The electoral register is more up-to-date than it was in October, 1951, and this reduces the Tories' advantage from their greater efficiency in tracking down "removals" and organising postal votes. The Tories will have more voters away on holidays. Labour has been able to get its canvass up-to-date in the local elections, but the Conservatives do not fight local elections in all areas as a party organisation.

Yet, despite these advantages, the Labour organisation seems to be limping more painfully than it did three and a half years ago. Partly because of this, though partly also because of the television bogey, Labour has cut the number of its meetings much more heavily than the Tories, and it is also gathering smaller audiences. It is true that Labour offices always look understaffed at the beginning of a campaign, and then fill up remarkably with working men's wives in the last few hectic days; but this time, and in some areas, the last-minute rush of enthusiasm is being left very late. One generalisation, which could have disturbing implications for the new Parliament, is that the machinery in the not inconsiderable number of potential Labour seats with Bevanite candidates may be operating more briskly than in those that are being fought by elderly trade unionists. A serious situation would arise if Bevanites and near-Bevanites were to form a majority of an otherwise truncated Parliamentary Labour Party. But it would take a peculiar sort of swing to bring about that.

The real question this week-end, however, is whether there is going to be a swing at all. Many candidates and agents, surprised by their failure to find either converts or apostates, are prophesying a no-change election. But they agree that everything hinges on the turn-out. If Labour's full potential strength can be mobilised next Thursday, then a Labour victory is still entirely possible. It is not easy to believe that any swing against the Tories can go far enough to give Mr Attlee a really comfortable majority; but, at this juncture, a Labour Government with a small majority would be a much greater tragedy than a Labour Government with a large one.

On the other hand, if—as many observers believe is possible—several hundred thousand Labour supporters should stay away from the polls next Thursday, then a Tory victory could rise to apparently landslide proportions. (The Tory central office must be hoping for a second may-time blizzard, but timed for May 26th only.) A note at the bottom of the next page discusses the Tory majority that might be achieved if this week's *News Chronicle* Gallup poll proved to be an accurate forecast of next week's voting pattern. An especial hazard of this inevitably hazardous calculation is that the poll suggests that public opinion may now be in what might be called the Tories' "snowball area." If public opinion should divide next week as the pollsters think it is divided now, and if in addition one or two out of every hundred Labour voters stayed away from the polls, then the Tories could easily surge up to and well beyond the "landslide" majority of 148 over all other parties which Labour secured in 1945. But it would be a landslide based not upon a widespread enthusiasm to vote Conservative, but upon a widespread apathy about voting Labour. And it would therefore be a strangely uncomfortable landslide, not least for the Government itself.

Borough Results Under the Microscope

THE main interest in the results of local elections lies—perhaps rather sadly for local democracy—in the pointers that they may provide to the result of the general election next week. There are two ways of looking at these results, from what might be called the "optimistic Conservative" and the "optimistic Labour" angles.

Conservative optimism is based on the fact that Labour suffered more than 350 net losses in the borough elections and more than 300 net losses in the urban district councils last week, and that these were slightly above the "bogey score" which the Conservative central office had expected to achieve. The extent to which they were above the bogey score can best be shown in the borough election returns; since electors here get a chance to vote every year (although not, of course, for the same councillors), comparison can be made not only with the Labour gains in the Tories' very bad year of 1952—the gains that the party was defending this time—but also with more recent experience. The measure of the Tories' success above expectations is that Labour this year returned 88 fewer borough councillors than in 1953 and 86 fewer than in 1954. In other words, and on the face of the matter, the Tories now seem to be more popular than at any other period during their tenure of office. Moreover, the gains were made in some of the right places. More than two-thirds (59 out of 86) of the seats which Labour lost this week but won in 1954 were in what might be called the "light industrial" areas. Regionally, the left's decline was marked in Lancashire (32 seats), Greater London (23), and the West Midlands (14); in one area only, the south-west, has Labour advanced (by 13 seats) between 1954 and 1955.

★

Labour's optimism is based on a different, but possibly equally justified, set of calculations. For the bald fact is that although Labour did worse last week than in any of the last three years, it did better than in any year between 1946 and 1951. The party is undoubtedly right in saying that the fact that a town like Reading has returned a Tory council does not necessarily mean that it is going to return a Tory MP; the pattern of Labour representation on councils up and down the country shows clearly that a large number of Labour supporters do not turn out to vote at local elections. The only proper comparison, says Labour, is between the borough election results in one general election year and those in another.

If this comparison is to be made, Labour admits, 1951 must be ruled out; for in that year public opinion changed drastically—against the Tories—between the borough elections in May and the parliamentary in October. But in 1950 the period between the two elections was only ten weeks, during which opinion changed little; according to the Gallup poll the Labour lead in fact increased slightly, from 1½ to 3 per cent. Thus in the municipal elections of May, 1950, Labour's position was at least as strong as it had been when, in February, it won a House of Commons majority of six seats. And herein lies Labour's great talking point. In those 1950 municipals, 1,096 Labour councillors were returned; in the elections last week, 1,275 were successful. Of these, 923 may be written off as safe seats, except in a Tory landslide like 1947 or 1951. Among the others Labour representation has almost exactly doubled, from 171 seats in 1950 to 341 in 1955. There was no increase in Greater London and not much in the Midlands; elsewhere every part of the country shared in it, although it was proportionately greatest in the south—and especially in the more conservative boroughs.

But this regional analysis is of less interest than hard electoral harbingers. How has Labour fared in those marginal parliamentary constituencies (about two-thirds of the total number) which contain, or are themselves contained, within English or Welsh boroughs? There are 38 "two per cent marginal" parliamentary constituencies* in which borough elections took place last week. More Labour councillors than in 1950 were elected last week in 23 of these constituencies; fewer in ten; and the same number in five. Altogether Labour won 163 borough seats in these areas last week, compared with 128 in 1950. In seven of the constituencies Labour gained three or more borough seats compared with 1950, and in only one were three seats lost. Moreover the Labour gains were rather more marked in Conservative-held parliamentary constituencies. In particular, contrary to the impression that

* Technically, there were "2 per cent marginals" in the election of 1950; but the situation is little changed if one takes the "2 per cent marginals" of 1951.

Polls and Prophets

The Gallup Poll published by the *News Chronicle* on Thursday used three methods of assessing voting intentions. Method A assumes that the people who told the pollsters that they "don't know" how they will vote will be those who will in fact abstain on May 26th. Method B redistributes the votes of the "don't knows" according to their preferences when pressed for an answer. Method C (which proved a remarkably accurate indicator as between the main parties in 1951) shows answers to the question "Which party do you think is best for people like yourself?" The answers given this week were:

	Con	*Lab*	*Lib and others*
Method A ...	50½	47	2½
Method B ...	48½	47	4½
Method C ...	46	46½	7½

Because many Labour votes run to waste piling up huge majorities in mining and other purely working-class areas, the party appears to need a majority of more than 2 per cent in votes cast before it can secure a majority of seats in the House. All the answers given to the Gallup Poll this week therefore suggest a Conservative victory on May 26th. The table below shows the size of Conservative majorities which they suggest, using (1) a calculation derived from the "swing" the Conservatives needed to win the most marginal Labour seats in 1951; and (2) the "cube law," first resurrected by *The Economist* in 1950, according to which seats are likely to be divided in the proportion A':B' if votes are divided in the proportion A:B (after making an adjustment for the wastage of Labour votes in the mining areas):

	Tory Majorities Suggested by Latest Gallup Poll		
	Method A	Method B	Method C
"Swing" Calculation	100	70	30
"Cube Law" Calculation	116	80	40

has been fostered by changes in control in the councils, a good case can be made out for saying that Labour should feel moderately cheered by the results last week in the marginal Conservative parliamentary seats of Darlington, Peterborough, Yarmouth and York.

Which of these two ways of looking at the results is the right one? If the Labour way is right, then not merely the Gallup polls but also the trend shown in by-elections are false indications of the extent to which Labour will be able to mobilise support at next week's general election. From 1945 to 1952 borough results and Gallup polls showed quite a close correlation; Labour won more than 1,500 municipal seats when it had a 6 per cent lead on the poll, between 1,000 and 1,100 when its lead was 2 or 3 per cent, and only 800 when it was said to be 1o per cent behind the Conservatives. But ever since 1952 the Labour party has done much better in municipal elections than the Gallup polls would (on the above basis) have suggested.

One suspects that the answer may be that while Labour was in office most convinced Tories bustled to vote at local elections, in grim determination to "turn the rascals out"; since the present Government has been in office, the grimness may have faded in much the same way as apathy has always ruled among so many Labour supporters. This reading seems to be confirmed by the fact that there has been a sharp drop in turn-out since 1952. If this is the real picture, then the Tories may be right in saying that the really significant feature last week was the decline in the Labour vote compared with 1954. For Labour apathy on May 26th is the Tories' brightest hope.

Press on its Best Behaviour

So far the handling of the election by the newspapers seems to be almost everything professional decorum could wish. There have been no scares, sensations or slogans—and almost no stories; to cap all, the *Daily Mirror* has given advance notice that it will not pull a Whose-Finger-on-the-H-Bomb stunt at the last minute. The sarcasm with which it put the fears of the politicians to rest is one reflection of the feeling of the press that the campaign is dull and devoid of human interest. Editors have gladly turned the election off the front page for top level talks or boxing. The right wing press has found Mr Bevan's speeches useful, not simply as an awful warning, but as a necessary condiment.

In the process of weighing up the two parties the press has found it difficult to give a lead, perhaps because it already accepts the view that the public's mind is virtually made up. Some of the papers have failed to make up theirs: the *Observer* has decided it never will, the *News Chronicle* backs the Liberals where they stand but has not suggested how people should vote where they do not, the *Daily Mirror* is—nominally—keeping its advice to those about to vote till election eve. Journalists have tried hard, but their efforts have left a sufficiently palpable air of unreality for some Labour organisers, anxious to have the populace whipped up to a pitch of excitement to ensure a good turn-out, to complain of a press "plot" to ensure just the reverse. But if there is any such plot, the *Daily Herald* must be in it.

The Marginal Constituencies—II.

NOMINATIONS closed on Monday, and they included no surprises. Every one of the 630 constituencies is being contested. Conservatives and their allies are fighting 624 seats, standing aside only for five Liberals and for an Independent in Pembroke. Labour is fighting 620, standing aside only for the Speaker and in Northern Ireland. There are 110 Liberals (one more than in 1951), 17 Communists, and 38 Nationalists or Independents.

Analysis of the nominations suggests that although the re-shuffle of Liberal candidatures probably tends to hurt the Conservatives, it does not do so by more than the boundary changes probably help them. The result of the election should therefore depend directly on the swing as between the main parties—and also, of course, on the extent to which each manages to coax its traditional supporters to the polls. In editing the second of the series of correspondents' or informants' reports from the different battle areas, published below, the same convention has been adopted as last week. The seats which might change hands as a result of a swing of 2 per cent or less between the main parties are printed in bold type whenever they are first mentioned.

The County Palatine

NEARLY a quarter of the really marginal seats in Britain lie within the county of Lancashire. They can most conveniently be considered as belonging to Liverpool, Manchester or the rest.

Liverpool was the only borough in which Labour gained control of a previously Conservative council last Thursday; but the gain was due to a peculiar pattern of retirements among the councillors and was not a sign of a swing to the left. The most important question here for May 26th is the effect of boundary changes. These have made it probable that the Conservatives will lose **Liverpool (West Derby)**, which the youthful Mr Woollam held in a memorable by-election last autumn, and they have rendered **Liverpool Walton** (Conservative majority 3,752 in 1951) very marginal; but the switch of residential areas out of them will probably bring **Liverpool Kirkdale** (Labour majority 758 in 1951) over to the Tory side. If there was a definite swing to the left Liverpool Toxteth (Conservative majority 3,634 but slightly more proletarianised by boundary changes) could go Labour, but nobody really expects this. Just outside the city Mr Harold Wilson's seat of **Huyton** (Labour majority 1,193) has not suffered or enjoyed any boundary changes, but the movement of population continues in Mr Wilson's favour; it will need a swing to the right for the Tories to capture it, and the same applies to Bootle (Labour majority 4,062 in 1951, but which has lost a solid Labour area).

In Manchester the Conservatives scored four gains in last Thursday's borough elections, and they may now feel that the re-arranged Parliamentary constituency of **Manchester Ardwick** (Labour majority 4,418 in 1951) has been redistributed to within their grasp; on the other hand their own marginal constituency of **Manchester Blackley** (majority 2,272) has the same boundaries as last time and **Manchester Wythenshawe** (Conservative majority 6,566) has been redistributed into the marginal category.

Outside Liverpool and Manchester the main interest in Lancashire centres on five Tory, one Liberal, and six Labour seats. If there is even a fractional swing to the left, the Conservatives could lose **Bolton East** (majority 355), **Rochdale** (majority 454), **Preston North** (Mr. Julian Amery's majority 1,108), **Bury & Radcliffe** (majority 1,891), and **Oldham East** (majority 2,057 but with a Liberal now intervening to split the anti-Labour vote); Labour also has hopes of capturing Bolton West (Liberal majority 2,748) where Mr Arthur Holt is needling Lancastrians by campaigning on an uncompromisingly free trader's line. Labour's fears for losses are **Preston South** (Mr Shackleton's majority only 16), **Chorley** (Labour majority 583, but with boundary changes whose effect is in dispute), **Stalybridge and Hyde** (a textile constituency in North Cheshire, with a Labour majority of 298), **Rossendale** (Mr Anthony Greenwood's majority 1,670), Eccles (majority 2,611) and Accrington (majority 2,191). The new seat of Blackburn seems fairly safe for Mrs Barbara Castle; although Mr Assheton's former Conservative seat of Blackburn West has been redistributed into the constituency, it has left its Conservative environs in a county constituency outside. Mr Hervey Rhodes's former marginal Labour seat of Ashton-under-Lyne has been made safer by redistribution.

If Lancashire thinks next week what the Gallup poll says that the country thought this week, the Tories can expect to gain six of the seven Labour seats set down in bold type above (the exception being Mr Wilson's Huyton); but they might still lose Liverpool (West Derby). But is Lancashire thinking about something else—and in particular about cotton? Reports from the spot suggest:

(1) Some Tory candidates whose previous campaigns have been largely financed by contributions from mill owners have been very rudely rebuffed this time; this has disturbed them, but it is not very likely that the owners are going to vote Labour out of spite. The men seem to be much less brassy than the owners, and Tory candidates report surprisingly well-attended meetings with no heckling in the towns. In the country districts, however, they have found cause for the pessimism which is their natural bent. They say that they are going to lose votes among the fairly substantial number of Lancastrians who supplement their earnings by small scale farming with chickens and pigs, as a result of lower egg and pork prices.

(2) The local elections were moderately cheering for the Tories. Up to 1951 local elections in Lancashire told a story of remarkable stability, with much heavier polls than was common in other parts of the country. Then, in 1952, the Tories had a very bad year indeed. Last week in Lancashire, as distinct from the rest of the country, the Tories pretty well climbed back to their pre-1952 position—although on lower polls than usual. There is some reason to suppose that a majority of those who stayed away from

ICFC

Finance for Industry and Commerce

ICFC provides finance in the form of long-term loans on fixed terms, or share capital, to industrial or commercial enterprises established in Great Britain. Amounts range normally between £5,000 and £200,000.

The Corporation is ready to consider applications for capital to purchase additional buildings, plant and machinery, or to provide increased working capital to further the expansion of business. Consideration will also be given to new ventures which are soundly conceived and adequately sponsored.

Please ask for our new booklet—"Capital for Business and Where to Find it".

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

Subscribers: The English & Scottish Banks.

HEAD OFFICE:
7, DRAPERS' GARDENS, LONDON, E.C.2
Tel: NATional 8621/5

BRANCHES:
BIRMINGHAM—214, HAGLEY ROAD. Edgbaston 4181
MANCHESTER—73, WHITWORTH ST. Central 5429
EDINBURGH—33, CHARLOTTE SQ. Edinburgh 30212
LEICESTER—31, FRIAR LANE. Granby 854

Gla.

master

CAPE

and servant

SOMETIMES placid, often savage—heat is vital to industry. Equally vital is its control. But Asbestos does more than control: it conserves and exploits. . . . It protects men and their buildings from fire, helps warm their rooms, saves their fuel, insulates their factories, starts and stops their lorries and buses. Asbestos is Master of Heat and Friction. Let us tell you many ways in which Asbestos can be your servant.

CAPOSITE
Thermal Insulation

CAPASCO
Moulded Brake and Clutch Linings

ASBESTOLUX
Non-Combustible Insulation Board

THE CAPE ASBESTOS COMPANY LTD
114-116 PARK STREET · LONDON W1
Telephone: GROsvenor 6022

the polls last week, but who may come back to them on May 26th, were Labour supporters.

For these reasons Tory MPs in Lancashire are less inclined to forecast widespread losses than they were two weeks ago ; but they are also less sanguine about widespread gains than those who look at public opinion polls in other parts of the country.

Stonewalling in Yorkshire

If the considered views of the more stolid party organisers in Yorkshire are to be relied on, there will be little change in the electoral map of the Ridings after the election —other than the changed frontiers imposed by the Boundary Commission. The contrast between the Tory dales suburbs and spas and the Labour mining and industrial towns will persist. There are no regional issues to upset calculations ; Yorkshire will vote as the nation votes on national—which means domestic—issues. Of the 56 seats (compared with 58 in 1951) perhaps 15 can be described as marginal, but the realistic hopes of the two parties are concentrated on seven or eight. Labour firmly believes that it can win **Doncaster,** held by 384 votes by Mr Barber in 1951, and **York,** held by Sir Harry Hylton-Foster by 921. Mr Gunter, who was Labour MP for Doncaster until his defeat at the last election, is standing again ; and he has worked hard with union help among the railwaymen. The Conservatives may be more worried about this seat than they are about York, but they think they can keep it. They also say that they can win **Brighouse and Spenborough**—held by Labour with a majority of 2,277 in 1951, but by only 437 in a by-election in 1950—as well as Keighley. The last named seems to be out of their reach ; Labour held Keighley by 2,448 in 1951, but by 5,581 in 1950 when a Liberal stood—and this time a Liberal is standing again. Conservative hopes in **Halifax,** where the Foreign Secretary's son is fighting a Labour majority of only 763, are brighter.

The Tories are also hoping to unseat Mr Douglas Houghton at **Sowerby ;** but though his majority is only 1,648 the failure to endorse a joint candidate with the Liberals, despite long negotiations, has disappointed them greatly. In their own seat of **Pudsey,** too, the Tories feel frustrated by the appearance of a Liberal candidate: they held the seat in 1951 by 3,356 when no Liberal contested, but in 1950 by only 64 in a three-cornered fight. Against this, Shipley (majority 1,503 in 1951 in a three-cornered fight) must have been made safer for them by the disappearance of a Liberal this time.

Boundary changes have confused the battle in the four big cities, Leeds, Bradford, Sheffield and Hull. Leeds and Sheffield have each lost a division, a loss which must be borne in each case by Labour. In Bradford the old Labour central division has been renamed **Bradford West,** and given an unwelcome Tory ward as a christening present, just conceivably Labour could lose it and capture the Tories' **Bradford North,** in exchange. By coincidence an exactly similar situation, as between a new (and presumably Labour) West division and a new (and at present Tory) North division, has occurred in Hull. In Leeds, Mr Osbert Peake and Mr Kaberry will surely succeed in their reorganised divisions, now named North-East and North-West, but Tory hopes of unseating Mr Healey in the new Leeds East, are probably premature ; in his old division he had a majority of only 3,400, but now expects to increase it. A swing of 3 per cent would probably be needed to justify the rather glistening Tory hopes in these cities—which are to gain nine seats to Labour's ten, in place of seven to Labour's fifteen in 1951. With party organisers on both sides reporting no signs of any extensive conversions, boundary changes alone could not bring this about.

Stable Scotland

Scotland divided its favours with tidy impartiality in 1951. It returned 35 Labour MPs, 35 Conservative and Unionists, and Mr Grimond from Orkney where they like to be odd man in. They also like to be odd man in in the **Western Isles,** where they vote for Mr Malcolm Macmillan rather than for his Labour Party ; although electoral arithmetic says that this is a marginal seat, the islanders are likely to vote for him again.

The general impression upon the visitor to Scotland is one of surprisingly well-attended meetings, and of equally surprising stability of opinion—except where the Boundary Commissioners have sown disruption. In Edinburgh there are four Tory strongholds and one Labour one ; but Labour is probably secure enough in the two marginals—in Edinburgh Central because of redistribution, and in **Edinburgh Leith** because of a very public quarrel between Liberal Nationals and Unionists, which has led to Sir Andrew Murray standing as an Independent against the official Unionist candidate. He is carrying on an admirably folksy campaign, and seems bound to split the anti-Labour vote up the middle. In the Lowlands, Labour has hopes of recapturing Berwick and East Lothian which it lost in 1951 ; but, although it has a good candidate, he will need a 3 per cent national swing to get him in. No other rural Lowland seat is in doubt except **Lanark,** where the Bevanite, Mr John Mackie—one of the only four or five Bevanite candidates in the whole of Scotland—is challenging the Master of Lauderdale, with his 1,793 majority. The rest of Lanarkshire is industrial and safely Labour, apart from **Rutherglen** which the Conservatives won by 352 in 1951 and which is likely to go as the nation goes. A 3 per cent swing against Labour could oust Mr MacPherson from Stirling and Falkirk, and it would also bring Dunbartonshire West and Central Ayrshire to the Tories ; while on the other side a 4 per cent swing could defeat the Liberal National, Mr John Maclay, in West Renfrew, where there is reported to be great local indignation about the Government's closing down of the Renfrew Maintenance Base. An illustrious casualty of a 4 per cent swing against Labour would be Mr John Strachey at Dundee West, but this is not really likely to happen in spite of Communist intervention against him. Nor can the Liberals be very sanguine of recapturing **Roxburgh and Selkirk** (which they lost to the Conservatives by 829 in 1951); boundary changes here are in the Conservatives' favour.

Apart from Rutherglen, therefore, the only seats in Scotland which local opinion considers to be in serious danger of changing hands are in Glasgow where the Boundary Commissioners have drastically reshaped the Parliamentary map. They have put the Conservatives on to the defensive. Thanks to their work, Colonel Hutchinson will be very hard put to it to retain **Glasgow (Scotstoun),** even although Labour has made the mistake of putting up a very left-wing Welshman who has given some offence to local Catholic opinion. Next door another Conservative, Mr Nixon Browne, is quite likely to be ousted from **Glasgow (Craigton) ;** this is in effect a rather more working class version of the old Glasgow (Govan), a name that has now been handed on to a safe Labour seat carved out of the old Glasgow (Tradeston). It is possible that the Conservatives may offset losses in these two seats by regaining **Glasgow (Provan),** formerly called Glasgow (Camlachie), and Mr Walter Elliot's former marginal seat at **Glasgow (Kelvingrove)** has now been made safe by boundary changes. But an important feature of the Scottish political scene is that Labour apathy seems to be less widespread than in England, although Labour organisation is just as bad. The recent local elections in Scotland suggested that opinion there is very stable ; certainly there was no sign of a swing to the right.

The Farmers' Vote

One of the features of recent reports from the constituencies is the way in which many observers have been converted to the view that agriculture has replaced cotton as the most ticklish "special issue" in this campaign. Both the main parties, but particularly Labour, appear convinced that the agricultural vote is a vital factor in the election. Farmers with their families constitute at most 2 per cent of the electorate, and farm workers' families—of whom even Labour makes much less fuss—account for a similar proportion. The farmers, however, are supposed, first, to wield an influence out of proportion to their numbers, and, secondly, to hold the balance in a number of vital seats.

The facts about this second proposition seem to be these. Of the constituencies whose complexion would be changed by even a 4 per cent swing, 36 contain an appreciable rural element, and at present only 10 of these are Labour. Almost half of the 36 are in East Anglia and adjacent parts of the Midlands, where the size and strength of the farm workers' unions is a special factor ; another pocket of marginal rural seats is to be found in Wiltshire and Somerset, where there also exists a tradition of radicalism, and there are some in North Lancashire. But few of these 36 seats are entirely, or even primarily, rural. Most consist of an amalgam of countryside with railway centres (Grantham, **Peterborough,** Yeovil), with mining areas **(Falmouth and Camborne, Lanark,** the Wrekin), and with small industrial towns **(Burton, Stroud).** In such areas, where the industrial and rural votes are roughly in balance, it is Labour's hope to seduce a vital fraction of farmers' votes.

They may do so ; but, from past history, their prospects of dramatic progress cannot be rated very highly. Farmers are far from being monolithically Conservative, since many of the smaller and poorer ones already vote Labour, which explains why a marginal farming area like Brecon and Radnor is also marginal politically. But the pendulum of farming opinion swings very slowly, and even a small counter-eddy in the urban sector would wipe out, in most of these constituencies, any dent that Labour's persistent propaganda may have made in the farmers' traditional loyalties.

The Prospect Summarised

The reports from the constituencies, published this week and last, all serve to emphasise that candidates and agents on the spot can see little sign of any major swing as between the main parties since 1951. This does not necessarily mean, however, that the state of the new Parliament is bound to be very similar to the old. There are far too many marginal seats for it to be possible to make any such confident forecast—unless, indeed, the forecaster claims to know how more than ninety-nine out of every hundred British people are going to vote.

On page 657 of this issue the names of the 120 most marginal constituencies, those that could apparently be captured by a 3 per cent swing either way, are set out in tabular form. It is hoped that this table will be of help to readers who want to try to assess the trend as the early results come through on the radio on Thursday night. Suggestions for making use of the table are discussed on the following page.

There are, however, two general points that can conveniently be made here. One is that if the Conservatives managed to achieve even a 2 per cent swing in their favour, they would probably get a majority of nearly a hundred in the House ; if Labour secured a 2 per cent swing, it would probably get a majority of nearly forty. A bigger swing would lead to proportionately even bigger majorities. This seems to be especially true of the Conservatives ; if they could thrust past a 2 per cent, and still more past a 3 per cent, swing their victory would very quickly develop into a landslide.

The second point is that the result of this election is not likely to depend solely on regional groups. Prospects for the farmers' and the cotton workers' votes have been discussed above. Thanks partly to the activities of the boundary commissioners, the marginal seats are now fairly evenly spread across the country. For example, the table on page 657 shows that there are fourteen Conservative seats that Labour could win with a swing of one per cent ; they are the seats that the party will have to win if it is to be returned to office, and are therefore perhaps the most critical in the country. Of these fourteen seats four are in agricultural or partly agricultural areas ; two are in Lancashire, two in Yorkshire and two in the North-East ; while Scotland, Wales, London, and the Midlands have one each. As either party presses past the point of stalemate towards building up a small majority, Lancashire and East Anglia become temporarily more important ; but they are never entirely predominant. The real question mark hanging over next Thursday is how the broad mass of the country will sway, and not how particular interests will cavil.

Straws in the Wind

APPROXIMATELY 120 of the 630 constituencies now being contested could change their allegiance as between the main parties as a result of a swing of 3 per cent either way. They are shown in the table on the opposite page. Just over sixty of these seats are being fought within the same boundaries and with the same pattern of candidates as last time; they are set down in ordinary type in the table, and should prove to be the most sensitive indicators of the way in which the election is going as the results come through on Thursday night. The marginal seats in which boundaries or the pattern of candidates have been changed are set down in the table in italic type; they have been assigned to the different columns according to the best available information about their prospects, but they are clearly much less reliable indicators than the unchanged constituencies.

In reading the different columns, it should be noted:

(1) The fourteen "very marginal Tory seats" set down in bold type in the table are the fourteen which Labour could capture with a one per cent swing to the left. As it happens, the capture of fourteen seats would bring Labour into exact equality with the Conservatives in the House. It therefore seems reasonable to assume that as these seats go, so will go the nation.

(2) Immediately below these critical fourteen seats in the table are shown ten "expected Conservative losses" and eight "expected Labour losses" (one of them an expected Irish Labour loss). All of these, of course, are seats affected by changes in boundaries or in the pattern of candidatures. For what it is worth local opinion suggests that two of the expected changes—Leeds North East to the Tories and Glasgow (Govan) to Labour—are "inevitable changes." All the others are uncertain changes (i.e. if there is a swing to the right the "expected Conservative losses" will not in fact occur). Allowance has been made for such retention of "expected losses" in calculating the majorities that might be secured by 2 or 3 per cent swings.

(3) By the time that a dozen or so results are in, it should be clear whether the country is in fact swinging right or swinging left or standing nervously still. It should thus become clear whether it is on the right, left or middle three columns that the reader should concentrate while awaiting changes in control. A possible method of using the table is to cross off those seats in these columns that do change hands, and to tick those that are held. The advantages of this system are that there are then fewer and fewer names to concentrate upon as the night wears on; and that a fair indication should be obtained of the majorities towards which either party is heading.

(4) If some seats change hands which are not on this list, this will be a sign either (*a*) that a landslide for one or other party is in progress; or (*b*) that peculiar things are happening in certain areas; or (*c*) that the compilers of our table have misread the effects of certain boundary changes. It is hoped that the last-named source of error has been kept to a reasonable minimum. In any case, bold estimates have seemed better than sitting on the fence.

(5) All the constituencies set down in the table opposite are constituencies that were represented in the old Parliament. In this election, however, there are 35 new names on the map, while 30 old constituencies have been abolished or renamed. In our assessment that the effects of boundary changes and of changes in candidatures might just about cancel out as between the main parties, it has been assumed that the 35 new or renamed constituencies may split in Labour's favour by 21-14, whereas the 30 abolished constituencies split in its favour by 20-10 in 1951. This is a very hazardous assumption, the more so because ten of the new or renamed constituencies that have here tentatively been assigned to Labour, and four of those that have tentatively been assigned to the Conservatives, are regarded as marginal. The names of these marginal new or renamed seats are shown in the accompanying table. In addition to the marginal seats shown in this table and that opposite the Conservatives think they might win two Ulster seats from Irish Nationalists; and Labour might lose Pembroke to an Independent, Anglesey and Merioneth to the Liberals, and capture Carmarthen from the Liberals.

New Seats Assigned to Labour but considered Marginal.	New Seats Assigned to Tories but considered Marginal.
Barons Court	Hull West
Birmingham (All Saints)	Leeds East
Birmingham (Selly Oak)	Meriden
Bradford West	Stroud
Glasgow (Craigton)	Walsall South
	Eastleigh
	Essex South East
	Glasgow (Provan)
	Reading.

An Early Pointer?

One other point seems worth making. In 1951, 360 of the 625 results were announced on the Thursday night and the rest on the Friday. The first critical seat to be announced was **Watford**, a constituency which has a tradition for being quick on the count and which may conceivably be the first critical seat to make its announcement this time.

In 1951 Mr John Freeman held Watford for Labour by a majority of 508, in a three-cornered fight in which a Liberal polled 2,469 votes. This time there is no Liberal candidate, and also no Mr Freeman; a straight fight is in progress between Mr Bramall (Labour) and Mr Farey Jones (Conservative). There are no boundary changes in Watford; but if the missing Liberal's vote is redistributed in the same way as other missing Liberals' votes seemed to go in the outskirts of London in 1951, then the Conservative might get in by a majority of about a hundred. For this reason Watford has been marked on the table opposite as an expected Labour loss. It is, however, perhaps the most dubious seat of all in that category, and could be an excellent pointer to the general swing. It is therefore possible that the news of how Watford has decided might well be the first significant indication next Thursday of how the country has decided too.

SENSITIVE INDICATORS OF THE ELECTION RESULTS

← COUNTRY SWINGING LEFT — COUNTRY SWINGING RIGHT →

MARGINAL TORY SEATS
TO BE WON BY LABOUR REQUIRE A LEFTWARD SWING OF ABOUT

2–3% indicating a Labour majority of 40–100 seats	1–2% indicating a Labour majority of under 40 seats
Bedford	Barry
Bedfordshire (Mid)	Bexley
Berwick & E. Lothian	*Bradford North*
Billericay	Brentford & Chiswick
Birm'gham (Handsworth)	Bury and Radcliffe
Bromsgrove	*Eye*
Chelmsford	*Hertford*
Devizes	*Hull North*
Epping	King's Lynn
Grantham	Lanark
Hendon North	*Liverpool (Walton)*
Lambeth (Norwood)	*Luton*
Lewisham West	*Manchester (Blackley)*
Liverpool (Toxteth)	*Manch'r (Wythenshawe)*
Middlesbrough West	*Oldham East*
Norwich South	*Portsmouth West*
Shipley	Preston North
Somerset North	*Pudsey*
Taunton	*Rushcliffe*
Westbury	*Woolwich West*
Yeovil	Wycombe
	Yarmouth

VERY MARGINAL TORY SEATS WHICH MUST BE WON BY LABOUR TO GAIN ANY MAJORITY—
must be held by Government to remain in power

Bedfordshire South
Bolton East
Buckingham
Burton
Camberwell (Dulwich)
Conway
Darlington
Doncaster
Norfolk S. W.
Peterborough
Rochdale
Ruthergien
Sunderland South
York

Expected Conservative Losses	Expected Labour Losses
Battersea South	*Belfast West*
Bristol North West	*Gloucestershire South*
Chislehurst	*Gravesend*
Glasgow (Govan)	*Liverpool (Kirkdale)*
Glasgow (Scotstoun)	*Leeds North East*
Harrow East	*Nottingham South*
Hitchin	*Southampton (Test)*
Liverpool (West Derby)	*Watford*
Plymouth (Sutton)	
Romford	

MARGINAL LABOUR SEATS
TO BE WON BY CONSERVATIVES REQUIRE A RIGHTWARD SWING OF ABOUT

0–1% indicating a Conservative majority of 25–60 seats	1–2% indicating a Conservative majority of 60–100 seats	2–3% indicating a Conservative majority of 100–150 seats
Brighouse & Spenborough	*Ealing North*	Accrington
Chorley	Huyton	Acton
Falmouth and Camborne	Leek	Ayrshire Central
Faversham	*Lichfield & Tamworth*	*Birmingham (Northfield)*
Halifax	*Manchester (Ardwick)*	*Bootle*
Hornchurch	Rossendale	Brierley Hill
Lowestoft	Sowerby	*Crewe*
Maldon	*Uxbridge*	*Derbyshire South East*
Newark	Walthamstow East	*Dunbartonshire West*
Norfolk North	Wandsworth (Clapham)	Dundee West
Nottingham (Central)	Willesden East	Eccles
Plymouth (Devonport)		*Edinburgh (Leith)*
Preston South		*Gloucester*
Rochester & Chatham		Hartlepools
Rugby		Holborn & St. Pancras
Stalybridge and Hyde		Newcastle East
Wandsworth (Central)		Stirling & Falkirk Burghs
		Swansea West
		Wellingborough
		Western Isles
		Wrekin

Constituencies in *Italic* type are to be regarded as less sensitive indicators by reason of changes made by the Boundary Commissions, or because a Liberal candidate is standing whereas there was no Liberal in 1951 *(or vice versa)*.

Notes of the Week

Kid Gloves for Arms?

EVERY restatement of the Soviet attitude to disarmament put out during the past decade has required minute scrutiny. These tortuous documents (the latest is discussed at more length on page 678) have consistently proved to be masterpieces of *trompe l'œil*, giving at the first hasty glance an appearance of reality which closer inspection reveals to be misleading. Thus last autumn, when Vyshinsky heartened the United Nations Assembly by announcing that Russia had accepted a Franco-British text as a new basis for disarmament, it took a month of painful cross-examination to make it clear that Russia had done nothing of the kind; and the propaganda effect of the ingenious Soviet move had by then been achieved.

Last week, the Russians did it again. But this time the western governments seem in no hurry to back them into a corner with probing questions about their nicely calculated evasions. Moscow's statements of May 10th are to be left for a time to hold the world's eyes. Is it seriously to be argued that to probe their cloudy depths would spoil the prospects for talks at the "summit"? If so, if the free nations feel obliged to approach those talks with sealed lips and a visible readiness to accept vague assurances as a substitute for brass tacks, are they not entering upon a most dangerous road?

The Warsaw Conference

THERE was a surprise ending to the Warsaw conference last week. Herr Grotewohl duly signed the treaty, largely "cribbed" from the North Atlantic treaty (although the Communists indignantly deny this) which is to be a new framework for the long-established military integration of Eastern Europe. But "the participation of the German Democratic Republic in measures connected with the armed forces of the Joint Command will be examined later." What was confidently expected, not least by the East Germans, to be the most practical outcome of the conference—the formal recognition of the East German armed forces and their integration with those of the rest of the bloc—has been postponed.

One reason for this delay is that the Communists evidently still hope to prevent the implementation of the Paris agreements. "Peaceful reunification or partition and remilitarisation" is the choice with which the West Germans are to be bombarded; and Herr Grotewohl's speech showed that he has been authorised to redouble his efforts to persuade the West Germans to sit down with him "at one conference table, reach an understanding, tear up the Paris agreements and set up a united, peace-loving and democratic Germany."

A further reason for delay lies in the attitude of the Poles and Czechs. Although steps have been taken to bring them into a specially close relation with Eastern Germany (as the three countries most closely threatened by "West German militarism") both, and especially the Poles, are evidently unenthusiastic about close and equal military co-operation with their former enemies. In the Polish premier's main speech the need to work for German unity was conspicuous by its absence.



The satellites were perhaps hardly less disturbed by the Chinese role at Warsaw. General Peng categorically reaffirmed the pledge made by the Chinese representative at the Moscow conference last December, that China would help to repel any "imperialist" aggression in Europe. This is the sort of help the satellites could do without. And some of them may well feel that their "Eastern Nato" is less a shield against aggression than a device for legalising and extending the Red Army's grip on Eastern Europe.

Deflation in Russia

FOREIGN affairs are not the only urgent preoccupation of the Soviet leaders at present. Last week a first step was taken to implement the deflationary policy outlined in the February budget. The annual state loan was floated for 32,000 million roubles, about twice the amount issued in the last two years. Since Stalin's death employees had been required to buy bonds each year for the equivalent of two weeks' wages; now they are again to contribute nearly twice as much. This higher dose of forced saving combined with fixed prices (for the first time since 1947 there has been no spring price reduction) will not add to the popularity of the new government, but it is the logical outcome of the decision to switch the emphasis back to heavy industry. Something had to be done to halt the inflationary pressure.

The real solution must obviously lie in a rapid increase of production. After months of attention to agricultural problems, the limelight was switched this week to industry. At a special conference in Moscow, attended by the élite of government and party, Marshal Bulganin faced the crucial problem of low productivity. Having asserted that the current five-year plan would be exceeded, the premier went on to admit that in many branches of industry productivity was still much lower than in the West, and that the progress made did not correspond to past investments in modern equipment. This is the eternal complaint of the planners; it is particularly topical now that the Soviet rulers want to step up heavy industrial production—allowing them to "bargain from strength"—without disappointing the consumer too sharply.

As part of the same campaign Marshal Bulganin announced some changes in the method of planning. Two separate bodies will now deal with long-term blueprints and with the supervision of alterations of the current plan. Next year the Soviet Union is to launch its sixth five-year plan, and the problem of distribution of resources between heavy and light industry will certainly be in Marshal Bulganin's mind during his coming discussions "at the summit."

Outlawed Union

THERE is little hope that the dock strike threatened for next Monday will be averted. The deadlock remains. The National Association of Stevedores and Dockers say they will stop work on Monday unless their representatives sit on the local port committees and on the national joint council. The employers say that this is a matter for the unions to decide. The Transport and General Workers' Union will not sit with a union that has stolen some of its members. But the TUC changed its mind about parleying with an outlaw after Mr Barrett, the NASD leader, had said that he was willing to talk with them. It may be that he is wavering—as he is apt to do—afraid of becoming too notorious as a strike leader, or else afraid that in this strike he will not get dockers outside his union to follow him. But he is not playing the principal part in the present dispute. He is overshadowed by two lieutenants, and is said to be suffering from nervous debility.

The TUC in any case, though it might secure a postponement of the fight, could not promote a compromise. That would cut across the "Bridlington agreement" which forbids a union to try to establish itself (as the NASD did) where another union is already in possession. The TUC could only say that if the stevedores would honour that agreement it would initiate talks with the TGWU. But the NASD would not agree to hand back its stolen members—who form the very basis of its claim to be represented.

If it does strike it can rely on a good deal of misguided public sympathy.

There is unfortunately a very general impression that this is merely a case of a big dog trying to sit on a little one. The public needs to be told how the NASD behaves when it is represented on joint committees. On the Port of London Executive Committee it has time and again ignored joint decisions, and the same was true on the national joint council, before the other unions threw its members out last year. And if the public needs to know all this, how much more do the TGWU dockers, who in the past have shown themselves so ready to follow the stevedores, even against their own interests.

The Pastmaster's Role

SIR WINSTON CHURCHILL's part in the election has been, for him, so modest that it can only be by a deliberate act of self-denial. He did not break silence until the campaign was half-run, and then he was largely content to underline the familiar—although not without effect. This was all very disappointing for the platoons of journalists, photographers and newsreel men who descended on Woodford last Monday night expecting to record a major oration, perhaps even another Fulton speech. But Sir Winston was not simply being contrary. There was a certain symbolism in his insistence that the arc lights should be switched off, "so that I can see my constituents." Sir Winston's constitutional responsibilities now are only to his constituents; the lights should be on his successor. He may also have reasoned that as the electors will have Sir Anthony Eden as Prime Minister if the Conservatives are re-elected, the dogs should see the right hare.

As a performance the Woodford speech was not among his best; even the cheering was ritualistic rather than spontaneous. But the words will not look so bad on the record. This election has been so devoid of personality that it was refreshing to find some vivid imagery. Mr Attlee was "a piebald" and Mr Bevan "a voluble careerist"; these epithets will stick, which is more than can be said for most others so far dreamed up in this campaign. Even a quarter-speed Sir Winston is no mean electioneer.

But Sir Winston has not just been entering an election campaign; he has been making his first speeches since retiring from the premiership. It was therefore a matter of more than party interest to see how he would make use of his new independence. The judgment must be that he was almost disappointingly loyal. He could, perhaps, claim that an election is not the right moment for any party man to shake a loose leg, but he is the statesman above all others who could valuably have grappled with some of the "untouchables," like industrial relations. Instead he merely paraded the points in the ordinary Conservative candidate's handbook, though in more polished prose. On the greatest problem of all, of course, he is necessarily a prejudiced guide. He gave his blessing to the "talks at the summit," and his undimmed faith in the ability of statesmen to settle the world's problems over a brandy may yet embarrass Sir Anthony. But, on this evidence, any embarrassment will be

the result of his enthusiasm, not of his piquant originality. There was no sign here that the greatest backbencher of all time is returning to the rebel's fold.

Mass Contradictions

THE Labour party has issued two policy statements this week; one explaining to mill-owners how it would keep prices up, and the other explaining to consumers how it would keep prices down. In both cases the pretended remedy is a mass of controls with inevitably contradictory objects: bulk purchases from the Commonwealth to ensure that supplies are offered cheaply but no purchases from it if they are offered too cheaply, no rationing by price to be allowed but no rationing by any other means either, promises for action in times of scarcity and promises that there will be no scarcity anyway. The statements need not be subjected to lengthy analysis here—not because of any desire to keep Labour's case out of the shop window, but because it has become tedious to be forced by successive Labour statements into reiterating the successive, and successful, Tory *ripostes*.

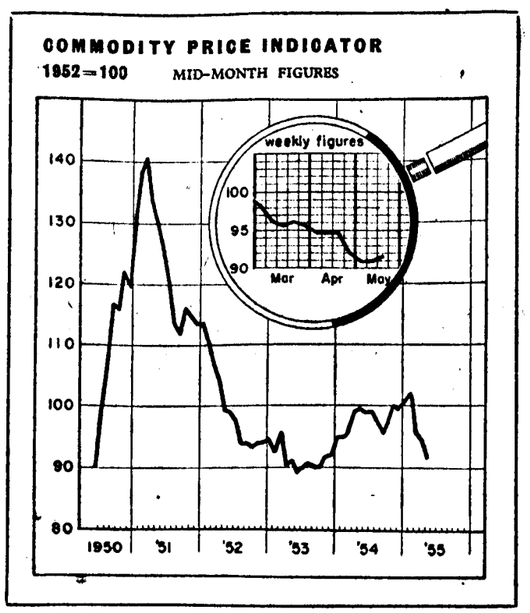
But there is a general point that deserves to be made. Does Labour really find it worthwhile to issue documents like its "Programme for Prices"? They are fairly lengthy documents and will be read only by the thoughtful. They are written by officials at Transport House under quite impossible conditions. They have to be statements of policy by people who are not authorised policy-makers, and who therefore have to wriggle pitifully in order to avoid offending different party stalwarts who have differing ideas about what party policy is. They are thus bound to irritate and antagonise the only sort of people who are going to bother to read them. They advocate vast mechanical systems which almost certainly could not be set up—and which, if they were set up, quite certainly would not work. If Labour wins next week, the only effect of this latest document will be to provide some useful quotes for the Tory Speakers' Handbook at the election after next. If Labour is defeated, the document will be regarded as having contributed its mite—admittedly it will be only a mite—towards losing the small "thinkers'" vote. It all seems to be rather a waste of the time of officials who would have been better employed in working out new ways of presenting past statistics in an unfavourable light, a task which the Labour Research Department has so far performed with admirable professional cunning.

Austrian Pitfalls

THE Austrian State Treaty was signed in Vienna on May 15th, ten years after the end of the war in Europe. A warm, hazy glow of satisfaction naturally surrounded such a long-delayed step towards "normalisation" of European relations, but it will not stand five minutes of unsentimental examination of the agreement. Mr Molotov's comparison of Austria's position with that of Switzerland is misleading. Austria has not only pledged itself to remain neutral, with a guarantee of its inviolability to come from the powers. In addition, a number of penal clauses impose limitations on Austria's freedom of action. It is true the Soviet government agreed to drop any restriction on the size of the Austrian army and amount of its equipment, but other bans remain. Austria will not be able to protect its neutrality with atomic weapons of any kind, nor with guided missiles—or even with motor torpedo boats on the Danube. This may be magnificent Bulganin, but it is not Swiss.

The same criticism may be made of the provisions against an *Anschluss* with Germany, which make strange reading at a time when every country is striving to integrate with its neighbours, and Marshal Bulganin has just repeated at Warsaw that the strength of the neutralist forces in Austria "testifies to the existence of great possibilities for the development of co-operation among states, irrespective of their social structure." Austria is now prohibited from any step "likely to promote, directly or indirectly," political or economic union with Germany. This means that Austria's internal as well as foreign policy is limited.

For the time being, the Austrians are quite ready to accept these restrictions and relations between Austria and Federal Germany are likely to be bad enough to satisfy anyone who fears an *Anschluss*. The sixth man from Bonn made himself heard to the displeasure of all last week in Vienna. The three western powers received a complaint about the disposal of the former German assets, none of which may be returned except to individual small owners, charities and the like. The Germans feel bitterly that Austria should treat them with at least as much generosity as ex-enemy countries, some of whom are now giving back local German assets. They have no technical ground for protesting to the western powers, because the Potsdam treaty handed over the whole Hitlerite economic empire in central and eastern Europe to the Soviet Union, and German claims were renounced in the recent Paris agreement. But the Bonn government must show that it is doing what it can



for its nationals, and industrialists themselves will undoubtedly continue to try to regain their property. Austria, whose risky economic situation is described on page 679, is in no position to offend the country with which it does 60 per cent of its trade, and which sends it over half its foreign tourists. But it also cannot pile up compensation payments to Germans. The danger undoubtedly exists that if there were a reversal of the present boom in Austria, the terms of the treaty might lead the country into a fatal economic dependence on the Communist bloc.

Signor Scelba Holds On

ITALY'S much-heralded cabinet crisis has been postponed. Until after the eleventh hour it seemed almost certain that when Signor Scelba went last week to present his resignation to the new President, Signor Gronchi, he would be observing more than a polite formality. But the Saragat Socialists, who had been loudly proclaiming their determination to desert the coalition and force the premier's resignation, suddenly decided that they did not, after all, want the responsibility of provoking a crisis just now. Signor Scelba was thus, with his cabinet intact, able to word his resignation so that the president could not but decline it. Signor Gronchi, who is a believer in an "opening to the Left," may not have been best pleased about this; but since the constitution is silent on these matters, the premier was well within his rights in deciding to stay put.

But the worst of Signor Scelba's headaches has its cause not in the smaller coalition parties, but in his own Christian Democrat party. As soon as the results of his visit to the President were known, the dissident group of Christian Democrats known as the *Concentrazione* met and issued a statement fulminating against the prime minister's "mortifying and incredible refusal" to note the need for a "substantial clarification" of the political situation. The group's ardour was then somewhat cooled by a sharp rap over the knuckles from the party leaders and a reminder that rebels run the risk of expulsion; and this firmness, combined with some effort by Signor Scelba to meet their demands, should stiffen their wavering loyalty when the government meets parliament next week and may find itself faced with a no-confidence motion introduced by the extreme right-wing parties. But as soon as the Sicilian elections on June 5th are over, the deferred cabinet crisis is likely to loom up threateningly again. No obvious solution is in sight, for the extension of the present centre coalition either far to the left or to the right is likely to raise more problems than it settles. It is the more unfortunate that the prospects of the Christian Democrats becoming a united and cohesive party are extremely poor.

Cacophony in Tunisia

IT is proving almost as difficult for a moderate Frenchman to make himself heard in Tunisia as, elsewhere, it once was to shout down Senator McCarthy. This week, the Franco-Tunisian negotiators—two groups bent on signing their agreement—have resumed their work in Paris a fortnight before resumption was due, and a week before the end of the Ramadan fast, because both fear that their chances of success are imperilled by the sheer noisiness of the criticism levelled at them from both extremes.

At the Tunisian end of the scale, the familiar denunciations are coming from M. Salah ben Youssef, the secretary general of the Néo-Destour party, now in exile, who proclaims from Cairo that the agreement as now drafted will merely confirm the imposition of French rule. At the French end, equally violent opposition is manifest. The two local senators whose name is a byword for die-hard colonialism—MM. Colonna and Puaux—have publicly dissociated themselves from French acts of violence against Frenchmen belonging to organisations which favour the agreement, but they have not denounced the fiery words of other compatriots. Violent acts continue to be perpetrated, and the French Resident General has had the courage to banish a fellow general from the territory for giving encouragement to French terrorists.

Admittedly, the uneasiness of the local French population is not groundless. A good case for special treatment is being made by civil servants and railwaymen who fear for their old age pensions and who are asking to be regarded respectively as seconded from the French metropolitan service and as belonging to the French national railway company. One group of farmers in central Tunisia has asked the French government to buy back their lands so that they can buy equivalent holdings in France.

Perspective is restored only when one learns that the French premier, M. Faure, has had the good sense to have further private talks with the Tunisian Nationalist leader, M. Habib Bourguiba, and that M. Bourguiba is taking part in the current negotiations before going home at the end of his term of exile. There are, on both sides of the Mediterranean, plenty of people who know that surrender to extremism would sooner or later lead to a campaign or campaigns as costly in terms of money and human suffering to Tunisians as to Frenchmen.

Mau Mau Tires of War

IN August, 1953, the Mau Mau leaders were brought to the brink of surrendering under the former "white flag" offer; they shied off at the last minute when a patrol opened fire near the place appointed for giving themselves up. Mr Michael Blundell has now told the Kenya legislative council that the "hard core terrorists" have been brought to this point again, under the new surrender offer which was made last January, and which was bitterly criticised by some Kenya Europeans. Thus the decision to keep the offer open for at least three months may bear the hoped-for fruit, and the shooting war in Kenya may be near its end. The terrorists have suffered heavily in the last few months. The spread of strong points and—to use the local word—"villagisation" among the scattered vulnerable bomas of Kikuyuland have increased security and reduced intimidation and recruiting. Many of them almost certainly wish to give in while there still is a chan e

of exchanging penal servitude for the death sentence. Presumably no mistakes will be made by patrols on this occasion, but it would be unwise to count on a substantial surrender. Unused to mercy or good faith themselves, the terrorists find it hard to believe in the government offer.

Although the situation will be immensely improved if they come in—and especially if they bring Dedam Kimathi, the terrorist leader, with them—Kenya's ordeal will not be over. A few gangs will perhaps remain, and there may be a problem with local *banditti*. If this is reduced to proportions with which the police can deal, the deadweight of military expenditure will be lifted from Kenya's economy. But the colossal expenditure involved in running the detention camps and speeding up the tediously—and dangerously—slow process of screening and rehabilitating the lightly infected detainees will continue. So will the cost of reconstruction in Kikuyuland. African political feeling, having lost Mau Mau as a cause, must be expected to coalesce round new leaders and parties. For the feeling, and the grievances which created it, will remain. But an end to murder and terror will vastly improve the atmosphere in which—for example—the constructive proposals of the long-awaited Royal Commission in East Africa can be discussed.

Fish Locked Out

IT would be interesting to know how the authors of Labour's "Programme for Prices" would solve the Icelandic fisheries dispute, one effect of which is to raise the price and lower the quality of the cod sold on the British market. The Government has just stated its case in a memorandum which is to be presented to the Council of Europe, and which answers an Icelandic memorandum to the council last year. This recalls the history of the dispute. In March, 1952, Iceland, without consulting the nations whose fishermen were affected by its decision, forbade fishing within four miles of its coast, except line fishing by its own nationals. The British trawler owners retaliated by refusing the use of their landing gear for Icelandic fish. The Icelanders tried to circumvent this by using their own gear, as well as the kind offices of Mr George Dawson. But as the British trawler skippers and mates (not, the memorandum innocently says, the owners) refused to fish at all if this fish were distributed, the trade would not handle it, and the attempt had to be abandoned.

The British Government's case is briefly as follows: (*a*) there is no evidence that Icelandic waters were overfished, and if they were the remedy would be to regulate meshes or perhaps to close nursery grounds ; (*b*) any such decision should be agreed internationally ; (*c*) Iceland had no right to deny access to a zone beyond its territorial waters, the limit for which (except in Norway) Britain accepts as being only three miles ; (*d*) if Iceland had the right, to exercise it unilaterally was an *abus de droit*.

The Government has clearly been in a dilemma. Partly in order to avoid offence to a Nato partner—and partly because it recognises that it is preposterous that private interests should be able to impose their private ban on imports which merchants and housewives would like—it has tried to put some pressure on the trawler owners. But they refused to lift their ban even while negotiations went on or while the issue was referred to the International Court—fearing no doubt, on the precedent of the Norwegian case, that its decision would go against them. Short of new legislation to make their ban illegal, the Government could do no more. It has been possible, moreover, to avoid drastic action of any kind, since each party has been getting on quite well without the other. The Icelanders have been selling their fish, mainly to Russia and Eastern Europe ; and the British have not been going short because other supplies, mainly German, have to a large extent made up the gap. So it seems likely that in spite of the Foreign Office memorandum the affair will drag on indefinitely.

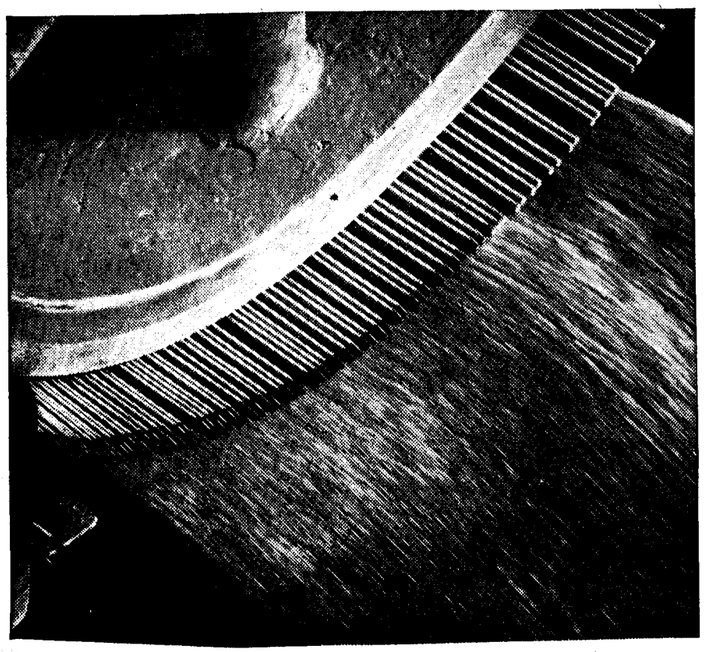
The Scholarship Stakes

THE *Times Educational Supplement* last week carried the annual article in which its correspondent analyses the scholarships and exhibitions awarded by Oxford and Cambridge colleges according to the schools attended by their winners. The same four schools are in the lead as last year. Performance, of course, cannot be judged except in relation to their size ; and therefore a column has been added showing where possible the approximate school roll. But this admittedly proves very little, since the age of entry varies—being normally two years younger in grammar than in public schools—and so does the size of sixth forms. Another "unfairness" which should be noted is that no distinction can be made between "open" scholarships (fiercely competed for) and "closed" scholarships (which are limited to certain kinds of candidate and sometimes to a single school). Only the first 19 schools listed in the *Educational Supplement* are shown here.

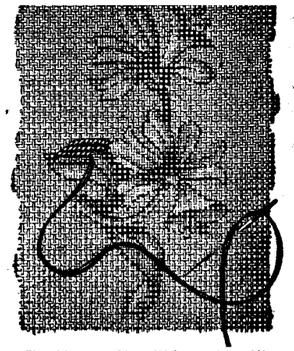
SCHOLARSHIPS AND EXHIBITIONS IN 1954-55

	Approx. Number of Boys	Oxford Colleges	Cambridge Colleges	Total
1. Manchester G.S. (1)	1,400	19	24	43
2. St. Paul's (4)	630	12	12	24
3. Winchester (3)	500	10	9	19
4. Bristol G.S. (2)	1,110	10	9	19
5. Bradford (20)	970	11	7	18
6. Downside (31)	450	9	9	18
7. Birmingham K.E.S. (5)	700	7	11	18
8. Marlborough (11)	780	8	8	16
9. Dulwich (23)	1,340	7	8	15
10. Christ's Hospital (9)	830	5	9	14
11. Rugby (18)	680	7	6	13
12. Charterhouse (14)	650	5	8	13
13. Clifton (10)	540	4	8	12
14. Eton (6)	1,160	5	7	12
14. Wimbledon K.G.S.	400	7	5	12
15. University Coll. S.	500	2	9	11
16. Ampleforth (18)	560	7	4	11
17. Canterbury K.S. (8)	540	7	4	11
17. Shrewsbury (17)	...	7	4	11

Figures in brackets show position last year. Where two schools have the same number of awards, the school with the more scholarships, as opposed to exhibitions, has been listed first.



Photograph by courtesy of British Needles Industries Ltd.



Stuart honeysuckle motif, by courtesy of the Royal School of Needlework

Sharp as a needle

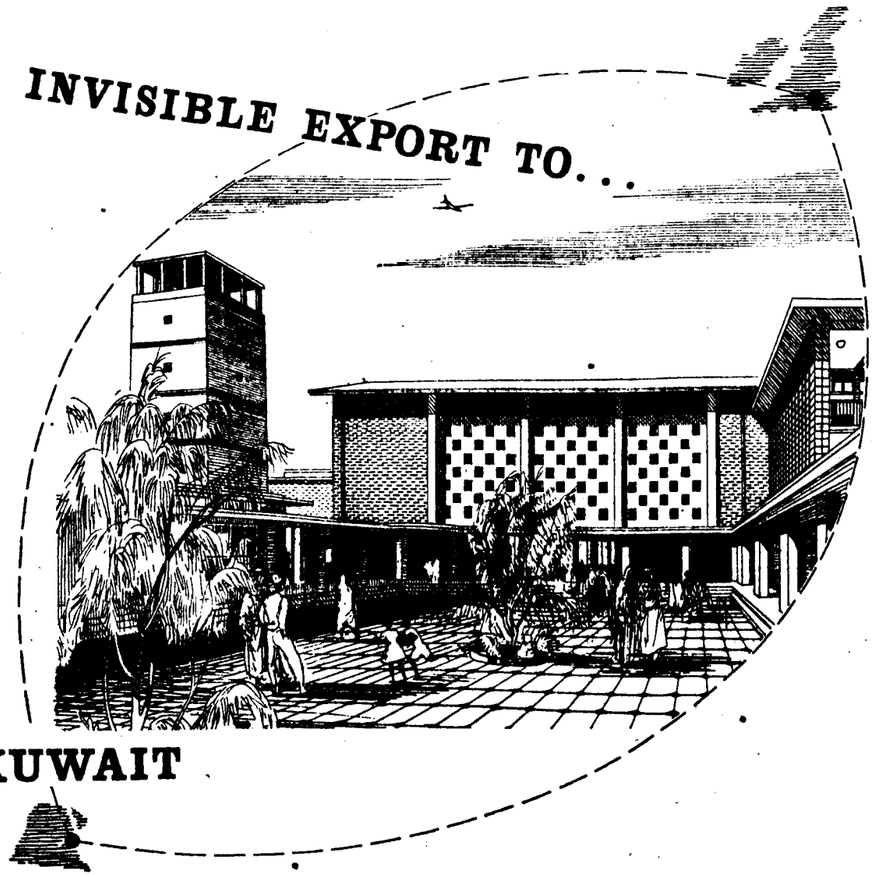
AT THE LOW PRICES that housewives pay for needles, the quality of modern needles is something to wonder at: the finely formed and highly finished eye, the high polish over all, and the point, which has become a byword for sharpness. To produce such quality at such prices, needle makers use some ingenious manufacturing methods.

Our illustration shows how needles are sharpened. They are fed from a hopper to a guide-wheel which rolls them across the concave face of a grinding wheel. At the beginning of their journey across the grinding wheel their ends show the circular cross-section of the wire they are made from. At the end of the journey they are as sharp as . . . a needle. Sharpened needles come from this machine at the rate of 13 every second—380,000 in a normal working day.

Grinding wheels for needle sharpening are among the many specially formed wheels that CARBORUNDUM make for special purposes. Most of these special wheels do work that *could* be done by other means—but do it better, or more economically, or more quickly. Some of them show all three of these advantages, as the needle-sharpening wheel does.

CARBORUNDUM are continually invited to co-operate in the development of special wheels for new uses. We are always glad to have opportunities of that kind for extending still further the usefulness of our products to industry.

Abrasive and Refractory products by **CARBORUNDUM**



This elementary school for over 800 pupils forms part of the extensive development scheme now being carried out in the Sheikdom of Kuwait. Other features in this scheme, for which Cubitts are responsible, include a nursery school for over 100 pupils, built on similar lines; a construction camp for 7,000 workers; a supervisory staff camp for 750 and a hospital, all with full community services.

Cubitts' long experience of building and civil engineering at home enables them to undertake important contracts abroad—'invisible' exports which add to Britain's prosperity.

Now, as in the past CUBITTS *build for the future*

HOLLAND & HANNEN AND CUBITTS LIMITED

ONE QUEEN ANNE'S GATE · WESTMINSTER · S.W.1 · ENGLAND · SCOTLAND · OVERSEAS

C 119

This year's analysis is particularly interesting because it attempts to compare the achievement of independent public schools with that of the maintained schools. The writer estimates that the public schools contain only 12½ per cent of the boys over fifteen in both kinds of school. Yet they won 47 per cent of the college scholarships and exhibitions. Whether this proves that there is one education for the rich and another for the poor, or merely adds to the evidence that home background is a dominant factor, depends on which way you look at it.

Riots in Singapore

THE sudden disintegration of law and order in Singapore last week provided a severe test for Mr David Marshall's Labour Front government, which is only six weeks old. This, no doubt, was precisely what the riots were intended to do, on the assumption that the somewhat loose coalition of elements would promptly fall apart. This would have given the People's Action Party, and particularly Mr Lee Kuan-yew, the chance to demonstrate the futility of moderate socialism and, if a resumption of official rule had become necessary, to take the lead as opponents of colonialism in defence of the idea of a "free, independent non-Communist Malaya." The attempt has failed. Mr Marshall took firm action; the emergency legislation was re-enacted a fortnight after Mr Marshall had carried out his election promise to repeal it; and the Labour Front government remained united. Moreover, its approval of the speech made by Mr Goole, the chief secretary, on the riots—a speech which pinned responsibility for the riots where it belonged—indicated that the elected and the *ex-officio* ministers were seeing eye to eye at a critical moment.

This is heartening. The Singapore election results startled many people who feared that a government of the left would lead to irresponsibility of just this kind. The Communists have long been worming their way into the Chinese "middle schools"—which give rather elementary instruction to youths of the excitable age of 16 to 19; the use to which they could put their hold on the "students" was shown when the latter were driven round in lorries inciting the strikers to violence. However, the students were not the only factor, and the decision to clean the school management committees of Communist influences, though a good move if it can be carried through, is not the only one needed.

The Singapore trade unions, which have to tackle some genuine grievances, are visibly in need of overhaul; their weak organisation makes them an easy prey to extremists such as Mr Lim Chin-siong or even to pure adventurers. These are reforms which Mr Marshall, who has already successfully mediated in one strike, has now acquired the authority to tackle. He will no doubt be challenged again. Four strikes continue, and Mr Lee is clever enough to see that he has miscalculated and must find another way to play on Mr Marshall's nerves. The PAP is out for power and will want watching. But the prospects for responsible self-government in Singapore seem to have improved.

Wine, Women and Expenses

MOST visitors to China nowadays, while differing on other findings, seem to agree that the new masters of the country are austere and incorruptible; indeed, comparisons are sometimes drawn between the ascetic puritans of Peking and the privileged new upper classes in Moscow. However, the editor of the *People's Daily*, the Chinese *Pravda*, sees things differently. Last week he devoted a leading article to flaying the many Communist Party functionaries who had "completely surrendered to capitalist ideology." These "degenerates and class undesirables" among the new bosses "throw large parties . . . squander national construction funds on the material welfare of a handful of people . . . indulge in low-class recreational activity." They display a "capitalist attitude to women." They "want the best houses and the newest cars, and claim large reimbursements for duty tours." Expense accounts are, indeed, a human problem on both sides of the Iron Curtain; but it is strange to have from a Chinese Communist source an account of such a rich political pork-barrel. It would make grand quotation from an election platform; Mr Morgan Phillips, on reading it, must regret that it is not the Communists that he is trying to oust from power.

Descent from Simla

THE results of the conference of thirteen Colombo Plan countries at Simla can at best be described as inconclusive. They discussed the use of foreign aid and, in particular, the $200 million special fund for Asia promised in the latest United States foreign aid programme. It had been hoped to draw up some kind of regional plan for the use of these dollars; but apparently only the Japanese showed any real enthusiasm for the idea. The final communiqué says flatly that "there would be no advantage in having a regional organisation."

The Asian countries, when it comes to the pinch, prefer bilateral aid, despite the apparent contradiction between this and their frequent insistence that aid should have no strings attached. Indeed, it was mainly to allay Asian suspicions that Mr Stassen, during his visit earlier this year, prevailed upon the Indian government to take the road that led to Simla. Some of the participants at Simla felt that regional planning would give India and Japan predominant roles—Ceylon was so opposed to Indian leadership that it did not even attend the meeting. Others thought they could do better with direct bilateral arrangements with the American government. Not one of the governments apparently found the degree of supervision involved in bilateral aid agreements oppressive, which is a tribute to the tact of American officials.

It is, nevertheless, a pity that the Simla conference has proved so barren. Evidently the conditions for a co-operative regional effort on the lines of the European Recovery Programme do not yet exist; but it is to be hoped that Washington will not be put off by this initial lack of enthusiasm

Letters to the Editor

Cotton's Complaint

SIR—In your issue of May 7th your correspondent criticises the *Manchester Guardian* leader entitled "A Swindle." He does not seem to appreciate the facts.

The Government has not removed the purchase tax from cotton textiles to the extent Sir Anthony Eden implied in his speech. The concession covers only furnishings, household textiles, and cloth sold by the yard, but when this same cloth is made up into dresses, shirts and other garments, the same rate of tax is levied as before. Thus little or no increase in the sales of clothes is encouraged. As most clothes are purchased ready-made the concession is very small; perhaps one-fifth or one-sixth of cotton textiles bearing tax will benefit.

Your correspondent also says that it is an "indefensible step" to impose import quotas on cheap cottons from abroad. This statement is too dogmatic. There are two sides to the question. Firstly, the consumer is able to purchase cheap cottons (subsidised in the country of origin in the case of India) and thus his cost of living may be reduced; and secondly, the cotton industry is on the verge of liquidation (mills are closing every week). The question is whether the cotton industry is to be wound up or not. If it is, then the Government should put forward practical steps to accomplish it with as little hardship as possible. If it is not, then either a tariff or quota must be imposed to check the import of cheap cloth into this country. It is estimated that the rate of import of Indian, Hong Kong and Japanese cloth nearly equals the country's rate of export of cotton goods. The closing down of the cotton industry in this country should not be viewed lightly. It would hardly be practical in a time of emergency to depend upon getting our supplies of cotton goods from India and Hong Kong.

Your correspondent ends by saying that "the very high-powered textile pressure group in Lancashire is finding it convenient to call it a swindle too." How can it do otherwise when the facts are self-evident?—Yours faithfully,

JOHN BRONNERT

Altrincham, Cheshire

[Notes in our issues of April 23rd and May 7th made the effect of the purchase tax concessions on cotton cloths perfectly clear. The question that *The Economist* has put is not "whether the cotton industry is to be wound up or not" but whether Lancashire is doing all that it can to help itself. Until it does so, pleas for more protection than is granted to any other major British industry deserve to be ignored.—EDITOR.]

Strikes and Stricken

SIR—Your otherwise wholly admirable article of May 14th seems to miss one fundamental point.

When a strike, however "unjustified," "unofficial," or injurious to the community, is settled, one of the conditions almost invariably agreed to nowadays is "no victimisation." It is as if two teams had merely enjoyed a fair, sporting game. And yet "spectators" have been "victimised"—by having to walk to work, being deprived of fuel, newspapers, or whatnot, or being put on short time, not to speak of the losses inflicted on despised shareholders. Moreover, workers who prefer to honour agreements made by their union rather than the commands of these self-appointed leaders often suffer "victimisation" in its cruellest form at the hands of the latter.

Under conditions of over-full employment the risk of demotion or loss of a job may not be a very severe deterrent. But I am sure there are thousands of workers who view with alarm and disgust the automatic reinstatement of the irresponsible agitators who have involved them in loss of money and reputation. In some cases the methods adopted by these people are, as you say, "fishy," and their motives based on personal political leanings or personal financial advantage. They should at least know that if they fail they risk some slight personal loss or inconvenience. "No victimisation" means for them "heads I win, tails I don't lose."

As I have no desire to attract the attention of these gentry, I crave your permission to subscribe myself—

A STRICKEN

London, E.C.2

Plan for Kenya

SIR—May I comment on your note of April 9th? First, with regard to imports and exports in Kenya, an authoritative estimate is that of imports 31 per cent represent capital goods. This, of course, would to a large extent account for the excess of imports over exports. Next, it is not sufficiently recognised that, with Nairobi as the financial and commercial capital of East Africa and as the headquarters of organisations such as the East African Railways and Harbours, a very considerable proportion of apparent imports into Kenya are either for re-export or are for consumption by organisations such as the railways, airways, etc., and thus are consumed in the services of all the East African territories. In addition to this, of course, there are the intangibles, such as the invisible export represented by Kenya tourism—still continuing very satisfactorily—and, of course, the financial earnings of all those interests based on Nairobi and serving the whole of East Africa, such as the insurance houses, brokers, etc. In fact, it is misleading to divorce the economy of Kenya from that of East Africa as a whole.

You remark on "the heavy cost of triplicating so many services (notably education) to permit separate treatment for the three races." In fact, there is no triplication of these services in any normal sense of that word, as the type of service is different for each of the three races. These types are determined very largely by the ability of the three main communities to pay for their services. The European community pays by far the largest share of direct taxation. For example, as recently stated in the House of Commons, for the financial year 1953-54 the European community paid 90 per cent of the £5 million sterling produced by income tax. The African community produced approximately £850,000 by direct taxation.

Even then the European communities pay additional fees or taxation for the services they consider proper to their community. Fees of approximately £250,000 per annum are paid by European parents for European education. For hospital services, Europeans pay a fairly high special tax assessed pro rata on incomes. It is only fair to the African community to point out that they support educational services to a very large extent through local government rating in their own reserved areas.—Yours faithfully,

KENDALL WARD

The Voice of Kenya, W.1

Flexib'e Money in Action

SIR—A point of some importance not noted in your leader of May 7th is the relative change in recent years in the proportion of bank assets held as investments.

In the four years immediately preceding the last war, investments represented 28.9 per cent of the assets of the eleven largest clearing banks and during the 1920s the proportion was even smaller. In the first quarter of this year the proportion of investments had risen to 38.6 per cent. Thus the "illiquid" portion of bank asset structure is considerably more liquid than in the inter-war years.

This has important policy implications. The banks can regard the sale of investments with greater equanimity. If the expansion of advances is to be checked by forces within the monetary system, the authorities must be prepared in times of boom to see gilt-edged prices fall to the point where the banks are unwilling to see book losses converted into actual losses any longer. So far the authorities have shown commendable courage in their market tactics: can we be certain that they will be prepared to let gilt-edged prices slip to the point at which the banks have a positive incentive not to expand advances?—Yours faithfully,

London, W.8 J. E. SWAINE

Books & Publications

A Theory of Foreign Policy

THE NATURE OF POWER.
By Louis J. Halle.
Hart-Davis. 240 pages. 18s.

AMONG the achievements of Mr Dean Acheson, who contributes a thoughtful introduction to the present book, was the gathering around him of a number of remarkable individuals as the "policy planning staff" of the State Department. Most of these have left the department and the policy planning staff has been relegated to daily duties. The loss to government service has been the public's gain, since the group contained a number of individuals with an unusual capacity for stating and commenting on the broad problems of foreign policy. Mr Halle lacks something of Mr George Kennan's insight into alien ways of thought and has not the wit that distinguished Mr C. B. Marshall's little book "The Limits of American Foreign Policy," which has unfortunately not found a publisher over here. But "The Nature of Power" goes nearest to fulfil the lack that Mr Acheson says he felt so keenly in dealing with practical problems, that of an applicable body of theory.

A theory of foreign policy must be based upon history, and if one's field is wide the risks are the greater. Mr Halle may, for instance, have accepted too readily Mr Lippmann's version of America's reasons for entering the first world war and to have neglected rather cogent criticisms of his thesis made by Professor Osgood. It is more curious and more disturbing, since it is highly relevant to the application of his argument, that he should accept altogether the view of contemporary China put forward by Professor C. P. Fitzgerald and apparently take no notice of the work done, for instance, at Harvard. Less important is his apparent confusion between the Slavophils and the Pan-Slavs, or his curious reference to Russia "returning" to the councils of Europe at Locarno.

These flaws do not affect the force of the arguments by which Mr Halle disposes of the alternatively disastrous courses, for the United States, of, on the one hand, hemispheric isolation and, on the other, preventive war leading to world dominion. Although he reinforces the arguments of Mr Kennan and Mr Marshall on "the disposition of nations when they are not disciplined by danger or by an exceptional inspiration . . . to be greedy in their objectives and miserly in their means," he goes further in being willing to argue out the implications in the present state of affairs. It is possible that he accepts the division of the world between American power and Russian power too wholeheartedly as an adequate description of the contemporary world scene. This, however, matters the less in that he appreciates the difference between American leadership in the defence of the free world and the use of that leadership as a method of enforcing purely American policies. Furthermore, he is not afraid to look both the Russian and the Communist challenge in the face and to admit that our weaknesses as against them are primarily internal to ourselves. He disposes, with quite exceptional clarity and force, of many of the underlying, if concealed, presuppositions of the United States' Far Eastern policy, and it is the more significant that the work has Mr Acheson's endorsement.

The price of a big turnover in the service of the American state is a high one. But it is worth reflecting that no similar guidance to British opinion in a changing world has come from any source as close to the point where policy is made as America has been given by Mr Halle and his former colleague.

Almost Human Marxist

ON ECONOMIC THEORY AND SOCIALISM.
By Maurice Dobb.
Routledge and Kegan Paul. 301 pages. 21s.

MR MAURICE DOBB is a rare bird; a Communist evidently valuing truth for itself, preferring rational discourse to vituperation, accepting the *bona fides* of those who disagree with him, and thus unusually qualified to interpret Communist thought, both as it concerns fundamentals or refinements of theory and as it envisages practical problems, to non-Communist readers. The job needs doing. Whether Communism is envisaged merely as The Enemy or as a system of ideas, a body of experience, from which the West may positively or negatively derive useful lessons, knowledge is better than ignorance; and inquiry is apt to recoil baffled from the typical style of Communist controversy, which is that of an electronic brain selecting clichés supplied to it by a Yahoo.

These collected papers, however, give only a tantalising hint of how well the job could be done. The first of Mr Dobb's three sections, strictly academic, ranges from the early "Entrepreneur Myth" and "Sceptical View of Wages" through successive contributions to the debate on economic calculation in a Socialist society, a sound interpreter's job on "The Economic Basis of Class Conflict," a valiant championship of the labour theory of value against the "subjectivists," and an analysis of the rate of growth of the Russian economy, to a highly technical but stimulating note on investment in underdeveloped countries. The second, addressed to a lay public, includes lectures on Marx, Lenin and Shaw (Lenin's sufferings in Siberian exile, hunting, skating, playing chess and translating "Industrial Democracy," would make interesting reading for later generations of deportees), an article on "Full Employment and Capitalism" written in 1950 and reading oddly today, and another on historical materialism, again a first-rate interpreter's job. The third section contains, as the author disarmingly puts it, "such shorter notes and reviews as seemed (rightly or wrongly) to be just worth including." Two items revert to the calculation-in-a-Socialist-society controversy, another—which one would wish, for many reasons, much more substantial—deals with Soviet economic statistics; a review of Rosa Luxemburg's "Accumulation of Capital" and a note on "The Transformation Problem" are of interest only to the faithful.

Mr Dobb the sceptic, asking "What reality lies behind this elegant construction, that accepted terminology?" performs a perenially necessary function. Mr Dobb the practical technician, discussing those problems of economic calculation and policy which must confront any public authority, Eastern or Western, is a constructive contributor to a genuine debate. Again and again, the Marxist approach—the long-neglected classical approach—illuminates the common problem of rational choice. But the social unrealism of which he accuses Western economists vitiates his own arguments no less recognisably. If Western economics, as plenty of non-Marxists would concede, abstracts unduly from economically relevant social facts, Marxist economics relies unduly on social fictions. Even to so human a Marxist as Mr Dobb, words—the sacrosanct Marxist words—are things. Externally, platonically, the content of the expressions "class," "capitalism," "exploitation" remains as fixed as that of the expressions "circle," "oxygen" or "acceleration." If a Marxist economist—preferably Mr Dobb—would only be heretical enough to observe the contemporary world with a sociologically innocent eye and then to relate his findings to his orthodoxy, the vital collectivist-individualist dialogue might be vastly enriched. Probably, however, that is too much to hope for.

J'Accuse

THE VERDICT OF YOU ALL.
By Rupert Croft-Cooke.
Secker and Warburg. 254 pages. 15s.

ONE feels that an opportunity has been missed in this book. It is

not often that professional writers are sent to prison, and still rarer for them to serve their sentence in the frame of mind experienced by Mr Croft-Cooke. He was, he says, innocent of the crime of which he was convicted; he was charged under the Criminal Justice (Amendment) Act of 1885, which, for the first time, made "gross indecency" between adult males in private a crime. But, even if he had been guilty, he goes on to say, he would have felt no shame, because he considers that particular section of the 1885 Act monstrous and unfair.

Convinced of his innocence, feeling no shame and with a novelist's ability, Mr Croft-Cooke was thus wonderfully placed to give the general public a picture of prison life from the inside. Unfortunately, before getting even nearly to the end of this book, the reader is likely to lose all sympathy with him. One can accept as true all he says about the foul physical conditions at Wormwood Scrubs and Brixton, about the pettiness of some prison officials, about the complete failure of the penal system—at least in those two prisons—to give a man any reformative training or to restore his self-respect. But Mr Croft-Cooke overwrites his "J'Accuse" to such an extent that the reader eventually comes to feel that things cannot really be so bad as he makes out.

At the beginning of his book Mr Croft-Cooke says that he made enemies in his neighbourhood by his spurning of the conventions and his determination to live his own unhidebound life. To be unconventional does not, however, necessarily involve a loss of dignity. One cannot help feeling that if his outburst against the prison system had been more dignified and less near-hysterical, it would have been infinitely more effective.

La Belle Chevauchée

THE CRECY WAR.
By Alfred H. Burne.
Eyre and Spottiswoode. 366 pages. 30s.

THIS admirable book displays military history at its best. It is convincing in its broad argument and fascinating in its detail. Lieutenant Colonel Burne's intelligent mastery of his sources, whose obscurity is matched only by their perplexing contradictions, is supplemented by his common sense and personal knowledge of the ground over which the campaigns and battles were fought. When in doubt—and in studying this campaign he must have been in doubt many times—Colonel Burne applied what he likes to call "inherent military probability," that is a soldier's common sense. It has served him in good stead. Some experts—there can only be a handful of them—may disagree with his conclusions, but their knowledge and logic would have to be stretched to the limit to prove him wrong.

The Crecy war was the first of the four campaigns that make up the Hundred Years War. Lasting 22 years it was one of the most completely successful wars in which England has ever been engaged. That success, Colonel Burne claims, turns on the ability of King Edward III as a strategist. Throughout the war Edward III kept one aim relentlessly in view: the freeing of the English crown from the vassalage of France and the firm establishment of English rule in south-west France. At first the king relied on alliances; those failing, the command of the sea enabled him to operate on exterior lines, threatening Paris and central France from Flanders, Brittany and Gascony. That triple threat, combined with military success in the field, did much to demoralise the French court and army, so that in the last campaign, when Edward relied on the strategy of concentration, the fruit of the war fell like a ripe plum into his grasp.

That in outline is Colonel Burne's thesis. The remarkable galaxy of captains, of which the Black Prince was only the first, who followed Edward's banner and the harmony with which they worked together add strength to the claim that Edward was a supreme commander of the first order. So, too, does the morale of the army itself, in which the spirit of professionalism (and the hope of loot) was replacing the sense of feudal duty (and the hope of loot). How much of Edward's strategy was based on purposive thought and how much of it was the chance result of accidental combinations of political, geographical and social factors it is now impossible to judge. But at least he enjoyed a contemporary success—and secured a seven years' peace.

In the end the English were driven out of France. Was, then, Edward's war anything more than a raid, an expedition, *une grande chevauchée*? Tactically the war turns on the superiority of the English archer—a superiority so strong that years later at Agincourt, to quote one of Colonel Burne's footnotes, the archers ran a sweepstake on the number of Frenchmen they were going to kill. That is evidence enough to show the élan of the archers—and the brutality of battle. But is it irreverent to ask whether these battles added up to anything more than a "big Indian war," of the sort that the films of cavalry and Apaches have made so familiar? It was a war of headlong charges, where a superior missile weapon, used defensively, defeated the tactics of shock and assault. The advantage lay with disciplined defence. Only at Poitiers, when the Black Prince switched suddenly from defence to attack and initiated a flank assault, is there a gleam of tactical brilliance. In spirit are Crecy and Little Big Horn so very far apart?

Prima Donna

CLARA NOVELLO.
By Averil Mackenzie-Grieve.
Bles. 290 pages. 18s.

CLARA NOVELLO is no longer a household name, and the written word cannot ever convey to us her quality as a singer. She was an unsentimental Victorian, hard as nails, brought up an unassuming English girl, but turned precociously into a *diva*, by a formidable mother, and ending up as the Countess Gigliucci in central Italy. At the age of twenty she had dined off gold plate at Vienna with Metternich, and she lived long enough to have her feathers ruffled the wrong way by Puccini, who was "without a trace of melody or inspiration." Inside this span was a life moderately full of incident. Clara Novello probably guarded her emotions too carefully to make a good biography, for she neither gave nor welcomed confidences. But her life makes a newsy, unsophisticated, unpsychological narrative, which reads as easily as you like, and will help in a small way to satisfy the inquisitiveness we all have about other types of existence than our own.

It is certainly an odd life, that of the prima donna: one continental tour after another, high-toned society life in all the capitals of Europe, prolonged lawsuits with an impresario or opera house; there were rivals to out-sing, the public to please, the claque and the critics to be sometimes bribed. The story is here made into a rich cake, covered with many-coloured sugars and candies. We meet Liszt wanting mint sauce with fish and pudding, and Lady Beaconsfield with her macabre collection of hangmen's ropes. We even meet Keats standing on one leg against the piano, but this story is rather spoilt by appearing twice and not quite the same each time. An extraordinary number of interesting people met Clara Novello. The only pity is that they were casual meetings by a travelling artist, and that she did not bother to pass on many details about them.

She herself had a severe training in the school of *bel canto*. She was never a *bravura* singer, and never liked the dramatic and heavily emotional music of Verdi and Wagner. Rossini and Bellini were her favourites, and of course oratorio at the Three Choirs' Festival. She liked to put "Rule Britannia" into her concerts abroad, and "God Save the Queen," both often translated into German. One suspects that her tastes were too strong and rigid to be always impeccable, and it is somehow fitting that she should have been so enthusiastic over the Victor Emanuel monument at Rome and thought that Sacconi the architect "has the true artistic gift from heaven." Clearly she was a likeable woman, even though perhaps lacking a little in warmth; and she lived an admirable family life with a somewhat commonplace Italian husband.

Books Received

A SHORT HISTORY OF CONFUCIAN PHILOSOPHY.
By Liu Wu-Chi. *A Pelican Book. Penguin Books.* 229 pages. 2s. 6d.

FISHING BOATS OF THE WORLD.
Food and Agriculture Organisation of the United Nations.
Fishing News, Heighway Publications. 598 pages. £4 10s.



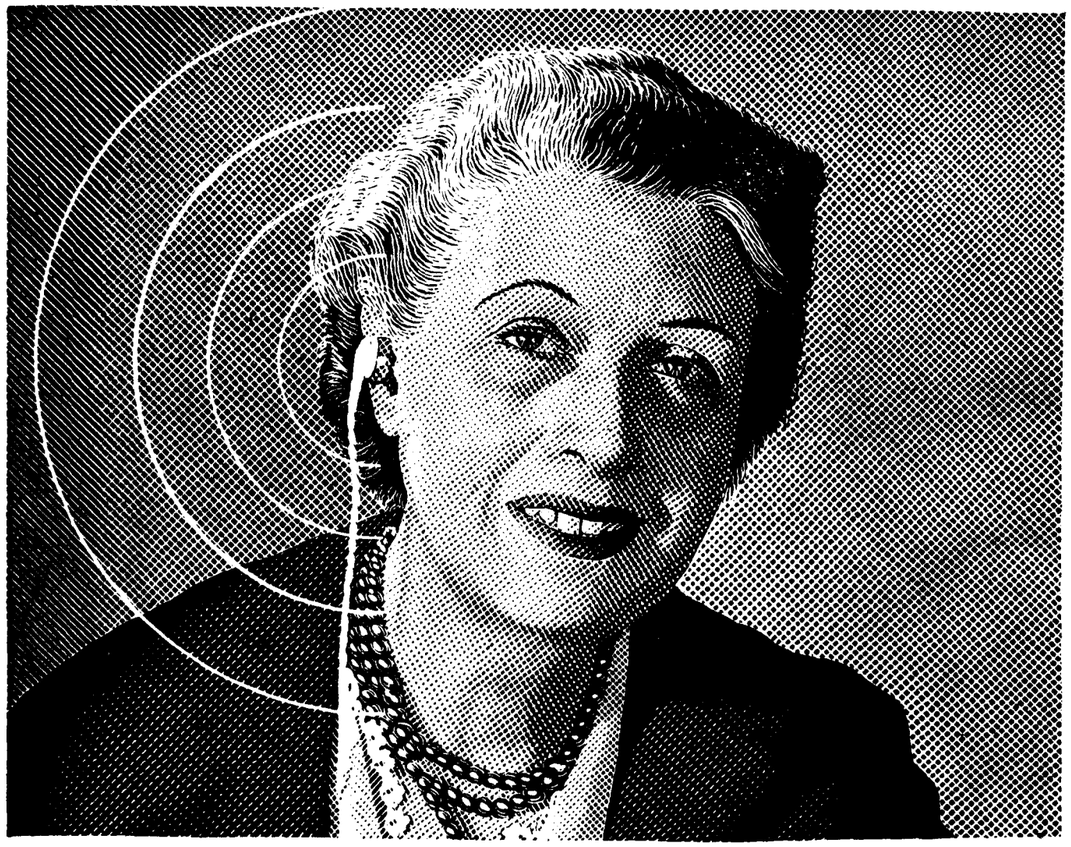
MORE POWER AT LOWER COST

The **Deltic** *is the smallest and lightest diesel made, in relation to its power. This means higher speeds for naval craft and more cargo space in freighters. The facilities for 'overhaul by replacement' which are available to users of the engine mean a shorter lay up and more sea-time for all* **Deltic**-*powered ships.*

The **Deltic** *is a working example of the Napier principle: more power at lower cost.*

NAPIER

Partners in Progress with The ENGLISH ELECTRIC Company Ltd.
D. NAPIER AND SON LIMITED · LONDON · W.3.
CRC P3



PROGRESS IN ELECTRONICS

Many of the fantasies of science fiction writers are being brought nearer to reality by a new invention known as a transistor. This is a tiny device which has a similar function to a radio valve, but which operates on an entirely different principle.

The basis of the transistor is germanium, an element whose peculiar properties permit the close control of the movement of electrons within its structure. In this respect it differs from the radio valve in which electrons are controlled within a vacuum.

Unlike the radio valve, the transistor needs no filament and operates at very low voltages and currents. This means that its power consumption is negligible, and it is very economical to use. Another advantage is its small size—in many cases no larger than a pea—which is opening up applications hitherto impossible with the conventional valve.

Mullard transistors are already being used extensively in hearing aids where their small size and low power requirements are resulting in instruments of match-box dimensions, which will operate for about three hundred hours from one miniature 1.5 volt battery.

Transistors are also being successfully employed in the development of equipments as diverse as computing machines (electronic brains) and portable gramophones; telephone equipment and nuclear radiation counters. And this is only a beginning. Research continues, and it is still impossible to foresee the ultimate extent of transistor applications, although potentially they appear to be unlimited. Whatever the future may bring, the Mullard organisation will play its traditional part in supplying British equipment manufacturers with electronic devices of the most advanced design and the highest quality.

Mullard

MULLARD LTD · CENTURY HOUSE · SHAFTESBURY AVENUE · LONDON W.C.2

Factories at:

Blackburn Fleetwood Gillingham Hove Lytham-St. Anne's Mitcham Padiham Ravenstall Waddon Wandsworth Whyteleafe

American Survey

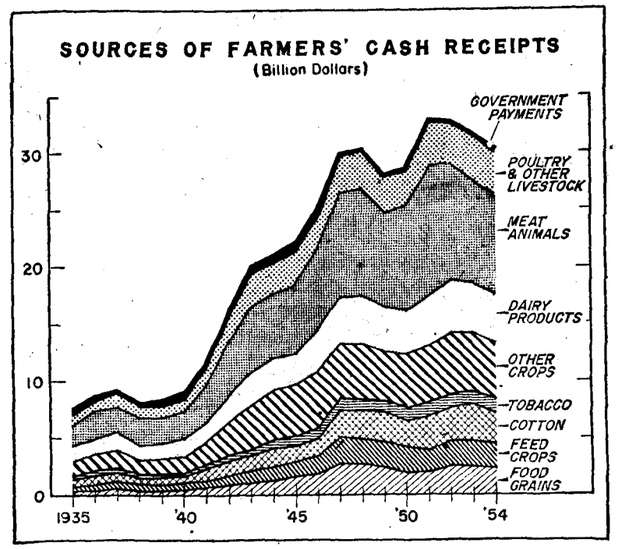
AMERICAN SURVEY is prepared partly in the United States, partly in London. Those items which are written in the United States carry an indication to that effect; all others are the work of the editorial staff in London.

Mr Benson's Hard Furrow

Washington, D.C.

LAST week's vote in the House of Representatives to restore rigid, high price supports on five of the "basic" farm crops—wheat, cotton, maize, rice and peanuts—is among the least significant of recent developments in American agriculture. The Bill has only the slimmest of chances of clearing the Senate and, if it should, it faces a certain presidential veto; indeed, its main purpose was to enable the Democratic majority in Congress to pay off an election pledge. Of much more importance are the first, faint signs that the gross distortions in American agriculture may at last be on the road to correction.

The road, of course, will be hard—particularly for the farmers who have made fat incomes from growing wheat and cotton. It has already led to a steep decline in total farm income (and to a lesser extent in *per capita* farm income) and severe unemployment in certain sections of the South where land has been forced out of crops that are in surplus supply. It will also be a long road—at least for such a problem commodity as wheat. But it has become increasingly plain that the road must be travelled and the recent signs indicate that the journey may in fact lead to the promised land at the other end.



The road is made of lower prices and smaller output for the crops that are in such fantastic over-supply. What is not often realised abroad is that there are few of these crops indeed: wheat, cotton (and some of the cottonseed products), maize and dairy products. Most agricultural commodities (including cattle, sheep, hogs, poultry, eggs, all fruits and vegetables) are not supported in price or subsidised by the government at all. The difficulties of the other crops that are supported appear manageable: tobacco, for instance, can be fairly effectively controlled at the production end and the support prices of such feed grains as oats, barley and rye, can be and have been lowered quickly if surpluses threaten. The "problem" crops—which have been at the centre of all the political controversy—are important, but they account for slightly less than one-third of all farm income.

The solution for these problems which has been adopted by the Secretary of Agriculture, Mr Ezra Benson, is lower prices to discourage output and to increase consumption. Up to now this solution has been applied to only one commodity: dairy products. Although it was last year that the Administration won a narrow victory in Congress for "flexible" price supports, varying with supply and demand, for the five basics, the law takes effect only on this year's crops, and was so written that only for wheat will support levels actually suffer a noticeable decline this year. It is the results of the dairy experiment which have given Mr Benson encouragement to believe his solution may work all along the line.

Fourteen months ago Mr Benson, acting within his statutory discretion, lowered the support prices on dairy products from 90 per cent of "parity" — the price theoretically designed to give farmers the same real income as they received in a given period of agricultural prosperity in the past—to 75 per cent. This caused a reduction in the retail price of butter of some 8 cents a pound, to its current level of about 62 cents. At the same time, Mr Benson launched a complicated array of programmes for getting rid of the mountain of dairy products—butter, cheese and dried milk—already in the government's hands as a result of previous price supporting operations. These programmes ranged

from selling large quantities of dried milk at bargain prices for animal feed to large-scale relief distributions both at home and abroad.

With the single exception of a lot of 10 million pounds of butter offered for competitive bidding to exporters, there has not been a suspicion of dumping in the entire operation (and even this butter is being sold at prices close to the world level). Yet Mr Benson has got rid of the amazing total of 1,666 million pounds of the three products; much of this was at a loss to the taxpayers, but the taxpayers did not know it because the cost of the government's hoard had already been recorded in previous budgets and any cash recovered from the disposal programmes is simply counted as receipts in the current budget. Meanwhile, commercial sales of butter and cheese to consumers picked up noticeably (9 and 14 per cent respectively); the government's purchases of dairy products dropped sharply, and stocks at the end of the first year of the lower support prices, while still amounting to some 650 million pounds altogether, had declined by 35 per cent for butter, 30 per cent for cheese, and 85 per cent for dried milk.

Maize, cotton and wheat are not nearly so easy. The demand for wheat is inflexible, it cannot readily be given away for relief purposes because it costs so much to process into flour and bread, and it is in such awesome oversupply that only a miracle would work anyway. The situation here is now so bad that farmers this summer may vote to abandon the normal price support for next year (when it will in any case probably drop to 75 per cent of parity); should this happen, wheat prices will be supported at only 50 per cent, but farmers will be allowed to plant unlimited acreage although, if they do, they will forfeit the reduced price support. Even in wheat, however, the corner appears to have been turned; a combination of strict restrictions on plantings, drought and, possibly, the lower support prices has brought estimated production for this year a shade below the anticipated domestic and export demand, for the first time since the immediate post-Korean boom. The surplus is still nearly 1 billion bushels, and the estimated shortfall in 1955 production is at present a mere 45 million, but the movement is clearly in the right direction.

The maize crop was somewhat short last year and the record demand for feeding hogs and cattle has kept buying brisk. Maize has never suffered from the sharp drop in exports which afflicted wheat and cotton, because maize was never exported in great volume. It is felt that this particular surplus will be gradually worked off with time, as Americans continue to eat more and more meat; the flexible support law will be brought into effect quickly if the surplus should begin to rise again.

Cotton, from the international viewpoint, is the most worrying of all. The pressure from Congress for dumping it abroad is enormous, and is based on the understandable plea that foreigners have been allowed to usurp a vast portion of the world market once belonging to American cotton. If exports pick up through dumping or otherwise, it is held, then acreage can be increased and the thousands of tenant families forced off the cotton farms can find work again. In any case, Mr Benson is known to be considering a lower price for next year's cotton crop—which would require legislation—with the near-certain prospect that such a price would increase demand both at home and abroad; foreign growers may object, but they should remember that it was only the artificially high American price which allowed them to expand their markets so greatly. Furthermore, so far Mr Benson has resisted pressure for an outright export subsidy.

The government still has the staggering sum of $7.3 billion invested in farm surpluses—a sum which will increase before it grows smaller because of the continued lack of balance in wheat and cotton, combined with smaller surpluses of a few other crops which are being grown on land taken out of wheat and cotton. Most of this investment was the result of the continuation of rigidly high price supports on a few crops despite a decline in demand after the Korean crisis; the huge stockpile will be troublesome for some time to come. But unflinchingly Mr Benson is now removing the causes of future surpluses, while trusting to a growing population eating better food to consume the output of America's inordinately productive farms once it has been "balanced." The first step was the hardest—last year's legislative battle—but it has been taken, and with some happy results; whatever the Democrats may argue, the Congress will think twice before it tries to turn Mr Benson aside from the rest of his way.

Cautious Beginnings

WASHINGTON is looking at the latest Soviet peace offensive with the dubious eye of a farmer who has been vigilantly fighting off crows for a long time and suddenly finds a flock of suspiciously merry doves settling all over his field. "Foster, it's good to have you here to tell us something of the significant events that took place during your recent visit to Europe," said President Eisenhower to Mr Dulles before a nation-wide television audience. And the Secretary of State spoke coyly of Germany's entry into the North Atlantic Treaty Organisation—"We all had little speeches prepared which we made when Adenauer came in"—and went on to admit that the possibility of a new Soviet attitude "is at least worth exploring" at a meeting of heads of state. President Eisenhower, both at the end of this broadcast and in his subsequent press conference, took the same line of wary optimism. He is willing to meet the Russians at "the summit," but will keep on his oxygen mask in the rarified air. This was not a matter of appeasement, which the President wisely defined as selling out the rights of others for one's own benefit, but good sense. And incidentally, with elections facing Sir Anthony Eden, Dr Adenauer and M. Faure, would it not be unwise for the United States to turn its back on the universal longing for negotiation?

But despite the President's assurances that he was seeking "a clarification of issues" and little more, the right wing of his own party still expressed distaste for the whole idea of a Big Four meeting. To such Republicans as Senators Bridges and Knowland, the doves from the east are thinly disguised vultures. They see in the sudden reversal of the Soviet line on Austria, followed by the Russian visit to Marshal Tito, the brilliant tactical prelude to a great trap into which the West is stumbling once again. To them a Big Four meeting will be another Yalta—a name that still hangs gloomily over Washington—which will result in the

"The Fire of Heaven..."





Recently in Chainad, a village near Bangkok, the ancient legend of "The Fire of Heaven" became a modern reality. Someone pressed a switch and for the first time in the life of that village electric light appeared, sparkling, glowing, symbol of a new order. All over the world the Brush Group is pioneering power and light installations in new areas. Turning hopes into realities. Powering irrigation to channel fresh fertility into barren acres.

In Thailand, near Bangkok, three Group companies – Brush, Mirrlees and McLaren are supplying diesel generating sets which will bring power and light to over one hundred and fifty villages. This contract, valued at more than £1,300,000 is for one of several large rural electrification and irrigation schemes planned by the Thailand Government.

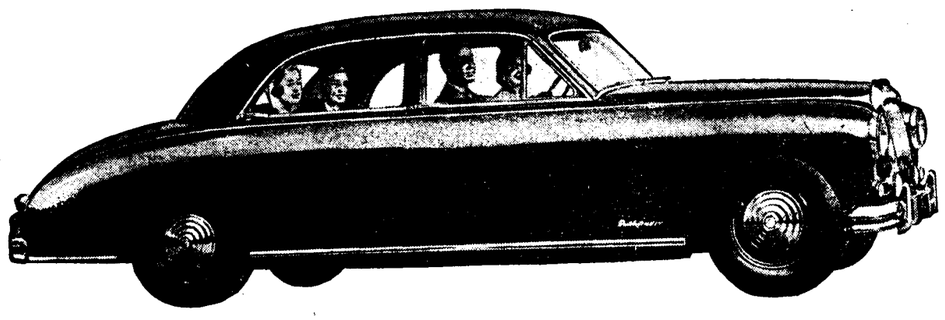
THE CHALLENGE OF A CHANGING WORLD. Europe needs trade. Asia, Africa and Latin America need capital equipment and 'know how'. Every month new schemes are planned by agencies like the World Bank, the Colombo Plan authorities and national governments to increase industrial development and raise agricultural production in these areas.

These projects mean an ever increasing need for electrical equipment. This is where the Brush approach to overseas marketing problems is particularly effective. Through a world-wide network, it offers a comprehensive range of power plant and equipment, together with on-the-spot advice and the always vital factor – on-time delivery. It is this enterprising attitude to overseas trade that has built up Brush exports of diesel generating sets to 35% of the entire U.K. exports of this type of power equipment.

THE Brush Group LIMITED • WORLD'S LEADING POWER ENGINEERS

DUKE STREET, ST. JAMES'S, LONDON, S.W.1

BRUSH ELECTRICAL ENGINEERING CO. LTD · MIRRLEES, BICKERTON & DAY LTD · J. & H. MCLAREN LTD · THE NATIONAL GAS AND OIL ENGINE CO. LTD · PETTERS LTD



Most exciting **RILEY** *ever—the brilliant* **'PATHFINDER'**

Here is the latest, the most exciting car of a great English breed - the brilliant Riley 'Pathfinder.' Powered to put it in the 100 m.p.h. class with all the dash and spirit that goes with it. Styled for roomy comfort for six and with really generous luggage space. New coil spring rear suspension and torsionic front suspension, 12" hydraulic brakes, telescopic dampers, new steering entirely free from road reaction and a host of other advanced features. It's a new expression of a great Riley tradition.

Price: £875. 0. 0d. *plus £365.14.2 P.T.*

The Riley 'Pathfinder' is fitted with Safety Glass all round.

BMC

REMEMBER—
Quality and dependability are guaranteed by the B.M.C. Used-Car Warranty and you are certain of a good deal when you sell.

Riley **FOR MAGNIFICENT MOTORING**

Service in Europe—Riley owners planning a continental Tour are invited to see their Riley Dealer for details of a free service to save foreign currency.

RILEY MOTORS LIMITED, *Sales Division*, COWLEY, OXFORD

London Showrooms: RILEY CARS, 55-56 PALL MALL, S.W.1 Overseas Business: Nuffield Exports Ltd., Oxford and 41 Piccadilly, London, W.1.

Introducing The 'P' TUG

This amazing, versatile, compact tug, British designed and made, operates in confined spaces saving effort and expense pulling loads of up to 6 tons under favourable conditions, for less than one shilling a day. It does this without the fuss of starting and stopping engines, overcomes the problem of fumes and requires the minimum of maintenance. Why not check your haulage costs today and write to our Survey Dept. for further details of how "Mechanised Muscle" can save your time and money.

★ HEAVY ALL-WELDED FRAME
★ BUILT-IN CHARGER
★ 'FINGER-TIP' CONTROL
★ REGENERATIVE BRAKING

Patented features establishing this as the finest industrial tug on the market today.

Write to SURVEY DEPT.

Lansing Bagnall Originators of *"MECHANISED MUSCLE"*

KINGSCLERE ROAD • BASINGSTOKE • HAMPSHIRE *Phone* 1010

neutralisation of Germany, a partial evacuation of American forces from Europe and a probable "deal" at the expense of the Chinese Nationalists. The majority of congressional and public opinion, guided by such Democrats as Senator George, does not share this view. But it is clear that President Eisenhower will have to approach the Big Four table with extreme caution, and that any sign of Soviet duplicity will drive American policy back to an intransigent line. To certain observers this seems to be exactly the end the Russians have in mind, and it is up to America's allies to see that no wedge is driven between them and the United States.

Striking Time?

THE strike votes being taken by the United Automobile Workers' Union among its members in General Motors and Ford factories do not mean that work stoppages are necessarily coming. These votes are merely one of several signs that, after a month of indecisive manoeuvring, the negotiators are getting down to hard bargaining over a new labour agreement for the automobile industry. By extending its contract with General Motors to June 7th, the union has given notice that it intends to concentrate its pressure on the Ford company, where its contract expires on June 1st. A strike there would be less of a drain on the union's $25 million strike fund, since Ford employs many fewer men than does General Motors.

The negotiations have been conducted with tight-lipped secrecy, but the union's estimate of the cost of its basic demand, for a guaranteed annual wage, has leaked out conveniently. More moderate than had been expected, it put an employer's maximum liability, unlikely in fact to be reached, at 8 per cent of his payroll over a five-year period. This restraint weakens the employers' practical case against a scheme which they oppose in principle. It is thought that they may respond with a temptingly generous offer on the union's other demands, for increases in wages and welfare benefits. The labour representatives might be forced to accept such an offer by pressure from the ordinary members of the union, who are not as convinced as are their leaders that a guaranteed annual wage is what they need most.

Whether or not all this will lead to strikes is anyone's guess; bargaining can go on from day to day after the contracts expire. But it is beginning to look as if 1955, unlike 1954, may be a strike year. At the end of April nearly 100,000 workers were involved in over 100 stoppages. The most important of these were in New England, organised by the Congress of Industrial Organisation's textile union against manufacturers who want to lower wages to keep their mills open, and two in the South, where broader questions than pay rates are at stake. Both of the latter began in March and have involved violence which has given them national publicity: one, against the Louisville and Nashville Railway, has now gone to arbitration, and there is hope that this may also settle the other, against the Southern Bell Telephone Company.

Unions which were frightened off last year by employers' warnings of economic recession seem to be feeling more aggressive than usual now that the warnings have proved false. Even in the depressed coal industry business is improving and Mr John L. Lewis, extraordinarily silent of late, may before long again be making demands on behalf of his miners. Other key points where negotiations are coming include meat packing plants, the waterfront, and some mass production industries—glass, rubber and electrical and farm equipment. What these unions gain—no one suggests they may lose—depends to a great extent on the outcome of the automobile negotiations and of those that are to be opened in the steel industry.

The New Army

IN President Eisenhower's view, the United States should rely on a relatively small standing army, embodying numerous specialists attracted to a service career by good pay, and backed by a vast and ready reserve force. In recent weeks, these conceptions have been making their difficult way towards congressional enactment. They are being opposed both by those strategists who, like General Ridgway, believe that atomic wars will necessitate a larger, not a reduced, standing army and by those who see in a reserve training programme the first step towards the generally detested institution of universal military service. This reminds many of the conditions which their ancestors escaped by emigrating from Europe.

Congress has already approved a Bill granting annual pay increases of $745 million to the armed forces. By unanimous vote, the House of Representatives last week approved the President's $31½ billion defence budget. It calls for a reduction in the number of men in the army and navy and a slight increase in the size of the air force. The proposed cut in the size of the army would involve about 150,000 men, bringing it down to 1,027,000, and has been bitterly criticised by several members of the Senate's Armed Services Committee. Whether the cut will be accepted by the upper house remains to be seen.

The most controversial part of the Administration's programme is the new reserve plan. It is intended to give young men of less than nineteen the option between the present regular two-year term of military service—which has been extended by the House of Representatives for another four years—and a new scheme of six months of basic training followed by seven and a half years of reserve duty. This duty would include annual periods of compulsory training. If the reservist failed to meet his obligations, he would at once become liable to the regular draft. Costing nearly $2 billion a year, this reserve programme is intended to train 2,900,000 men by 1960. About a third of them would be available for active service at immediate notice. Shorn of a clause which would have allowed the army to conscript eighteen-year-olds for the new programme if the number of volunteers were insufficient, the scheme has been approved by the Armed Services Committee of the House. But it faces stiff opposition in the Senate and its ultimate enactment is by no means certain.

As if to embody the changes in military thinking, President Eisenhower last week nominated General Maxwell Taylor, at present commander in the Far East, to replace General Ridgway who is retiring from his post as Army Chief of Staff. General Ridgway has never been very happy with the President's views and probably did not wish to remain at the head of a reduced army.

Three on a Board

THE great battle for control of the Montgomery Ward mail-order empire ended in an incomplete but unquestionable victory for the challenger, Mr Louis Wolfson. Tabulation of the votes cast at the annual shareholders' meeting on April 22nd showed that the Wolfson team had captured three places on the nine-member board of directors. Mr Wolfson received voting proxies for nearly 1,800,000 shares of Montgomery Ward stock against the present management's total of 4,033,500. Even more important was the resignation, shortly after the votes had been counted, of Mr Sewell Avery, the chairman of the board, and of Mr Edmund Krider, the president of the company. They had been the main targets of Mr Wolfson's charge that the Montgomery Ward business was being run along antiquated, over-cautious and unremunerative lines. It is true that Mr Avery will remain a member of the board and that he has chosen a loyal colleague, Mr John Barr, to succeed him. Nevertheless, the quick rise in the market price of Montgomery Ward shares after the changes were announced confirms Mr Wolfson's claim that the public is supporting his bid for fresh blood and new policies. At next year's elections for the board of directors, moreover, the Wolfson forces may obtain the remaining two places needed to control the company.

Mr Wolfson's chief difficulties, however, may originate from Congress rather than from his opponents on the board of directors. In a series of hearings beginning on May 26th, a subcommittee of the Senate Banking Committee, with Senator Lehman in the chair, will investigate the entire mechanism of proxy fights. Mr Avery, Mr Barr and Mr Wolfson are scheduled to be among the first witnesses. The subcommittee is particularly interested in finding out about the sources of Mr Wolfson's financial backing and about the techniques used to obtain proxies from shareholders. Under present laws a shareholder is compelled to identify himself only if he holds 10 per cent or more of the stock in the company. Several Congressmen have expressed reservations on this point, and it is expected that the Montgomery Ward situation will be closely scrutinised. It is in proxy battles and company mergers that many observers see a greater danger to stability than in ordinary operations on the stock exchange.

Stockpile to the Rescue

THE announcement that a further 16,000 tons of copper, destined for the strategic stockpile and other government reserves, will be made available during the third quarter of this year to civilian users, if they are suffering hardship, is the latest attempt to relieve the shortage of this metal. A slightly larger amount is being diverted from government channels during the current quarter, and about 8,000 tons were released during the first quarter; but no copper which has actually gone into the stockpile has been returned for civilian consumption. Moreover, at the end of March the price was raised to 36 cents a pound. Until then the American price had been well below world levels and the foreign producers on whom the United States relies for much of its supply had been sending their copper elsewhere.

The basic causes of the stringency were last autumn's strikes in the copper mines and the mounting demand for the metal resulting from the present boom in manufacturing. Provided there are no serious strikes in consuming industries, American copper producers are confident that the demand will be maintained until at least the end of the year. Even should actual consumption decline, they feel that businessmen will want to build up their stocks, to prevent a recurrence of the present inconvenience. Indeed, one of the factors in the current high demand is probably a fear that there will be another strike in the domestic copper mines this summer, since many labour contracts expire at the end of June. In these circumstances it is unlikely that the Senate will make difficulty about the Bill, already passed by the House of Representatives, allowing copper to come into the country free of duty for another three years.

In the case of lead and zinc the stockpile has gone to the rescue of producers, not consumers. The scheme, begun last summer, for buying these metals for the strategic reserve, has been so successful that prices have now been stabilised at a satisfactory level. Here again industrial demand has improved, and less is being offered to the government at the prices it is prepared to pay. Assurances have nevertheless been given that the scheme, due to lapse at the end of June, will be continued for another year.

The latest report on the general condition of the stockpile, at the end of 1954, shows that its accumulations are growing well. It now holds all that is thought to be needed, as a safeguard in case of war, of more than half the 75 strategic materials it is supposed to contain. The contents are valued at $5 billion, half the eventual total, and about $800 million a year is now being spent.

Cars from Abroad

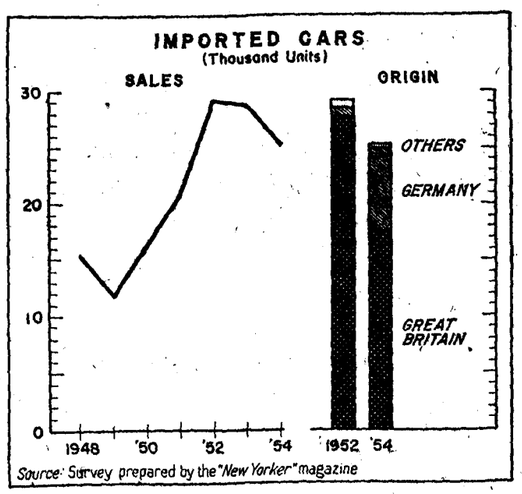
New York

IMPORTED British motor cars are profiting this year from the ravenous appetite of Americans for automobiles of all makes and sizes. At the same time, however, they are losing ground to a familiar European rival—the ubiquitous German Volkswagen. In 1954, sales of British cars in America dropped by over a third; a plausible explanation for this decline was the fierce price cutting by sellers of American cars, especially the Ford and Chevrolet dealers, competing for the lead in a reluctant market. But while the sales of Austins, Morrises, British Fords, Hillmans and MGs were halved, dealers sold five times as many Volkswagens as in 1953.

By American standards, sales of imported cars are insignificant. The 25,000 foreign cars bought in the United States last year amount to one half of one per cent of Detroit's total output of 5½ million automobiles. This year, moreover, American manufacturers expect to sell at least a million more. But the remarkable success of the Volkswagen, which was selling during the first two months

of 1955 at an annual rate of over 12,000—a rate which the company confidently expects to boost to 20,000—raises the question of whether the British motor industry has set its sights for the American market too low.

In the sports car field, British makes, led by the Jaguar and the MG, are no longer unchallenged, but have maintained their supremacy. This is a highly sophisticated market, formed by sports car enthusiasts who are often connoisseurs of foreign makes, and contemptuous of the Detroit "dress designers." As a surprisingly large proportion of American sports car buyers intend to enter races, they demand a car with a good international speedway reputation. For this reason, the Detroit style of sports car—such as the Ford Thunderbird or the General Motors Chevrolet Corvette—is not competitive. But as the MG discovered to its cost last year, no foreign sports car, however popular, can afford to park on its laurels. The American sports car enthusiast turned away in search of something new, to the Austin-Healey and the German Mercedes-Benz. At the other end of the scale, in the market for the "carriage trade," the British Rolls-Royce and Bentley still have the field to themselves. Both General Motors and Ford, with their sonorous new models, the El Dorado Brougham and the Lincoln Continental, are not likely to capture this specialised market.



Source: Survey prepared by the "New Yorker" magazine

It is the third market—for the small passenger car—that has the greatest future, if the experience of the Volkswagen is a reliable guide. Frequently referred to as a "second car," the small automobile caters to the growing demands of American suburban living. It can be parked in crowded streets; it is cheap to run—although in America the lower level of petrol taxes places less premium on cars with a small fuel consumption; and, like the sports car, it has the appeal of a car that is "different." If the eight per cent of American families now owning more than one automobile were taken as the main guide, the potential market for the small car could be counted in millions. A more realistic assumption is that the sale of small cars of foreign make could be expanded until Detroit feels the pinch. This would probably not happen before some 100,000 foreign cars were sold annually. The American Ford Company, with its European experience in small car production, might then enter the market in a large way. Sales of 300,000 small foreign cars a year would probably attract full scale competition from all domestic makers.

The question is whether British car manufacturers are willing to undertake the expenditure necessary to boost their American sales to even 50,000 a year. Austin, whose A-40 was the first foreign model to penetrate the American market, has been surpassed by Rootes's Hillman, and by the English Ford—and now all have been outdistanced by the Nash Metropolitan and the Volkswagen. The Nash Metropolitan, manufactured for American Motors by Austin in England, has the advantage of a ready-made organisation of American dealers. But the Volkswagen started with no such edge and its phenomenal success shows that a small car will sell in the American market on price and performance alone.

Only one British car appears at present capable of offering the Volkswagen effective competition, at least in price. This is the recently introduced Hillman Husky shooting brake, which is well designed and sells for less than the Volkswagen. But not enough Hillman Huskies are available, and the dealer who is unable to offer immediate delivery operates under a decisive handicap. Most Americans now feel that other small British passenger cars are either overpriced, under-powered, or so unreliable that they require too much maintenance.

The price differential between an imported small car and the cheapest American models is of fundamental importance. A powerful, flashy, six-seater Chevrolet sells, especially when dealers are overstocked, at prices barely above those of a much smaller, less powerful and much less roomy foreign car. The major American dealers are allowed by the factory a higher margin, especially on accessories, than dealers in foreign cars can expect from their suppliers. They are also able to spread overhead costs over a much larger volume of sales. Consequently they can offer their customers much greater discounts from list prices. They have also adopted the practice, which foreign car dealers cannot follow, of inflating list prices, and then offering their unsuspecting customers an attractive "over-allowance" on the trade-in of their old car.

The biggest problem common to all foreign manufacturers is the lack of a strong and efficient sales organisation. This would be a weakness even in a stable market. In America, where dealers are forced to absorb, by drastic price-cutting, the periodic surplus of production emanating from Detroit, it is often a decisive handicap. The best American dealers, representing General Motors, Ford or Chrysler, are precluded by the terms of their franchise from selling foreign cars. These can be handled, therefore, only by a few of the smaller dealers representing the American independent companies, or by about a thousand-odd specialists in foreign models. Consequently, the majority of foreign cars are sold from poorly placed and poorly financed garages, in which British makes and their continental competitors are put side by side. The drawback of these bad shop windows, and of the poor service that often goes with them, can be overcome only if the manufacturer takes over more of the responsibility from the dealer, and provides financial assistance and training facilities. But the related problem of the American prejudice against foreign cars on the alleged ground that it is difficult to obtain spare parts for them has been largely overcome.

The World Overseas

Disarming Moves

THE destruction of a Communist myth is the most positive element in the new Soviet statements on disarmament and world issues that were published so melodramatically last week. Buried in their enormous mass was a swingeing condemnation of all idea of a mere "formal agreement on international control" of nuclear arms, which, it is rightly stated, "can only lull the vigilance of the peoples" and "create a false sense of security." Thus the "ban the bomb" campaigns which Moscow's "world peace movement" has tirelessly waged for years among the simple minded, are now reduced to nonsense, and by Moscow's own hand. The western governments, and all those who have equally tirelessly pointed to the need for genuine controls, and have been howled down as "enemies of peace" for their pains, can at last count Marshal Bulganin and Mr Khrushchev among their converts. It is the "peace-mongers" who are disarmed.

It is, indeed, an intriguing feature of the Soviet statements that they embody whole passages taken from western proposals made during the confidential talks at Lancaster House in London during the past three months. By being first to publish its texts, the Soviet government evidently hoped to give the impression that the western proposals were its own. Yet the fuller records of the talks, now made public by the western governments as a justified riposte to the Russian manoeuvre, show that when the delegates assembled at Lancaster House in February they found the Russians retreating sharply to their old demand for total destruction of nuclear arms in advance of other disarmament.

Nobody, and least of all the Russians, took this backward plunge seriously. Three weeks later, on March 18th, a quite different Soviet formula emerged as a result of the other delegations' firm reminders of Vyshinsky's promises at the United Nations Assembly last autumn. The February position had merely been a classic example of the Communist technique of starting negotiations from a maximum demand known in advance to be unacceptable—an example to be borne in mind by future negotiators at all levels.

As late as the end of March, the Russians were still rejecting the western proposal to reduce forces to absolute levels, and clinging to their idea of proportional cuts, which would perpetuate the Communist advantage. Now they have publicly put forward the western formula as their own. They have also adopted the western proposal that elimination of nuclear arms should begin when three quarters of the cuts in other arms have been made; and they have even written into their text a section on the co-operative use of atomic power for peace which Mr Malik had openly scorned when the western delegates tabled it three weeks earlier.

If the road to disarmament is to be thus strewn with stolen trousers, the free world, which wants to reach the end of it, will presumably have to press on, patient if unhosed. Imitation is an encouraging, if not always a sincere, form of flattery. Encouraging, too, are the occasional notes of realism struck in the Russian statements: the premiss that their own people as well as the free nations are "bearing heavy tax burdens" for arms; the admission that ordinary civilised tourism, as well as bear-led delegations, has a part to play in understanding between peoples. But unfortunately there are wild absurdities, too, such as the astonishing statement that "calls for war are becoming more and more frequent in press, radio and public statements." And when the bare bones of the Soviet programme are uncovered, it is sad to see how much still separates it from the minimum of a genuine disarmament plan.

On the negative side, the Russians still reject western proposals for a first verification of existing armed strengths; they will not give disarmament inspectors full freedom of investigation, but would limit them to designated "objects of control"; they deny the control authority any power to act in cases of violation, insisting that only the Security Council, which can be hamstrung by veto, should do this; they still reject the western proposal that disarmament should proceed by stages geared to the control authority's reports that it is in a position to extend its tasks. And on the positive side their stand is even more discouraging. They have directly linked the reduction of conventional arms and elimination of nuclear arms to their familiar demand that "all foreign bases" be abolished.

This means not merely the evacuation of Germany but the withdrawal of all American ground and air units from Europe, Britain and the Far East; the removal of British troops from the Continent; and the winding-up of Western European Union and of Nato. In Europe, as Moscow would arrange it, a 1,500,000 strong Red Army and perhaps as many satellite troops would face only the French and the smaller western armies. Moscow has shifted its stand ingeniously enough, abandoning some of its quite unacceptable propositions only to formulate others that would serve equally well to leave it predominant in arms. Mr Molotov has not yet wearied of his intricate and baffling minuet.

Austria's Ransom

THE Austrian Federation of Industry confesses itself unable to forecast the economic consequences of the peace. Even before the Federal German government interposed on behalf of the German claimants to assets in Austria, the future was complicated and obscure enough to baffle the prophets. Now more than ever the Austrians must wait and see and hope for the best from East and West.

The obscurity starts with the value of the former German assets. Nobody can say what it amounts to, because the Russians have kept prying eyes from the USIA concerns—the former German firms in the Russian Zone which have been run as part of the Soviet economy. In the Western part of the country, the government has been administering the former German works and they have been modernised with American aid. But in the Russian sphere, the Soviet administrators are thought to have exploited their plants ruthlessly and large capital investments will be needed to bring them up to date. There may be some pleasant surprises on this score for the Austrians, but on balance the Russians are unlikely to have invested much in new equipment.

Where is the capital to come from? It is said in Vienna that Herr Raab agreed in Moscow that foreign capital investments in Austria would be banned. In any event, the terms of the treaty itself prohibit the return of the properties to the former German owners, and no one can imagine that they would—even if permitted—invest in firms which had been confiscated. The heavy industrial enterprises will perhaps be added to the nationalised sector of Austrian industry—a development which would please the Socialists in the government, but would not agree with the policy of Herr Raab's free enterprise party.

Risk of Inflation

The State would then have to raise the capital for investments, as well as the funds needed for paying off the Russians, the American and Canadian claimants to the oil concessions, and, perhaps, the former German property-owners as well. The liability for compensation to the Russians amounts to a large sum; $150 million will be paid in goods or dollars for the USIA enterprises, and $2 million for the Danube Shipping Company's assets in Eastern Austria. In addition, the government has to deliver 10 million tons of crude oil to the Soviet Union in ten annual instalments, for the oilfields and refineries round Zistersdorf (for which American and Canadian interests are, it seems, also to receive some compensation). How can the State secure funds for these payments, and for the new army, without raising taxation or causing inflationary pressure?

The outlook is brightened by the prospect that the Austrian economy will now be the richer by the products of the USIA enterprises. But on the other hand, it will be the poorer by the amounts paid by the Americans, and to a much smaller extent, by the British for goods and services supplied to the occupation forces. It is not hard to see that Austria, already short of capital, will look to America for aid. The Russians for their part might graciously consent to an outright gift from Washington, without strings attached, if it were offered to the Vienna government. But would Congress help a neutral Austria?

The future of the Austrian balance of payments is naturally causing the government and industrialists a particularly severe headache. No amount of rejoicing over freedom can hide the fact that the Austrian state will now lose the foreign exchange which it received as payment for occupation costs. This amounted to $40 million a year, mostly in dollars. In addition, the Austrians, like the other countries in which GIs are stationed, have benefited from the purchases of local currency by the troops. Without this dollar revenue, there will be a hole in the central bank's reserves of "hard" foreign exchange.

Moreover, the goods which Austria has to deliver to Russia as compensation for the German assets will reduce the quantities available for export against payment. The loss will amount to about $25 million or its equivalent in other foreign exchange. Again, the USIA concerns have been working on export orders which may be cancelled. After the Austrians have delivered the scheduled million tons of oil to the Soviet Union, and covered their own needs, what will be left over for export? Such questions come thick and fast in Vienna and have not yet found an answer.

The trend of Austria's balance of payments, and still more of its trade balance, has been disquieting, in spite of a boom in export orders. July, 1954, was the last month in which the trade balance showed a surplus, and imports have been rising at a constantly increasing rate ever since. In March this year, imports were no less than 60 per cent over the figure for the same month in 1954, while exports were only up by about 7 per cent. The foreign exchange reserves of the national bank have fallen by 15 per cent in the period between October, 1954, and April 23rd, this year.

In the circumstances, it is small wonder that great hopes are placed on the new five-year trade treaty which Mr Mikoyan has promised to conclude with the Austrian government. The prospects of increased exchanges with the rest of the Eastern bloc, and with Jugoslavia, are also rated very highly. The Communist countries will, it is thought, make sure that Austria becomes a good advertisement for neutrality.

Action on Cartels

THE Common Assembly of the European Coal and Steel Community met in Strasbourg last week for its annual review of the progress of the Community and its annual judgment on the stewardship of the High Authority. The Assembly's sole statutory power is that of forcing the resignation of the High Authority as a body by passing a vote of censure on the High Authority's report. Although this measure is so extreme as to tend to guarantee the immunity of the High Authority, the Assembly is far from apathetic and the High Authority has shown itself responsive to Assembly sentiment.

Last May, the Assembly criticised the slowness with which the High Authority was approaching the problem of the cartels. It was clear that the parliamentarians would not easily be put off again with assurances that the question was being studied. The High Authority was therefore ready with a detailed and carefully drawn statement by its Vice-President, Herr Etzel, outlining the expected settlement

with the Ruhr coal sales agency, GEORG, which has come to be regarded as a test case.

M Monnet has accurately characterised Article 65 (cartels) and Article 66 (concentrations) of the Coal-Steel Treaty as "Europe's first major anti-trust law." Article 65 contains a categoric prohibition against any agreement, decision or concerted practice which tends "directly or indirectly, to prevent, restrict or impede the normal operation of competition within the common market." Although the High Authority may approve agreements which lead to efficiency without limiting competition it must be satisfied in advance that this is indeed the case. It is a much tougher article than that dealing with new concentrations, although these must also be approved. In brief, cartel arrangements are forbidden unless demonstrated to be innocent and concentrations approved unless found to be harmful.

These two articles represent a sharp break with tradition and it is not surprising that they have been the centre of controversy. Some complain that there is an unrealistic transatlantic aura about them; others praise them as the heart of the treaty. They unquestionably represent a bold attempt to get away from a pattern which was dominated by the belief that the risks of competition far outweighed its salutary effects and a situation in which the consumer was, usually, the last man to be considered. The arrangement which is now about to be agreed with the GEORG is a compromise. There has been no "show-down" with the cartels. Some form of compromise was inevitable once it became clear that the trades unions and the government, as well as the mine operators, were opposed to drastic change and were convinced that the sales agencies were necessary.

Six Instead of One

Essentially what is being proposed for the Ruhr is that there should be six selling agencies where now there is, effectively, only one. After the war, the Allied High Commission established six coal sales agencies in the Ruhr which were to be loosely co-ordinated by a central organ (GEORG) but were to operate independently and competitively. In fact, the six soon became simply branch offices of the co-ordinating body which set prices and sales policies, and allocated orders throughout the Ruhr. A new attempt will now be made to make the six both independent of GEORG and competitive one with another. No single sales agency may in future represent more than the eight to eleven collieries each now theoretically services. Each is to establish its own price lists, sales policies, and, after a short transitional period, its own selling agents. Each of the six agencies will have to be separately approved by the High Authority and any new agreements among them running counter to the treaty will be prohibited. But each selling agency will be permitted to allocate sales within its own area and thus cushion the impact of sharp swings in demand. And common selling on the present pattern among the six will be allowed to continue to customers, such as the Bundesbahn, which buy more than 50,000 tons of coal a year. In addition, the High Authority has said that it cannot, under the terms of the treaty, object if sales to third countries are handled centrally. This statement is not apt to please those outside the Community who feel that the High Authorty has been interpreting the treaty too narrowly in the case of the steel export cartel.

As the Dutch delegation was quick to point out to the Common Assembly, there is little in what has thus far been said to ensure that six little legal cartels may not spring up where once there was one big illegal cartel. The first indication of how important a change the new arrangement represents will come when more details are available on the continuing relationship between the High Authority and the functioning of the sales agencies. The white light of publicity can be an important restraint. But the proof that Herr Etzel was right when he said that the new solution was "fundamental" and not simply the old organisation in new dress will come when the first coal is sold by sales agency "A" to a traditional customer of sales agency "B" for the simple reason that "A" quoted a better price.

Brazil's Two Fevers

IN Brazilian economic and political affairs alike, reports of impending collapse or upheaval are too endemic to be always taken at face value. Nevertheless, the present combination of a grave foreign exchange crisis with pre-election political fever is an ugly one. Three private banks have been forced to close their doors. Although the government has guaranteed all private deposits, capital is leaving the country by every available route. (The financial problem is further discussed on page 694.) The crisis arises not only from the slump in dollar-earning exports, but also from the fact that politics and fiscal policy are becoming inextricably mixed as the October presidential elections approach. Last month's replacement of Dr Gudin as finance minister by Sr Whitaker was part of a political bargain between the present administration and Sr Janio Quadros, the powerful governor of São Paulo state. This bargain may keep Sr Quadros out of the presidential race, but it will not help Brazil to recover its coffee market or find enough foreign exchange to buy spare parts for the 500 buses now laid up in São Paulo.

The main lines of the presidential contest are now emerging from the preliminary feints. Of the two strongest candidates, Sr Kubitchek is trying to acquire the mantle of the late President Vargas and to rally to his support the Labour Party led by Sr Goulart, a radical supporter of the Vargas régime. General Tavora, formerly chief of the military household of President Cafe Filho, stands for the more conservative interests. He has a reputation for integrity and has expressed disgust over the kind of political horse-trading recently practised between Rio and São Paulo. He is sponsoring a five-year programme under which Brazil's own oil —high-quality deposits have recently been struck in Amazonia—would at last be made available to supply the home market. Hitherto oil imports have been a continual drain on the foreign trade balance, but there is general hope that the country can eventually become an actual exporter of oil and end its fatal reliance on the coffee market.

The army remains the unknown factor in the political picture. It has let it be known that the candidacy of Sr Goulart, even for the vice-presidency, is unacceptable to it, but it has not yet endorsed General Tavora. The minister of war, General Lott, has been a restraining influence over the younger officers, but if the present crisis worsens, the army may decide that the job it began when it ousted President Vargas still needs finishing.

The Buddhas Toe the Line

BY A CORRESPONDENT

NOBODY at the Bandoeng conference was so tactless as to mention Tibet. If, however, any delegate had been so indiscreet as to refer to Communist China's recent subjugation of an independent country, then Chou En-lai would have had his answer ready. For shortly before the Bandoeng conference he had had the Dalai and Panchen Lamas, both incarnate Buddhas, come to Peking and deliver speeches in such perfect conformity with Communist policy that nobody was left with any excuse for doubting the voluntary character of Tibet's incorporation in the new China.

When the Chinese invaded Tibet four years ago and the Tibetans, finding that they could not count on help from any quarter, submitted to overwhelming force, it was open to Peking to place the country under direct Chinese administration. Since there was then no Tibetan Communist party, it was not possible to set up a local Communist regime. But direct administration would have provoked guerilla resistance. The Chinese therefore adopted the method of governing Tibet through the Buddhist ecclesiastical hierarchy. This is, of course, simply the principle of indirect rule familiar in the colonial administration of European powers, whereby the former monarch or chief retains his office but must govern according to the advice of a political resident. For Marxist-Leninists to use such devices, involving compromise with "feudalism," is at first sight incongruous, but it can be justified as a tactical measure for a short period. The long-term prospects of the Dalai and Panchen Lamas are not good, but until the time comes for their elimination they are treated with every respect. On their recent visit to Peking they were entertained to a banquet by Chou En-lai, who told them that "in the big family of the motherland the relations between the Tibet region and other parts of the country have become closer, the spirit of patriotism of the Tibetan people has been enhanced, and the unity between the Han and Tibetan peoples and the unity within Tibet have become more and more consolidated."

The Imperialist Bogy

Such language might bewilder an outsider, who might suppose that the enhancement of the spirit of patriotism among the Tibetans would lead them to aspire to national independence. According to current Communist doctrine the Tibetans are one of the "nationalities of China," the Chinese themselves, being merely one of the others. This Chinese version of history was put into the mouth of the young Dalai Lama himself, who in his speech to the State Council referred to "the thousand-year-old political, economic and cultural ties between the Tibetans and other nationalities of China," and lamented that the Kuomintang had "used all sorts of intrigues to sow discord between the fraternal nationalities and the Tibetans"—an allusion to the fact that the Tibetans drove out the Chinese in 1911 and maintained complete *de facto* independence until 1950.

The Chinese can thus claim that they have not made Tibet a colony or a dependent territory, because the Tibetans have merely been reunited with their "motherland." This conception, however, bears no relation to the facts of ethnography or history. The Tibetan language is related to Chinese, but not more closely than Burmese or Siamese. The Tibetans received their religion and the main elements of their culture from India, not from China. Politically, Tibet has never been subject to China when China has been ruled by a purely Chinese dynasty. The Mongols subdued Tibet in the thirteenth century, but they were also the conquerors of China itself. In the eighteenth century a monarch of the Manchu dynasty, then reigning in China, brought Tibet under his sway shortly before the British occupation of Bengal, and it thus became part of the "Chinese empire." But when the Manchu dynasty was replaced by the Chinese Republic through the Revolution of 1911, both Tibetans and Mongols declared their independence, claiming that their allegiance was to the Manchu imperial house and not to China. The Mongols living north of the Gobi desert have been able, with Soviet support, to make their separation from China permanent. The Tibetans, less fortunate, have been re-annexed by China after forty years of independence. In this, the Chinese Communists have followed their Kuomintang predecessors, who always claimed to have inherited sovereignty over Tibet, but, with the manifold distractions of civil war and Japanese invasion, were never strong enough to enforce it.

As long as the British Raj ruled India and maintained a quasi-diplomatic representative in Lhasa, it was possible to argue that Tibet was in need of liberation from a Western imperialist power. Unfortunately, Britain, in 1947, transferred all power in India to an Indian national authority, so that by 1951 there were no longer any imperialists—unless Mr Nehru's government were considered as such—anywhere near the borders of Tibet. But the absence of imperialists could not be allowed to stand in the way of Tibet's "liberation"; the only consequence of the British withdrawal is that the "imperialist oppression" from which Tibet is alleged to have been suffering is no longer attributed to any particular Western nation, but appears as an anonymous manifestation of the principle of evil, concrete enough to evoke China's liberating energy, but too intangible to be given a habitation or a name.

Since the imperialist enemy in Tibet was so unsubstantial, he was indeed unable to impede the Chinese conquest, but

ISSUED THIS WEEK

Our three-monthly reports on business conditions in

THE NETHERLANDS

MEXICO

CEYLON

BRAZIL

Fifty similar reports, covering seventy countries, are issued every three months. The annual subscription to one country or territory is £10 and there are discounts when more than five reports are taken. Subscribers receive ANNUAL SUPPLEMENTS giving useful background data. (Single reports cost £3.)

For full information about this and other services apply to:

The Economist Intelligence Unit

22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.

it should not be thought that he is no longer a danger; on the contrary, Chang Ching-wu, the Central People's Government representative in Tibet, told the State Council that the great task in that country was to "oppose imperialism" and to construct a new Tibet for the "consolidation of national defence." The Dalai Lama himself was made to declare that, as Tibet was located on the border of "our motherland," it was all the more important for the Tibetans to consolidate "our national defence" and be "tirelessly alert" against the imperialists. Since Tibet's only frontier is with India and Nepal, the emphasis on its importance for Chinese national defence must be taken either as an excuse for keeping Tibet under military occupation or as indicating a suspicion of India's intentions.

Spain in Transition—III

FROM OUR SPECIAL CORRESPONDENT

GENERAL FRANCO's undisputed control of the destinies of the Spanish State has led many Spaniards to wonder to what extent chaos will succeed him; and Franco himself has begun to admit, in his most recent interviews, the possibility that he may not be immortal. All the strings of power are in the Caudillo's hands and when he allows one of those strings to run unimpeded, the puppet at the other end is well aware that he may be pulled up with a jerk if he shows signs of unbecoming ambition. It is certain that this applies as much to the powerful minister of labour, Sr Girón, as to anyone. Girón is Franco's spokesman to the masses, the man who speaks to them at their own level and in their own language. Some observers have seen in him a possible future Caudillo, but it is clear that he owes his power entirely to Franco.

There are conflicting reports about Sr Girón's standing with the workers. Many of them no doubt think much of him, since he has undoubtedly done all in his power to improve their material lot (indeed he is said to pride himself on having put into practice nearly the whole programme advocated by the Socialists during the Republic); but many other workers probably see him as the symbol of a regime which not only bans strikes but ferociously suppresses attempts to infringe the ban. Sr Solís, the boss of the *sindicatos*, may well be more popular in that his work is more patently connected with the protection of the workers' interests and an open rivalry has recently been allowed to develop between these two leaders.

Despite syndical criticism of the regime, it is clear that the *sindicatos* are an inextricable part of the *movimiento*—the respectable word which has tended to replace the term Falange in official usage. The word *movimiento* is indeed far from being a mere euphemism in that the tentacles of the party spread through every organisation in the country right down to the smallest village council. The *sindicatos*—which represent workers and employers in a seventy to thirty proportion on lines borrowed from Mussolini's corporations — are perhaps the most typical feature of the regime. They determine wages and conditions, administer welfare and social insurance schemes and run the vast and costly institutions known as Labour Universities.

It is part of the burden of syndical criticism that the workers are no longer content to be spoon-fed with welfare schemes but want a say in their own and in the nation's affairs. In so far as the Labour Universities are designed to reduce the social gap between the worker and the professional man who has been to a "real" university, they may be cited as a case in point. But when all allowances are made for the use of welfare schemes as a sop to the masses, it remains true that Spain has accomplished much to be proud of in that field. The Spanish worker has security in that he cannot be dismissed except under conditions punitive to the employer; he is entitled to six months' free medical treatment in any one year; he draws two extra months' pay per year as bonuses in July and at Christmas; he is well provided with family allowances; he is looked after in his old age. Although salaries remain so low that many are obliged to take on extra jobs in their spare time, the conditions of employment undeniably favour the worker at the expense of the employer. Moreover, since last November, the "floor" of income tax has been raised from 6,000 pesetas a year to 12,000 (from £54 to £108) and the amount an employer is required to put aside for the family allowance "pool" has been raised to 25 per cent from a varying percentage reaching 20 per cent.

The working of the family allowances pool, however, provides one of the more curious anomalies of the Spanish industrial system. If none of the employees of a firm is married, the pool is shared out among all; but if one of them should get married, he is entitled to the entire pool. Cases have been known of humble employees who earned more than their general managers. It is hard to imagine an anomaly of this kind arising in a country enjoying a free press and free public discussion.

Economic Enterprise Stifled

Another and more serious criticism of the otherwise comprehensive social security system is the absence of unemployment benefit. The father of several children who loses his job because of illness may find it almost impossible to get another one because of the general reluctance of employers to employ so costly a candidate, who will then be reduced to living on charity. Officially, of course, there is no unemployment; but reliable sources estimate industrial unemployment at about 150,000, plus the considerable seasonal unemployment among agricultural workers.

There is inevitably, in addition, a large amount of disguised unemployment resulting from the inability of employers to dismiss their staffs. Mobility of labour is likewise affected, and it is a valid and serious criticism of the system that it stifles economic enterprise: the factory owner who plans to install a machine that will do the work of four men will tend to think twice in the light of the knowledge that he may be landed with his machine plus the four men.

Here, perhaps more clearly than elsewhere, the necessity for change seems to impose itself. The constitutional issue can be held in abeyance indefinitely without visible harm. The censorship of the press is an issue to the more thoughtful citizens but does not arouse widespread excitement. But the requirements of an economy which needs to be expanded may well lead Franco to seek means of giving greater flexibility to the industrial system. Even there, however, progress is likely to be slow; for there is no easy solution to the problem of restoring some measure of mobility to labour without imperilling its security, upon which the stability of the regime itself so largely depends.

(Concluded)

ROLLS-ROYCE

AERO ENGINES

LEAD THE

WORLD

Seventeen airlines have order

Rolls-Royce propeller turbine aero engines.

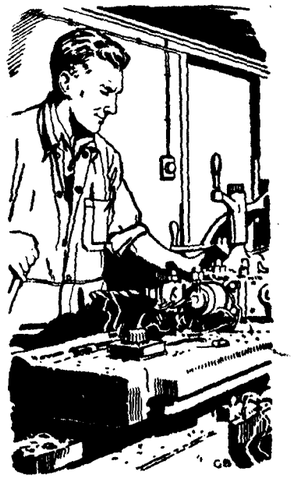
AUSTRALIA *to-day*



Are you up-to-date on Australia?

The economy of Australia is changing rapidly. It is still one of the world's chief producers of wool, wheat, meat, and butter. But the value of its manufactures now exceeds that of its primary products.

To promote the further expansion of manufacturing industries, the Bank of New South Wales — Australia's oldest joint-stock company — has recently published a booklet, "Establishing a business in Australia". If you are interested, you can obtain a free copy from



The machine worker in secondary industry is as typical of contemporary Australia as the traditional sheep-hand.

BANK OF NEW SOUTH WALES

MAIN LONDON OFFICE: 29 Threadneedle Street, E.C.2 — D. J. M. Fraser, Manager

(INCORPORATED IN NEW SOUTH WALES WITH LIMITED LIABILITY)

GBS501C



Jipijapa and Montecristi in Ecuador are the towns properly associated with the finest and genuine 'Panama' hats — so called because they were first made known in Europe and the U.S.A. by traders in Panama. The best hats are those made from the straw or fibre obtained from the Toquilla palm that grows in Ecuador.

The making of these famous and sometimes costly hats is Ecuador's oldest industry and the great skill required is traditionally exercised by women. Today, few people would spend £200 on a hat but, despite competition from machine-made products, 'Jipijapas' and 'Montecristis' continue to reach discerning buyers through the port of Guayaquil, where a branch of the Bank of London and South America has long been established.

From Guayaquil, and from the Bank's other branches in South and Central America, our Head Office receives regular reports on local produce markets, trading regulations and general economic conditions. The contents of these reports are published in our Fortnightly Review, distributed to the Bank's customers and correspondents on both sides of the Atlantic.

BANK OF LONDON & SOUTH AMERICA LIMITED

Research Department (SECTION 34)

HEAD OFFICE: 6, 7 & 8 TOKENHOUSE YARD, LONDON, E.C.2

MANCHESTER: 36 CHARLOTTE STREET. BRADFORD: 19 SUNBRIDGE ROAD

CONTINENTAL REPRESENTATIVE'S OFFICE: TALACKER 35, ZÜRICH

THE BUSINESS WORLD

Facts Speak for ICI

LAST year Imperial Chemical Industries closed down the oldest privately-owned gunpowder mill in Britain—a gallant little factory in Midlothian dating from 1790 and with the figures 1815 appearing prominently on it to commemorate its contribution to Waterloo. Last year also the group spent £45½ million on new physical assets. The two conceptions—the pruning out of the deadwood and its replacement with much bigger new growths—are essential to any enterprise that hopes to remain virile however big it grows. And ICI is both big and virile: it claims to be Britain's biggest manufacturing company: it has just recorded the best results in its history.

The past year was the most remarkable in ICI's history. Total sales were £352 million and even without the help of £25 million from new subsidiaries they would still have shown a notable increase over the 1953 figure of £282 million. Comparison is slightly distorted by the fact that certain associated companies, particularly in Canada, became subsidiaries during the year, but the main picture holds true. Direct exports at £67½ million, compared with £58 million, showed an increase of 16 per cent, while the country's exports as a whole increased last year by only 3 per cent. The net income after tax was also a record: at £21.7 million it rose by £4.1 million. There is no tradition of unbroken growth in ICI's net profit; it takes the rises and falls of the country's general health, but the progressive trend from £4.8 million in 1945 to the present figure is clear enough.

From what sources do these fine figures spring? There was first the general prosperity of the country last year. It is no use pretending that ICI can have a good year while the country as a whole has a bad one. No one can move very far without using, wearing and eating the company's wares. The fertilised pasture that fattened the steak, the salt that savoured it, come from the same source that made the zip fastener for the lady's dress and produced the man's terylene tie. Little that is important to home trade, export trade, or to Britain's investment income from overseas can fail to affect ICI. Last year happened to be good for Britain. It was particularly good for ICI. The investor who takes a stake in ICI ordinary at 45s. 7½d., paying 10 per cent, is vulnerable to the general fortunes of the country and to the increasing competition that the company feels in some export markets, but he is not exposing himself to the fortunes of any one product.

Secondly, the heavy capital investment put in over a number of years has begun to pay off. As a whole, the group has invested no less than £258 million since 1945. The reasonable investor may conclude—though the directors studiously avoid the suggestion—that the build-up from past investment still has a big momentum behind it.

*

Lastly, there remains the offsetting fact that ICI is keeping down its prices to consumers—maintaining relative price stability in the goods it sells, despite the continuous price inflation in the goods it buys and the wages it pays. This may involve some straining at logic, as when the chairman, Dr Alexander Fleck, assured his press conference about copper: "We are in favour of the Selection Trust plan; we are also in favour of the London Metal Exchange." But the policy of maintaining steady prices in the chemical business makes sense. The first table shows that the price index of the goods that the group sells has risen to rather less than double its prewar level, while earnings per worker, the price of goods bought and the Board of Trade wholesale price index are all more than three

times prewar levels. If that price stability is to be attained without detriment to the ordinary stockholder —and so far the ordinary stockholder, with a gross income rise of 150 per cent over prewar, occupies a middle position between the customer who suffers a price rise of 91 per cent and the wage earner who achieves a rise of 200 per cent—then it involves a hard drive to squeeze more productivity out of ICI's growing physical assets.

The group's heavy investment and with it conservative dividends will go on. The £258 million spent on new physical assets and bigger working capital over the past 10 years is not the end. Another £65 million is sanctioned and the steady stream of projects sanctioned is not likely to be less in the future than in the past. This expenditure on expansion is spread widely through ICI's many divisions. Last year titanium was big in the company's thoughts. Now extensions to the titanium plans, to ammonia, fertiliser and urea plants, a further increase in terylene production and extensions to polyvinyl chloride capacity are in the programme. Plans are also being prepared for an additional nylon polymer plant with a capacity of 10,000 tons a year at Wilton. It is of the nature of such a policy that the directors should be ruthless about obsolescence. This year the depreciation charge is up from £11.6 million to £16.6 million. The charge must naturally rise as the expensive new plant comes in. But the board have also reviewed depreciation policy and for some items of plant they have shortened the assumed lives.

The investor must also reckon that a high proportion of the new capital will continue to be self-generated. It happens that last year's financing included the £30 million loan stock issue subscribed in their stride by the company's stockholders, but over the 10-year period £168 million out of the £258 million was ploughed back from earnings. The reserve appropriations (swelled last year by the transfer to capital reserve of £2 million, being the benefit of the investment allowances) took £16.8 million and the ordinary shareholders received just under £8 million—somewhat less than a third of the net taxed profit.

The true yield on the ordinary shareholders' funds of £295 million is 4.8 per cent, a figure surprisingly near to the yield of 4⅛ per cent on the ordinary stock in the market. The 228,000 stockholders are presumably content with their lot. So, thinks the chairman, are its 112,000 employees, and if it comes to a counting of heads, it is worth putting on record that the capitalists outnumber the wage slaves in ICI by roughly two to one. That ratio will soon be meaningless, for the new profit-sharing scheme swings into action with a benefit of £2.6 million gross. After deducting about three-quarters of a million for PAYE there should be enough to pay at market prices for about 900,000 shares under the scheme that will make every worker a shareholder.

That scheme is important now. So is the fact that the company's capital is widely spread. It would be pleasant to be able to report that the company is in line with the best modern practice and ready to give half-yearly profit statements. It is, however, understood that friendly consideration is being given to the idea.

Human relations have always been good in this company, yet human material seems likely to be the most difficult problem of the near future. Capital assets can be expanded by conservative finance. The prescription for getting more graduate scientists is not so simple and the directors of ICI, like those of Associated Electrical Industries, are fully alive to the need "which if it is not corrected, may retard the country's economic development." The board goes out of its way to mention that ex-service officers and colonial administrators are willingly considered.

The directors must feel irritated that when the giant is growing and, except for a shortage of certain types of skilled manpower and womanpower, thriving, renewed suggestions for nationalisation are thrown like a spanner into the works. Dr Fleck this week has affirmed the board's intention to oppose nationalisation of the company or any part of it. He gave six main reasons:—

(1) *Accountability:* ICI is only a third of the British chemical industry measured by numbers employed. It deals fairly with customers, stockholders and employees, and all have benefited from its policy.
(2) *Efficiency:* since 1946 production has been doubled with an increase of only 17 per cent in personnel.
(3) *Size:* the group is indeed big and is growing, but it is largely because complex operations can be tackled on a big scale that high efficiency is achieved.
(4) *Investment and Progress:* money for the programme of expansion has been found without difficulty from the public and from retained profits. All the major postwar projects have been carried out with the knowledge of the relevant government departments.
(5) *Exports:* these have risen from £26 million in 1946 to £67.5 in 1954. If indirect exports are included well over 40 per cent of the company's production goes abroad.
(6) *Employee Relations:* since the company started in 1926 it has been free of any serious industrial dispute.

That is Dr Fleck's short answer to the nationalisation threat. For the thoughtful shareholder it may also be something more—an account of solid achievement tempered by a conservative financial policy that offers no glittering prizes to the investor, but removes many of his fears.

HOW PRICES MOVED

Year	I.C.I. Purchases Price Index	I.C.I. Index of earnings per worker	Board of Trade Wholesale Price Index	I.C.I. Home Sales Price Index
1938	100	100	100	100
1948	251	197	216	145
1953	366	277	323	190
1954	372	302	325	191

SALES AND PROFITS
(£ million)

Years ended December 31	1951	1952	1953	1954
Gross sales and income	267·5	280·3	285·6	357·1
Material, transport costs, etc.	159·2	175·5	169·7	207·7
Wages and salaries	55·0	61·2	62·8	77·0
Pensions	4·3	3·9	4·5	5·4
Depreciation	8·9	10·1	11·6	16·6
Profit, after depreciation	*40·1*	*29·6*	*37·0*	*50·4*
Employees' profit-sharing bonus	..	..	..	2·7
Taxation	16·6	13·8	17·2	21·2
Retained profits	18·1	9·6	12·5	16·8
Net dividends	5·4	6·2	7·3	9·7

ASSETS AND LIABILITIES
(£ million)

At December 31	1951	1952	1953	1954
Fixed assets, at cost*	239·3	268·8	306·1	373·8
Depreciation	25·0	34·4	45·1	72·3
Net fixed assets†	216·7	237·2	264·0	305·1
Interests in associated co's	17·0	19·5	17·7	14·7
Intangible assets	16·7	16·6	16·8	16·7
Net current assets	57·0	68·9	61·7	101·5
Stocks	84·4	91·1	82·3	96·4
Debtors	42·2	41·8	46·1	53·6
Cash, investments, etc.	9·0	9·4	12·3	37·1
Bank overdrafts	15·0	14·1	11·7	5·6
Minority interests	9·7	11·4	12·8	19·4
Debenture capital	25·7	28·6	29·4	68·8
Future tax reserves	20·6	21·8	23·9	26·8
Capital reserves	125·8	140·7	148·4	94·8
Revenue reserves	41·1	45·1	51·0	53·1
Ordinary capital	60·6	70·7	70·7	141·3‡

* Or as revalued on January 1, 1950, excluding loose tools, etc.
† Including loose tools, etc.
‡ As increased by 100 per cent. free scrip issue.

Business Notes

Investors Decide

THE Stock Exchange Account that opened in the middle of this week runs for three weeks. It carries the investor not only over the election but also over the Whitsun holiday. It was a suitable occasion to form a view; even before the account opened, investors did take a view and moved markets decisively—and in gilt-edged stocks that are not settled for the account. The general rise in prices, carried the *Financial Times* industrial stock index up from 185.8 on Wednesday of last week to 191.7 on Wednesday of this week; it moved the government stock index from 95.10 to 95.75 in the same period; the number of markings that was running around 9,000 a day last week also broadened to around 12,000 a day. Investors had decided that a Conservative victory was a reasonable certainty.

They naturally bought steel shares. The two English Steel issues opened at premiums. The £5 million debenture stock attracted applications of £12,850,000 and applicants received full allotment only up to £1,000. Over that amount the basis was 25 per cent. The stock opened at ½ premium before falling back to ¼ premium. For the 5 million preference shares 28,000 applications for 16,350,000 shares were received. Full allotment was given up to 100 shares, the basis for large applications being 20 per cent with a minimum of 100. They opened at 3d. premium and quickly improved to 5½d. premium. But the active market was by no means confined to steel shares, obvious election choice though these were. The new Dunlop debenture at once established a premium of ½ over the placing price of £97½, and buying through the gilt-edged, industrial and oil share list was widely spread.

Such buying should rest not on one assumption but on two: that the Conservative election victory is sure; and that when it has won the government will not find itself obliged to tighten the credit screw further in order to check inflation and sustain sterling. The more thoughtful investors have considered both aspects. The tilt in the industrial buying towards electrical equipment and steel are examples of the sort of capital goods shares that were bought. It suggests that consumer goods shares are still a little suspect. The recent behaviour of the gilt-edged market also shows that caution has not been wholly discarded. That market rose strongly at the beginning of the week; selling of the short-dated stocks by the banks had paused if it had not finished and the whole list rose. But the mainspring of the advance was "surtax buying," that is buying of such medium and short-medium stocks as stood markedly below par in order to secure a calculable element of capital appreciation and add it to the meagre net income the holder expects from his interest coupons. When that buying dried up, as by Tuesday afternoon it was doing, the strength of the gilt-edged market was not fully sustained.

Funding Dilemma

AN intriguing problem has lately begun to take shape in the gilt-edged market. Although long-term stocks, and especially the irredeemables, have recovered sharply in response to the City's electoral hopes, the very section

of the market that has been the principal source of weakness of the whole has participated hardly at all in this movement. One or two of the short bonds are now a little firmer than they were a week ago, but several of them—notably the 1955-59, 1958-59 and 1960 stocks—show further substantial declines and even those dated in the sixties have achieved only a modest advance on balance. If this section of the market remains weak, it may hold back or even reverse the recovery in the longs. It is being argued, however, that from now onwards several new factors might give relief.

The first of these is the fact that the make-up day for the banks' May statements was last Wednesday; the next make-up will be for the half-year's balance sheets on June 30, so that the banks may for a while feel a little less preoccupied with their liquidity ratios. If there still seems need to sell to defend the ratios, it is hopefully argued in Lombard Street, the actual sales may be deferred. Such a postponement, it is suggested, would be justified because of the prospect of new demand. Will funds flow into bonds as some of the bills taken by those who have been switching from deposits mature? Again, can the authorities defer much longer their preparations for meeting the £524 million of 1955 serial funding stock that matures in mid-November? One consequence of recent monetary tactics is that the "departments" almost certainly hold a smaller proportion of the stock than is usual at this stage before the due date of a stock of this kind. If they must soon buy 1955 stock to prepare for redemption, will they feel obliged to finance these purchases by other sales? If not, the pressure upon bank liquidity ratios will be automatically relaxed.

A major complication, however, may be the needs of the nationalised public utility industries. Because of the pressure upon the gilt-edged market, funding operations for these massive borrowers from the banks have been postponed. But the resultant further rise in electricity and gas advances has played a big part in squeezing the banks' liquidity ratios, and the banks have lately been pressing strongly for the necessary funding. This puts the authorities in a dilemma, for any large funding issue could hardly be placed without participation from the departments (it might have to be large), so that the effect would be to increase the supply of risk assets of the banks simultaneously with the reduction in their risk assets. In short, to combine a funding of bank advances with maintenance of the squeeze upon bank liquidity would require a forthright gilt-edged policy; yet this would be obstructed by the need to prepare for the November redemption. In the circumstances, the authorities are likely to be looking for an opportunity to launch a utility issue in conditions when their own participation might not be embarrassingly large.

The "Big Five" as Underwriters?

A LIVELY controversy has been joined this week in the banking world, and it was sprung surprisingly in the cloistered atmosphere of a gathering of the Institute of Bankers for the Presidential address. The President, Sir George Erskine, a merchant banker, in effect told the big "deposit" bankers that it is time they forgot the classical precepts of British banking—or at least diluted them—and ventured into long-term industrial finance and issuing business. Such a plunge will be needed, Sir George argued, because the supply of industrial capital, and particularly risk capital, seems likely to decline, yet the new industrial revolution will increase the demand. Savings in general, and possibly risk savings, might be stimulated by various devices, such as special fiscal concessions for individual savers and a scrapping of the discrimination in favour of company savings. But the problem, Sir George thinks, is more acute than can be judged from recent experience, because certain ephemeral influences have given relief.

To meet the future need, he believes, there may have to be big changes in institutional practice—by the Post Office Savings Bank funds (why should they not be employed partly in industrial fixed-interest securities?), possibly by the insurance companies, and especially by the banks. If they were to enter into the industrial capital market, Sir George argues, it would be to their own advantage as well as to that of industry—if only because there is little scope for an increase in their advances towards the proportion they used to show to bank deposits. Though the machinery of the new issue market is good, it could be improved by the banks. They might sub-underwrite industrial issues, lend to other institutions in the capital market, "nurse" issues and peddle out stock just as the Government departments do for the nationalised industries. They might widen the range of their industrial lending and offer definite medium or long term finance, possibly financing this by attracting long-term deposits, and might extend into hire-purchase finance for industrial equipment. Again, could they not widen their investment policies, and employ perhaps £30 million a year in industrial debenture or preference stocks, or even equities?

Sir George remarked that he was aware of the various objections that were likely to be raised; but some were liable to be over-estimated, and others were based largely upon "custom, prejudice, or inertia." Some bankers will retort that, whether classical principles of banking liquidity and avoidance of "participation" finance are outmoded or not, it is far from clear that the problem of risk capital is as formidable as it seemed a few years ago. A long-term drift of the kind Sir George envisages did indeed look probable then; but now, despite the dwindling of special influences that helped to ease the difficulties of the postwar years in the capital market, the need for radical change is not so readily demonstrable. But there is no doubt about the need for clear thinking and full discussion in this sphere, and Sir George's jolt deserves a welcome.

CEA Inherits Success

DURING its last financial year the British Electricity Authority sold nearly 12 per cent more power than in 1953-54, which was a larger jump in electricity sales than in any postwar year except 1951. That financial year ended on March 31st; the next day BEA divested itself of its Scottish area boards and generation divisions and became CEA, the Central Electricity Authority. The top management remained and is to remain unchanged: Lord Citrine and Sir Henry Self have just been re-appointed as

chairman and deputy chairman for two more years. And in spite of the amputation, CEA may well sell more power this year than BEA did last: the areas that have become the South of Scotland Electricity Board together sold about 5,000 million units last year, while the increase in sales over the combined system was more than 7,000 million units.

The two area boards that have now been amalgamated with the corresponding generation divisions into this new Scottish electricity authority provided power to just over a million consumers in 1953-54, out of BEA's 14½, while generating capacity in the region totals perhaps 1¼ million kW, about 8 per cent of the total owned by BEA. Financial details of the transfer are still to be completed. These areas are large importers of power from the North of Scotland Hydro-Electric Board, which is at present providing some 185,000 kW of the peak load in southern Scotland, and plans to contribute as much as 400,000 kW in a few years' time. For this reason, no very large programme of coal-fired power stations has so far been planned for the area that the new authority has taken over—though approval has just been secured to start on a new 240,000 kW station at Kincardine.

The development programme before the Central Electricity Authority therefore, will not be much smaller than the £1,200 million still remaining of the programme from 1954 to 1960 that BEA outlined last year. The industry is spending nearly £200 million a year on new power stations, transmission lines, and distribution equipment, and this scale of expenditure necessitates regular recourse to the market for new finance. Its last issue was a loan of £100 million last autumn; in spite of the bumper proceeds of a cold and profitable winter it must already be operating upon a large overdraft.

Oxygen Held Up

THIS week's short, sharp unofficial strike by 700 of the transport workers employed by the British Oxygen Company served to publicise the absolute dependence of many of its industrial customers upon frequent, hand to mouth deliveries of industrial gases. In three days, the cessation of oxygen supplies stopped production at several car factories; if it had gone on a day or two longer, it would have interrupted work at several thousand other plants in the home counties and the south east.

Industrial consumption of oxygen has more than doubled in the last seven years and must now be approaching 8,000 million cubic feet a year. By far the greatest use is for welding and cutting processes in industry; medical and aviation uses are very small, though of course most essential; steel making and coal gasification, where oxygen is a valuable aid to better combustion, are likely to become more important. The gas is delivered in cylinders as a gas under pressure or carried in a liquefied state in large tankers to vaporisation plants on works sites. The method chosen depends upon the quantity required. Above a certain quantity the unit cost of liquification, which is not cheap, falls below the cost of using expensive cylinders. Liquid oxygen cannot be stored for very long, and some firms take delivery as frequently as five times a day—this is where the strike caused most damage. In still bigger quantities—say 500,000 cubic feet (20 tons) a day—it may be cheaper to pass the gas by pipeline from a nearby producing plant—and pipelines do not strike for higher pay. Where daily consumption climbs above about 2½ million cubic feet (100 tons) a day then it becomes a practical proposition to instal a production unit inside the works. There are at present no such tonnage plants, as they are called, at industrial premises in Britain although they have been very widely used in Germany and the United States; but several should be in service here in the next year or two. Two companies are offering to instal them—Butterley, which also builds "oxygenerators" with capacities up to ½ ton an hour; and British Oxygen Linde, a new company jointly established earlier this year by BOC and Gesellschaft für Linde's Eismaschinen.

Credit Insurers Confer

TWO things could quickly destroy the good name of credit insurance: resort to uncommercial terms which would amount to an export subsidy; and the insurance of exceptionally long credits which would boost inflationary credit competition. The conference of the international association of credit insurers (the Berne Union) in Lugano last week indicated that neither of these dangers is yet real. Each member submitted a statement on his trading accounts, which almost without exception satisfied the conference that members' operations were free from subsidy, and the comparison of credit terms insured showed that most members were in step. The general experience was that pressure for excessively long credits had eased. Members had maintained their disapproval of attempts by certain countries, such as Argentina, to control credit terms by granting import licences only to transactions on unduly long credits, and some transactions had in the event been licensed for shorter terms. The lack of self-criticism that was evident during the Berne Union's formative years has gone, though the Union could still exert a more determined influence on wayward members.

The United States was represented at the conference for the first time, as an observer, by the Export-Import Bank. Last October, in addition to its credits to foreign countries, the bank offered credits to individual American exporters; alternatively, it offered to insure a credit obtained by the exporter from a private bank. Not many exporters seem to have taken up these credits so far. The bank stipulates that 20 per cent of the price must be paid before the goods are shipped, and that the exporter must carry 25 per cent of the remaining risk; hence the maximum cover provided is 75 per cent, compared with 85 to 90 per cent provided by the British Export Credits Guarantee Department. The bank also provides guarantees, similar to those of ECGD, to private banks, and a limited degree of credit insurance for political risks only. The bank will not cover business that cannot properly be underwritten, and thus it complies with the principles of the Union. Cover is confined to capital goods—though this term is interpreted somewhat broadly—that will increase the dollar-earning ability of the importing country. American exporters continue to press for a general scheme of government export credit insurance, but so far the bank has held that such a scheme is hardly necessary for a confirmed creditor nation.

HP Under Restraint

THE few figures of hire purchase transactions since the reimposition of restrictions late in February, are a patchwork. Over the main ground covered by reliable statistics—principally the motor trade—hire purchase goes merrily on. Signs that the restrictions have been effective are confined to trades where the figures are much less comprehensive—gas and electrical appliances and furniture.

There is evidence that an effect on hire purchase sales of gas and electrical goods was felt in March and that the first shock was sharp. Trade reports, so far unsupported by figures, point to a partial recovery in the last few weeks. The only figures yet available relate to the North Western Gas Board's sales of appliances in March, which were £340,368, showing a fall of 19 per cent, compared with £420,258 in March, 1954. The hire purchase sales slumped by 27½ per cent to £235,847, compared with £325,521. Hire purchase sales of cookers in March were 40 per cent down on March last year, of water heaters, 44 per cent and of wash boilers, 46½ per cent. These declines were offset by an unbroken upward trend in sales of gas space heaters, which are 175 per cent up, and refrigerators, 280 per cent up (57 refrigerators, against 15), and of washing machines, 44 per cent up.

From the furniture trade, too, there is evidence that hire purchase trading had an effect that was concentrated on those traders who had previously been doing business on "no deposit" terms. Comparing March, 1955, with March, 1954, the department stores show a rise in sales of furniture and furnishings of 10 per cent, the multiples a fall of 10 per cent and the independent shops a rise of 6 per cent. The moral is clear. The department stores needed to make little alteration in their terms of business; the multiples were caught on the wrong foot, and the independent shops are a mixed bag, containing some that were affected and some that were not. Slight indications can also be drawn from the deliveries, orders and stocks of domestic furniture in the first quarter of this year. Manufacturers' deliveries continued to rise; they totalled £27,300,000 compared with £24,138,000 in the first quarter of 1954, but orders were slightly down at £6,500,000 compared with £6,744,000, and stocks had begun to accumulate to £3,000,000 compared with £2,655,000.

Growth and the Multiples

COME wind, come weather in hire purchase sales, the multiple stores go on growing. The first empire of that trade, Great Universal Stores, has just announced the purchase of Oetzmann and Company, the London furnishers. The second empire, United Drapery Stores, is expanding about as rapidly. The group now owns over 700 branches, ranging from department stores and warehouses to lock-up retail shops, and 12 factories. After buying Prices Trust, the multiple tailors, the group sold off "a few branches and sites that were redundant" but elsewhere it intends to open new branches and to modernise others. The multiple empires absorb other businesses as going concerns; they are not especially interested in releasing hidden reserves of cash from the sale of freeholds belonging to these businesses. Indeed, the chairman of United Drapery, Sir Brian Mountain, emphasises that the directors chose deliberately to raise about £3 million on a debenture rather than to sell off some of the freeholds and take the properties back on long leases at current rentals. The directors argue that it is "not in the best interests of the shareholders to create permanently increased fixed charges in this way."

The chief impetus to the growth of the multiples comes from economies of large scale distribution and administration. Mr Butler's directives on hire purchase have done nothing to check that impetus in United Drapery Stores even though there is some evidence that they are bearing fruit elsewhere. So far in the current trading year (which began on January 30th) Sir Brian Mountain says that United Drapery's "total hire purchase sales show an increase when compared with last year." The explanation is that its salesmen have not had "to vary the terms to any great extent" to conform with the new regulations. United Drapery had "always limited the amount of credit to two years and in the main obtained a deposit." The new regulations may, in the end, encourage the further growth of the multiples. The same restrictions which do not trouble the multiples, except perhaps in their furniture sales, have given a hard knock to the small traders, who may thus become more willing than usual to sell out to their stronger competitors. The multiples may pick up some bargains.

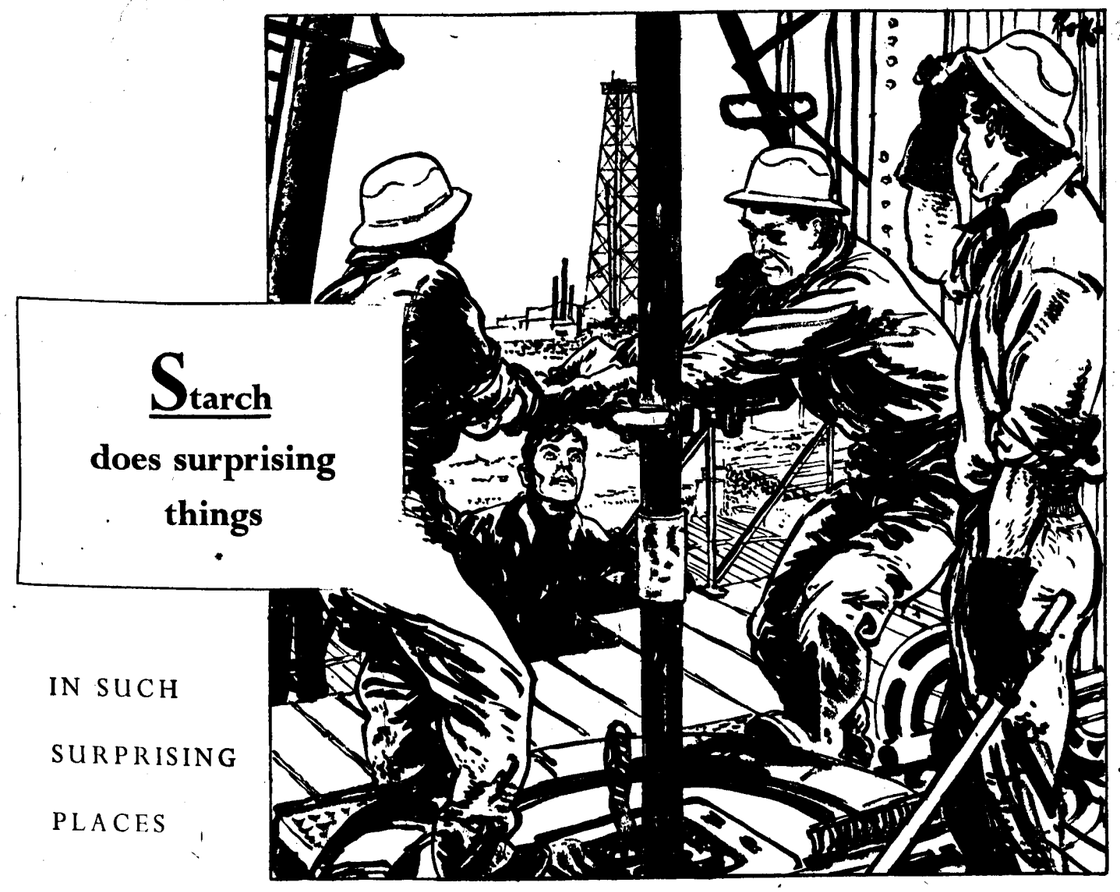
Who Pays for the Houses?

THE main figures depicting the growth of the building societies last year have already been published, but with the opening of the Building Societies Association's annual conference in Harrogate this week, two new items of interest come to light. The chairman, Mr Francis E. Lumb, gave the conference the first calculation of the amount of business done under the Macmillan plan for advancing 95 per cent of the value of certain small houses and 90 per cent of certain others. This plan, in which the society, the local authority, and the Treasury share the risk

HOW THE MONEY WAS LENT
Year ended January 31, 1955

	Number	Proportion of Total Number	Amount	Proportion of Total Amount
		(per cent)	(£000's)	(per cent)
Newly built houses for owner-occupation ..	44,253	16·3	70,485	23·6
Instalment advances to builders	2,208	0·8	5,736	1·9
Other houses for owner-occupation	184,564	68·1	199,063	66·8
All other advances...	40,103	14·8	22,915	7·7
Total.....	271,128	100·0	298,199	100·0

Source: Report of the Registrar of Friendly Societies for 1954, Part 5 (Building Societies), H.M. Stationery Office, 2s.



Example:

STARCH IN OIL-WELL DRILLING

Among the problems that oil-well drillers have to solve are the cooling of their drill (which may be three miles or more below ground, at the bottom of a hole only a foot or two wide) and the removal from the hole of the earth and rock that the drill cuts away . . . The surprising answer to these problems (and to one or two others as well) is — mud.

It is special mud, of course — a thick, milky fluid which is pumped down the jointed steel tube that drives the drill. It flows through the drill itself, fills the hole outside the tube, and so flows back to the surface, carrying the drill-cuttings with it. The returned mud is sieved, to remove the cuttings, and used again. But if the earth round the hole is porous, the mud may lose so much water by seepage that its circulation cannot be maintained.

A common way out of this difficulty is to add starch to the mud. The effect of the starch is to bind particles of clay from the mud into an impervious plaster which seals the porous surfaces.

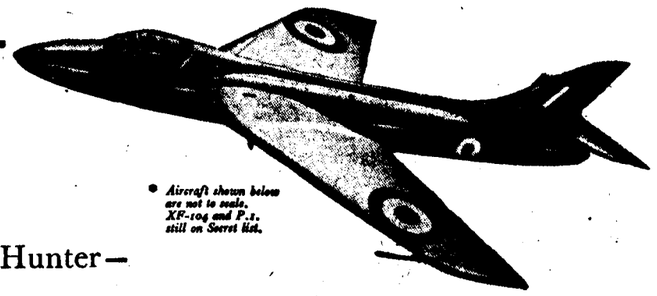
Corn Products Company Limited, the Industrial Division of Brown and Polson, produce 200,000 tons of starch products a year: more than 400 different products, which are helping more than 80 different industries to reduce production costs, to make better products, or even to make products that could not otherwise be made at all. We have spent more than 100 years in building up this large and varied business. We have learnt a lot about the industrial uses of starch products, and our advice is freely at your disposal.

CAN STARCH HELP YOU?
When you read in these advertisements how starch products are helping other industries you may see new possibilities of turning them to account in your own business. We shall be glad to discuss them with you.

B&P
CORN PRODUCTS COMPANY LIMITED
THE INDUSTRIAL DIVISION OF
Brown & Polson

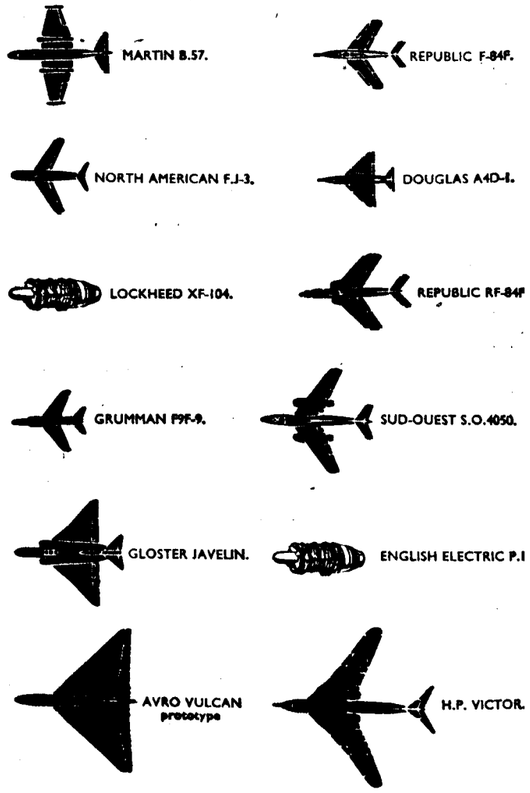
WELLINGTON HOUSE, 125/130 STRAND, LONDON, W.C.2

WORLD'S MOST SUCCESSFUL TURBO-JET



* Aircraft shown below are not to scale. XF-104 and P.1, still on Secret list.

Now powering the Hawker Hunter—
Britain's key fighter—
Sapphire jets also power 12 other aircraft vital to Western Defence!



As fighter speeds get faster and faster new qualities are demanded of the engines which thrust them through the air. Without doubt, the Armstrong Siddeley Sapphire turbo-jet engine is the most successful answer to these problems in production today. The salient features of the Sapphire are (1) robust simplicity of construction. (2) ease of installation and maintenance. (3) high efficiency. (4) immediate response to acceleration.

SAPPHIRES LIKE CANNONS!

The most important fact about the Sapphire can be summed up in few words. It gets on well with cannons. The importance and truth of this fact cannot be over-emphasized. Gun firing does not affect the Sapphire to any significant degree. The combination of the Armstrong Siddeley Sapphire turbo-jet engine and the Hawker Hunter fighter provides a successful, fully integrated weapon.

WHY THE PILOT LIKES THE SAPPHIRE

If you want to know the truth about an aero engine — ask the man whose life depends on it. Here is a typical comment of an R.A.F. test pilot. "You can 'slam' a Sapphire throttle forward any time you like and get immediate surge-free acceleration in any manoeuvre. 'Slam' it how you like — there's not a stutter of doubt in the Sapphire."

SUCCESS IN THE AIR!

The successful development of the Sapphire is a brilliant example of Armstrong Siddeley pioneering. Over 65,000 skilled workers, technicians and aeronautical engineers man the immense production facilities of the Hawker Siddeley Group. This combination of men, machines and production 'know how' guarantees a smooth flowing production line for the world's most reliable turbo-jet — the Sapphire.

ARMSTRONG SIDDELEY

SAPPHIRE



PROVEN POWER FOR DEFENCE

ARMSTRONG SIDDELEY MOTORS LIMITED · COVENTRY · ENGLAND · THE BROCKWORTH ENGINEERING COMPANY · HUCCLECOTE · GLOUCESTE

MEMBERS OF THE HAWKER SIDDELEY GROUP | PIONEER...AND WORLD LEADER IN AVIATIO

British Petroleum's 3⅛ per cent

EVEN at the height of the crisis of 1951, it seemed that Anglo-Iranian was not easily moved to excitement. In the report for 1954, the first to be issued under the company's welcome new style of British Petroleum, there is an atmosphere of calm fact and withdrawn comment that might almost persuade the reader that oil has ceased to be of absorbing interest. A tradition of reticence has its advantages; yet many stockholders may have felt the need for rather more positive guidance than this report affords them. British Petroleum, in so many essential features, is new in conception as well as in name. It is a 40 per cent partner in the Iranian consortium, which had been at work for only two months at the end of last year. It has completed a great expansion of its refinery capacity in this country, in Europe and east of Suez. Its sales of crude oil and refined products reached a new record last year.

It is possible, indeed, to assess the significance of these fundamental changes by close study of BP's report, even though conclusions do not spring dramatically from its pages. All trace of assets and liabilities formerly in Iran have been expunged by using the special contingencies account of £50 million (leaving intact the general reserve of £36 million, as it now stands after last November's scrip issue). The effect on the assets side is less clear; the net book value of the big item, "land, oil wells, pipe lines, refineries, etc.," has been reduced by £16½ million, but during 1954 some £32½ million was spent on new refineries and £18 million was provided for depreciation of these items. The net movement thus suggests that £30 million out of the £50 million may have been needed to wipe these assets from the books. The same adjustment has also produced a dramatic fall in stocks of stores and materials from just over £20 million to £7 million and a significant fall in stocks of oil.

All this is water over the dam. Now that oil is flowing again from Abadan, BP has received its first capital payment of £11 million (with two others to come this year), which has been put to capital reserve. By the end of last year BP had lifted 440,000 tons of crude and products from Iran. But the Abadan refinery is now running at the rate of 7½ million tons per annum, of which BP is currently taking 3 million tons per annum, apart from 2 million tons of crude. Last year BP's crude production and supplies reached 36 million tons; this year the total ought to match if not exceed the 42 million tons recorded in 1950, for apart from the resumed flow of Persian crude, Kuwait production (in which BP has a half share) is still rising fast. It may not take much longer for BP's refinery throughput (plus its share of Abadan's products) to equal the record 33 million tons of 1950. Last year's throughput was 24 million tons, but Aden has been worked up to the 4 million ton rate since last July (with some margin still in hand) and the new Kwinana refinery in Western Australia has come on stream well before its due time, with 3 million tons of capacity to feed the Australasian markets.

After the loss of Abadan, BP suffered a period of uneconomic operation, backhauling refined products from its European refineries to its eastern markets. The commissioning of Aden and Kwinana will eliminate that cost; BP now has far greater assurance about its supplies, and it can now develop its trading on the old scale. There is evidence from the report that it did so last year, for its record sales of 41 million tons showed an increase of 10½ per cent. And meanwhile BP is increasing its exploration activities, in Canada through the Triad Oil Company (in which it has ventured $20 million towards a half share), in Australia, and in East and West Africa jointly with Royal Dutch-Shell. It wrote £4½ million off these oil exploration interests last year—which is well over twice the rate of recent years.

When Lord Strathalmond promised last December that a larger proportion of BP's profits could be distributed, he said no more than stockholders had taken for granted. The "larger proportion" for 1954 contained a shade of disappointment, for the final dividend was 14 per cent, whereas many had expected 15. What lies in store? Some investors are weighing the 3.4 per cent yield on BP at 88s. 6d. against Shell's 4¼ per cent gross at 120s. and finding good arguments for it. One is that BP's major capital programmes are nearing completion—though forward capital commitments do not seem to be much lower than they were a year ago, and oil technicians are always devising improvements that run away with the millions for new plant. But the current year's revenue should be handsome. A booming demand for oil has reached the stage of positive embarrassment in fuel oils. Iranian supplies are bringing their relief to the Eastern Hemisphere market and their 10 cents a barrel payment from the 60 per cent partners to BP. Refining, transport and marketing will be more economic. In the background there is the question of Kuwait taxation which has been charged against profits, and on which BP is claiming relief.

To equal Shell's yield, BP's dividend would have to be raised by 4 per cent, costing £4 million plus profits tax. Such a sum would have cut deeply into last year's retained earnings; what happens this year will depend on a further increase in sales (for the return from a barrel of crude is not likely to show much increase), tempered presumably by higher provision for depreciation and perhaps for exploration. The cash will be there in abundance, thanks to good trading and the Iranian settlement. Stockholders expect that it will be more freely distributed and in the end, no doubt, it will be. But they might also reflect that the roots of BP were struck in Scotland.

	1951	1952	1953	1954
	£ 000's	£ 000's	£ 000's	£ 000's
Depreciation	21,733	12,304	18,172	25,867
Exploration interests w/o	1,200	1,895	1,885	4,539
Kuwait taxation	—	26,822	30,749	36,700
Trading Profit	**47,895**	**45,355**	**36,630**	**42,015**
U.K. Taxation	27,374	22,666	19,342	19,593
Net Profit	**24,233**	**25,188**	**24,383**	**23,963**
Retained profits	17,608	16,196	13,208	5,938
Ordinary dividend (gross)	6,041	7,048	8,558	15,103
	£ mn.	£ mn.	£ mn.	£ mn.
Land, Wells, Refineries, etc., at Cost	149·0	194·4	252·2	182·4
Depreciation accumulated	98·3	106·9	116·2	62·6
Tankers, at Cost	68·5	72·8	77·6	84·8
Depreciation accumulated	54·8	60·7	66·3	72·1
Net fixed assets	**64·4**	**89·5**	**147·4**	**132·6**
Special Contingencies Account	50·0	50·0	50·0	—
Capital Expenditure	N.S.	N.S.	75·0	55·0
Crude production and supplies (mn. tons)	*33*	*26*	*32*	*36*
Refinery throughput (mn. tons)	*24½*	*16½*	*20*	*24*
Sales, refined and crude (mn. tons)	*36½*	*32*	*37*	*41*

in the excess advance, has been in existence just a year. Mr Lumb reports that 8,254 cases have been completed involving advances of £11,691,000; he estimates that a similar number has been approved and is awaiting completion.

In collaboration with the Building Societies Association, the Chief Registrar of Friendly societies, Mr C. B. Crabbe, has made an analysis of the total advances of the building societies to show how much building society money is used to buy new houses for owner-occupation, how much for buying other houses for owner-occupation and how much for other kinds of advances. His conclusions for the 12 months ended January 31st this year are shown in the accompanying table. They result from a questionnaire addressed to all 53 societies with assets over £5 million, accounting for 80 per cent of the movement's advances.

It appears that about 92 per cent of the total advanced last year (£298 million for this sample and £373 million for the whole movement) went to finance homes for owner-occupation. But that 92 per cent was made up of 25½ for new houses and 66½ for the purchase of existing houses. Mr Crabbe takes the argument one stage further. The figures point to the societies having financed about 60,000 newly built houses for owner-occupation last year. The national housing returns show that over 90,000 houses were completed by private builders last year. Roughly, therefore, it appears that the societies were concerned in two-thirds of the private houses building programme.

Viscounts for Capital Airlines

THE first of the sixty Viscount airliners ordered from Vickers-Armstrongs by the American carrier, Capital Airlines, was delivered on Tuesday; two more will follow during the next few weeks. These three Viscounts were originally intended for British European Airways, which has agreed to take later delivery; the balance of the Capital Airlines order will be completed by the spring of 1957. Vickers has had some difficulty in recent months in meeting its promised dates; it undertook to make all modifications required by its customers (in direct contrast with the American practice of delivering standard aircraft), and these changes have involved more delay than was expected. The Viscounts delivered to TransAustralian Airlines and to TransCanadian Airlines were slightly behind schedule, but production is now proceeding more smoothly. The Capital Airlines machines have been handed over approximately on time, and by the end of the year Vickers will be turning out five aircraft a month and expects to complete seventy-one during 1956.

The number of signed orders for Viscounts reached its second century this week with an order from British European Airways for a batch of eleven. At least fifty more are under negotiation, with delivery being offered in mid-1957. Capital Airlines is the largest customer with sixty, followed by BEA with forty-nine, TransCanadian with twenty-five and Air France with twelve. So far, fifty-five out of the 200 aircraft on order have been delivered. The interior of the Viscount has been finished and furnished to Capital Airlines' own specifications and the results,

for both passengers and aircrew, are a notable success. The modifications in cabin and cockpit layout made in response to the wishes of Capital and TCA can hardly fail to improve the Viscount's appeal to overseas operators.

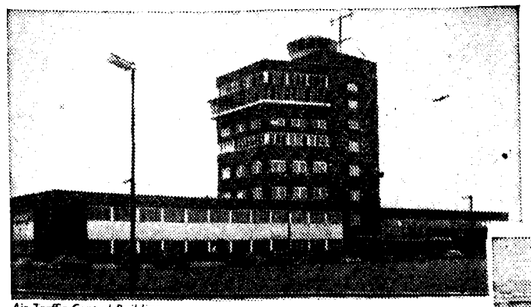
Strain on Brazil's Banks

THE liquidity crisis that has confronted the Brazilian banking system for the past four months has recently affected capital and has called forth some vigorous remedial measures. The crisis began in Sao Paulo around the turn of the year, spread from there to the state of Minas Gerais and then reached Rio de Janeiro. Local banks had extended too much accommodation against the security of real estate, the value of which has recently been declining. A recent change of top personnel at the Bank of Brazil also brought to light a serious over-extension of rediscount facilities to the commercial banks. The deflationary policy pursued by the Central Bank revealed the declining liquidity of the banking system as a whole in a glaring light; one bank after another came under suspicion and was subjected to considerable withdrawal of deposits. At this point corrective measures had to be taken. The rediscount rate of the Bank of Brazil was lowered and at the same time the Central Bank decreed a reduction of the obligatory deposits which the commercial banks must maintain with it. The excess reserve deposits are being freed over a period extending to July 1st, and this should appreciably ease the banks' liquidity.

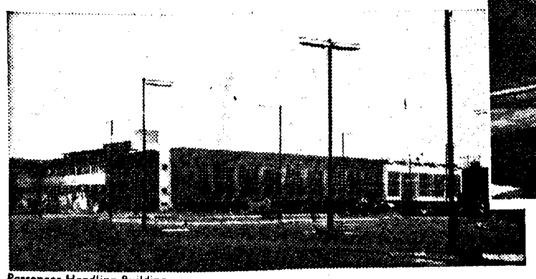
The retreat from a tough deflationary policy, revealed by these measures to help commercial banks, has also been apparent in Brazil's exchange policy. The veiled devaluation of the cruzeiro involved in shifting certain types of exports from one range of Brazil's multiple rates to another (which was described on page 600 of *The Economist* last week) may be the prelude to a more fundamental revaluation of the currency. There may be a hint in this week's announcement that all auctions of "clearing dollars" emerging from trade with Germany are being abandoned pending the renegotiation of the commercial and payments agreement with that country. Reports from Germany suggest that there has been a sudden cessation of remittances from Brazil, and disagreeable prospects of another prolonged default on commercial debts comparable with that of 1952 are crystallising. Apart from these payments difficulties with Germany, there have been discussions between representatives of the Bank of England and the banking authorities in Amsterdam and Bonn which suggest that the days of bilateralism in Brazil's international payments arrangements are now numbered. Brazil has recently been operating no fewer than twenty-two such agreements, auctioning the corresponding currencies whenever a balance has accumulated in Brazil's favour. Only two types of clearing dollar, however, the German and the Dutch, have been used for multilateral trade—the Germans, for example, importing goods from Brazil with their help and re-exporting them to other countries such as the United Kingdom, which have not had such clearing arrangements. This commodity shunting is now likely to be ended by the agreement (confirmed in the discussions in Amsterdam and Bonn) that in future German and Dutch trade with Brazil, or with any other country bilaterally bent, will be conducted in transferable Deutsche marks or guilders.

LONDON AIRPORT

New terminal buildings and access tunnel



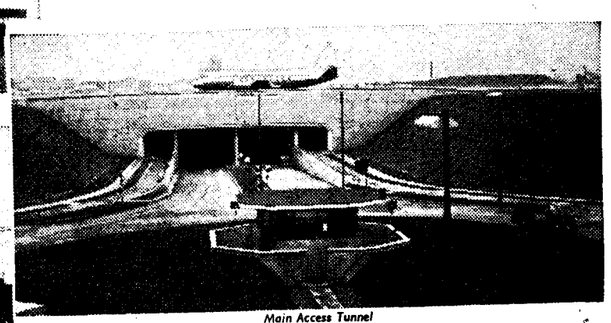
Air Traffic Control Building



Passenger Handling Building

London Airport Contracts—for the Ministry of Transport and Civil Aviation (Air Ministry Directorate of Works) include: Nine-storey Air Traffic Control Building. Three-storey, 600 ft. x 250 ft. Passenger Handling Building. Three-storey Eastern Apex Building. Main concrete Foundations, Roads, Drainage, Pedestrian Tunnel and Ancillary Works—Central Terminal Area.

ARCHITECT: *Mr. Frederick Gibberd, C.B.E., F.R.I.B.A., M.T.P.I.*
CONSULTING ENGINEERS: *Sir William Halcrow & Partners*



Main Access Tunnel

For Ministry of Transport & Civil Aviation (Air Ministry Directorate of Works). This 2,080 ft. long Main Access Tunnel built in reinforced concrete, is 86 ft. wide and 22 ft. high.

"When we build, let us think that we build for ever"
John Ruskin

TAYLOR WOODROW *Building & Civil Engineering Contractors*

10 PARK STREET · LONDON W.1. · GROsvenor 8871

ROSA
A medium sherry for all occasions

TIO PEPE
The finest and driest of them all



One of these is sure *to please —*

GONZALEZ BYASS
Sherries of Distinction

Wherever there gathers

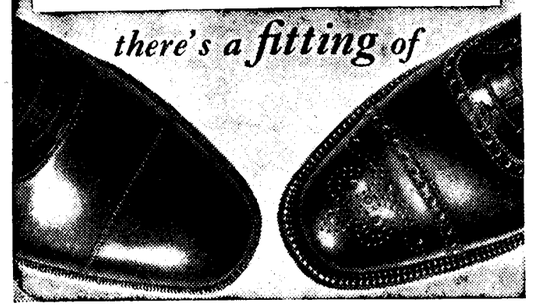


• a banquet of Aldermen



• a flair of Connoisseurs

there's a fitting of



Church's
famous English shoes

Leathers, lasts and styles to fit the occasion, the mood and the man

Prices from 85/9 to 119/6
Shown here are 'Consul', brown or black calf 95/9
'Executive', brown or black calf 95/9

From authorised Agents throughout the country. For nearest address write
CHURCH & COMPANY LIMITED, DUKE STREET, NORTHAMPTON

• *We have a small compendium of assembly terms for fish, flesh, fowl, and fellow man. A copy is yours with our compliments, from any of our Agents or direct from us.*

THE NORTH ATLANTIC

WHILST commercial airline flights across the North Atlantic were started on a regular basis only a very short time before the war, the war itself was the spur to a great intensification and expansion of the traffic, though little of this traffic was the carriage of fare-paying passengers. But the back of the problem had been broken—the problem being essentially the design and building of aircraft capable of doing the job.

Today, the air crossing of the bleak northern ocean is again a topic of international interest, but this time on the score of commercial airline operation of *scheduled* non-stop crossings. The italics are to emphasise the fact that doing the non-stop run on an irregular basis is not enough—non-stop flights are already undertaken when the weather is right—*it is the ability to inaugurate* such flights on the basis of timetable regularity that is the goal on which interest is now so searchingly focused. And, just as in almost every previous instance of aviation being applied to meet a demand, the essence of the problem lies in the ability to design and build aircraft tailored to the job.

The direct distance between London and New York is 3,520 miles, but the prevailing winter winds over the North Atlantic are headwinds to a westbound aircraft, and at 30,000 ft the strength of these headwinds can be anything up to 90 mph on 85 days out of a 100.

Headwinds mean that the aircraft has effectively to fly a greater distance, which means carrying more fuel. Fuel provision must additionally be made to cater for taxying, climbing, diversion to an alternative destination, awaiting one's turn to land (perhaps for two hours if bad weather slows the work of traffic control) and various other reserves and allowances. The extra fuel demanded for serving these requirements may mean that to be capable of covering the 3,520 miles from London to New York the aircraft must in fact be able to fly a still air distance of 5,750 miles. But there is no profit in simply flying a fuel load across the Atlantic: a sufficient number of fare-paying passengers must also be carried to produce enough revenue to pay for the operation and show a margin of profit besides.

Until now it has not been possible to build an aeroplane capable of carrying both sufficient fuel and sufficient revenue-producing load to make a scheduled non-stop North Atlantic service a reality. The race, however, is now keener than ever and the contending aircraft are British and American. The British aircraft is the Britannia 300 LR turboprop airliner and it will be flying next year. It will fly faster, carrying a greater payload more comfortably and profitably than its competitors, and it is reasonable to forecast that it will establish the highest standards of airline service on this pre-eminently important crossing.

THE BRISTOL AEROPLANE COMPANY LIMITED

371P

If these bilateral arrangements disappear, Brazil will before long face the necessity of giving a realistic exchange value to the cruzeiro.

Fixed Prices of Copper Products

PURCHASERS of copper from the Selection Trust group have now settled, if they have not solved, the problem of how to pass on to their customers the present benefit of the fixed price of £280 a ton that they are paying the Selection Trust companies for electrolytic copper. This price is currently more than £40 a ton below the price ruling on the London Metal Exchange. They have rightly decided that all their customers, some of whom are their competitors in the manufacture of certain copper products, should share equally in the benefit. They can no longer observe the industry-wide practice of quoting common prices for copper products, nor has it been possible to evolve a single price basis for all their products. Henceforth there will be three price bases: one based on the market price; one based on the Selection Trust price; and one based on a combination of the two. The first will remain a fluctuating price and the other two will be fixed for 30 days.

Buyers of rolled copper rods and other forms of "electrical" copper will pay a price based on £280 a ton for that portion of their requirements made from fixed-price copper, and will pay a price based on the market quotation for the remainder. Rolled copper sheet and its raw material, high conductivity copper cake, and refined shapes of copper and wirebars, will be sold on the basis of £286 a ton, the average of the Selection Trust price and an assumed average market price in the same 30-day period. That average must necessarily be a guess, for the average market price cannot be forecast, and no one can estimate how much copper customers will buy in a given month, and when. Normally, the price in the following month will take account of past errors, but this may not be possible if the forecast has been too low, and if the spread between the fixed and market prices has narrowed substantially in the meantime. The fixed prices will therefore apply to the main products of copper; it is neither practicable nor desirable to spread the price advantage thinly over the whole field.

Meanwhile, tenders are now being submitted to the Board of Trade for the first 15,000 tons of the 28,000 tons of electrolytic copper to be released later this year; the closing date is May 24th. Deliveries will be made between June and October, and the price will be based on the average market price in the month of delivery. The competitive element in these tenders lies in the premiums that buyers bid for the shapes and sizes they require. The method of disposal should avoid any serious repercussions on the London metal market and ensure that the government obtains a good price.

Steel from Home Ore

ABOUT 16 million tons a year of ironstone from British quarries and mines are now being used in British blast furnaces to make pig iron, charged raw or after preparation by calcining or sintering; this is already planned to rise to about 17½ million tons by 1959, and the Iron and Steel Board is discussing with ore and steel producers the possibilities of some further increase. Two consultants, in mining and geology, have already been reporting upon these

Delivery Dates for Civil Aircraft

The table shows the probable delivery dates of the principal transport aircraft either in production or under development. In most cases they are based on manufacturers' own estimates. Except for the first four established transports listed for delivery this year, all dates contain an element of uncertainty that increases substantially reading from left to right. Of those listed for delivery from 1956 onwards, only two have flown, the Bristol Britannia 100 and the Hurel-Dubois 32. Some of the aircraft have yet to find buyers among the airlines and some projects may be abandoned.

1955	1956	1957	1958	1958-60
Douglas DC 7B 4 Wright piston engines	**Douglas Seven Seas** 4 Wright piston engines	**Lockheed 1659 Super-Constellation** 4 Wright piston engines (replacing the turbo-prop Lockheed 1549)	**Comet IV** 4 Rolls-Royce Avon jet engines	**Vickers-Armstrongs VC 1,000** 4 Rolls-Royce Conway by-pass jet engines
Lockheed Super-Constellation 4 Wright piston engines	**Bristol Britannia 100** 4 Bristol Proteus III turbo-prop engines	**Handley Page Herald*** 4 Alvis Leonides piston engines	**Long-Range Britannia 300** 4 Bristol Proteus turbo-prop engines	**Long-Range Britannia** 4 Bristol BE 25 turbo-prop engines
Vickers-Armstrongs Viscount* 4 Rolls-Royce Dart turbo-prop engines	**Hurel-Dubois 32*** 2 Wright piston engines	**Fokker Friendship*** 2 Rolls-Royce Dart turbo-prop engines	**Douglas DC 7D** 4 Rolls-Royce RB109 turbo-prop engines	**Boeing 707** 4 Pratt and Whitney jet engines
Convair 340* 2 Pratt and Whitney piston engines		Re-engined **Convair*** 2 English Electric Eland turbo-prop engines	**S. E. Caravelle** 2 Rolls-Royce Avon jet engines	**Vickers-Armstrongs Viscount** replacement 4 Rolls-Royce RB 109 turbo-prop engines
Strengthened **De Havilland Comet II** 4 Rolls-Royce Avon jet engines		* medium ranges		Jet transports built by **Douglas & Lockheed**

possibilities to the board, and their conclusions have been passed to some of the companies concerned. The question of further development of home ore is linked with another issue that the Board left open in its recent report on future development in the industry—the modernisation and possible expansion of supplies of billets and other semi-finished steel for British re-rollers.

The British ore used in works such as Stewarts and Lloyd's integrated steel tube plant at Corby has a low iron content—the national average is 28 per cent, against 45 per cent for the 11¼ million tons of foreign ore used annually in iron-making. It takes more coke to smelt home ore, which means a larger investment per ton of iron in blast furnaces and coke ovens. But it is so much cheaper that plants such as Corby or United Steel's Appleby-Frodingham plant claim a substantial advantage in iron-making costs over plants located at the coast to use the richer imported ore. Ore extraction costs in the Midlands remain low mainly because the opencast operations are so highly mechanised. In the long run costs must rise, as the ore is worked deeper and more overburden per ton of ironstone has to be removed, until this becomes impracticable or uneconomic and it becomes necessary to go underground for the ore. This transition, when it does come, will be a gradual and balanced process, but more intensive working of the orefields must bring its beginning nearer.

The main difficulty that has so far hampered expansion in steel-making on the orefields, however, has been the supply of labour. When the Corby plant was laid down in 1934 the Northants village had 1,500 inhabitants; today it has 21,000. That rapid growth was extremely difficult to achieve; in the immediate postwar years the lack of manpower and of housing acted as something of a brake upon expansion of the steel plant. The local authorities at Corby, now scheduled as a New Town, are optimistic about further growth in its population, and even anxious to attract new employers. But however attractive the economics of assembling materials for steel-making upon the home orefields, the assembly of men to work at any new "green fields" sites seems likely to remain a problem: Corby has taught the British steel industry more than one lesson.

Alice in the Tea-cup

THE policy of the Ceylon government towards the tea industry has an Alice-in-Wonderland air. Not long ago the Prime Minister, Sir John Kotelawala, did his best to break the market by publicly proclaiming that tea prices were too high—though that did not deter him from progressively increasing the export duty. Since the market slumped, his government is trying to aid the producers in some very weird ways. Sensibly, it reduced the export duty by 30 cents to 1 rupee (1s. 6d.) a lb, and removed for three months the restrictions on the shipment of tea for sale in London. Foolishly, it announced that it would enter the market as a buyer to stop the rot. That step was ineffective: the government has bought little tea.

Now Sir John has stated that the government will also subsidise producers to the extent that the market price falls short of 1 rupee 50 cents (2s. 3d.) a lb, the maximum payment being 50 cents (9d.) a lb. As very little tea is now fetching more than 1 rupee 50 cents a lb in Colombo, the government's commitment is so large that the scheme is likely to break down unless the market rapidly takes a turn for the better. In effect the scheme is a roundabout method of giving back producers their own money, for the funds for the subsidy must come principally from the export duty. One minor effect of the scheme may be that buyers will be tempted to shade their bids; the main effect may be that producers will offer more in the Colombo market, which is already choked with tea. If they do not take advantage of the subsidy, producers will have to pay the cost of sending tea to London. With the export duty at 1s. 6d. a lb, and shipping and handling charges of 6d., the total cost is 2s. a lb. At the moment many producers have little hope of recovering that, plus their production costs, in Mincing Lane.

Tea Pays Off

FINAL dividends and profit figures from the tea companies for 1954 are now coming in thick and fast. From a year during which the price of common tea at auction rose from roughly 4s. per lb to nearly 7s. per lb excellent results have naturally been drawn. For Northern India, selling the bulk of its crop in the last months of the old year and the first month of the new, the average price for the season beginning last June until now has been 6s. 3.79d. per lb compared with 4s. 2.47d. per lb in the previous season. Most of the companies run their accounts to calendar years: the table shows a few of them. The biggest company with the most widely spread interests—Consolidated Tea and Lands—earned before tax £2.5 million, compared with £1.3 million and has raised the dividend from 10 per cent, tax free, to 30 per cent, tax free, for the year, and is still able to plough back greatly increased sums into its gardens.

PROFITS AND DIVIDENDS

Years ended Dec. 31.	Net Profit		Ordinary Dividends	
	1953 £'000	1954 £'000	1953 %	1954 %
Ceylon:				
Lunuva	82	354	15	25
Standard Tea of Ceylon	87	177	27½	50
Ceylon Tea Plantations	119	321	27½	50
Pakistan:				
Mazdehee Tea	18	40	30	50
Sylhet	22	44	15	50
India, etc.:				
Cons Tea and Land	825	1,149	10*	30*
Amalgamated	224	356	5*	11¼*

* Tax free.

These high dividends came too late to save the shareholders from a sharp fall in the value of their shares. The share market turned downwards with the commodity market after the February peak. The high dividends have arrested the decline but done little more. The *Financial Times* index of tea shares reached 177.9 on February 9th, but had fallen to 107.4 early last month; it has since rallied to 108.4. Fantastically high yields can now be obtained from tea shares. Allowing for the dividend Consolidated Tea and Lands at 42s. 6d. shows a well covered £28 4s. 4d. per cent. Yields of 30 per cent are not difficult to find.

Electrical Ventures in Canada

WHY have the leading British electrical manufacturers chosen to increase their direct investment in Canadian factories at a time when the manufacturers in Canada are finding themselves unable to compete with electrical imports? The Canadian manufacturers have recently been having a bad time: and an independent economic survey commissioned by them earlier this year suggested that this is not a passing phase. Without increased protection—which it rejected, except possibly for strategic reasons—this assessment concluded that the Canadian electrical industry was likely to continue to lose ground to foreign suppliers. The primary reason is not hard to seek: Canadian wages in this industry seem to be even higher than in the United States. On light electrical equipment such as domestic appliances, the industry cannot compete with the Americans, who have a vastly larger market and can reduce labour costs by more intensive mechanisation. In the heavier range of industrial electrical equipment, much of it custom-built, the labour content of costs is high and hard to reduce: British and European suppliers have much lower wages and often somewhat cheaper materials.

The pace of electrification in Canada, and the worldwide excess of demand over capacity in the postwar years, sheltered the Canadian industry at home and to some extent in export markets. But last year order books emptied, and the industry was forced into price cutting. Most of the British-owned plants there share these difficulties. Nevertheless, last month English Electric bought from the Canadian government the plant near Toronto that one of its Canadian subsidiaries had built in 1952 for the defence department, and General Electric has since completed its purchase of the Amalgamated Electric Corporation of Toronto.

It is plain that Canada is an enormous potential market for electrical equipment of all kinds, and the companies apparently feel that the chances of expansion make it worth while to manufacture in one of the highest wage economies in the world. The English Electric factory, certainly, will be tied to the defence programme for another ten years, while GEC intends for the moment to let its new subsidiary continue to make its existing range of products. There are certain obvious advantages in local manufacture and assembly with some British parts—for instance switchgear—behind the preferential tariff, from an interchange of research, designs, and technical information, and also from expanding sales so as to justify heavy selling and after-sales overheads. There has also been a slight tendency for this market, whose standards and specifications are similar to American, to favour Canadian and American-made products. In the long run—and particularly if protection should be increased—these Canadian ventures by British firms may pay off handsomely; no country in the world shows more promise of expansion. On the other hand, direct shipments from here have been averaging £8 million a year, and Canada is still earnestly hoping to develop its industrialisation without thick trade barriers.

Lufthansa's Long Shadow

LAST Monday the Lufthansa made its first commercial flight from London airport since September, 1939, on its new service to Frankfurt and Munich. From Germany Lufthansa is flying to Paris and Madrid. It has four twin-engined Convair 340s to operate these European services. At this stage German competition in the air may not look serious; Convairs have already lost traffic to flights operated by Viscounts. But European services are a minor part in Lufthansa's plans; the real effort is being concentrated on the long-range routes. Lufthansa has eight Lockheed super-Constellations on order for its intercontinental services, and when it begins flying to New York next month, it will do so with more modern aircraft than some of its competitors.

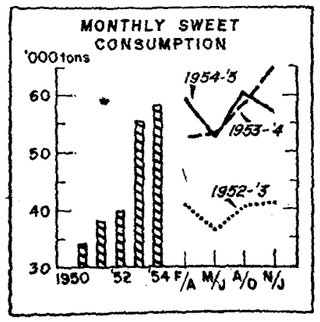
The long range services are much more remunerative than those flown over shorter distances. As soon as the North Atlantic service is established, Lufthansa intends to open up the route to South America, a region of strong German interests. This will not be possible until next year, but British Overseas Airways Corporation, which intended to reopen its services to South America with Comet IIs will be even later. After South America, Lufthansa will add routes to the Far East and later to Africa. These plans are relatively clear-cut, and contrast sharply with the absence of any defined objective in Europe.

Lufthansa decided three years ago, after much argument and in the face of some local opposition, to order proven equipment rather than new British Comets and Viscounts. There is a wide choice of modern conventional airliners for long range flights, and Lufthansa can leave other airlines with bigger fleets to develop aircraft like Comets, Britannias, and gas turbined variants of American airframes. There is no such choice in Europe; the Viscount is today the only medium-range airliner available although others, generally with shorter ranges, are being designed. There are thus good technical reasons, as well as economic arguments, for Lufthansa's holding back in Europe.

Bitter Sweets Competition

HAS the sweet trade at last found its normal level after rationing? The latest figures seem to bear out earlier forecasts that the industry's honeymoon would end by 1955. Consumption, at a little under 9 ozs a head a week, is now about 50 per cent higher than it was immediately before sweet coupons and price controls were scrapped in February

1953, but this increase has slowed down considerably in the last year. Last summer, in fact, manufacturers were distributing no more than they did in 1953, and since then both production and consumption have dropped below previous peaks. Shopkeepers appear to have over-ordered last Christmas, which would account for the low January figures; but up to March production was still down by 10,500 tons (7 per cent) on 1954, home deliveries were 7,500 tons down, and stocks were still larger than manufacturers like to see.



Nobody in the industry doubts that competition has returned in full blast—as it has done in so many other industries after controls have been removed. Most firms are budgeting for thinner margins; and imports of sweets ready for sale have now been pushed back to their 1952 share of the market. Some of the larger manufacturers find that they can still not sell enough of their popular lines and are planning to expand their capacity yet further, but smaller firms, especially those not selling on a national scale, are meeting trouble. This is particularly noticeable in chocolate goods. The price gap between chocolates and other sweets widened further in 1954, and most of last year's increase in consumption was concentrated upon sugar confectionery. The sharp decline in cocoa prices has enabled the leading chocolate makers to cut their prices, but may not be enough to halt this switch in sucking habits.

A Tithe of Quotas

BRITAIN has now met its obligation as a member of the Organisation for European Economic Co-operation to set free from quota restrictions 10 per cent of private imports that were still restricted on June 30th last year. That step, which had to be taken before June 30th this year, has been painless enough. A year ago Britain had removed restrictions on 83 per cent of imports on private account (the base year being 1948); that left 17 per cent unliberalised, ten per cent of which is 1.7. Some small relexations since then had raised the percentage to 84, and last week it was raised to 85 by placing on open general licence from OEEC countries certain iron and steel products, fertilisers, chemicals, and minor items of machinery and other goods. In the three main categories of imports, the percentage of liberalisation is now: food and feeding stuffs, 90; raw materials, 84; and manufactured goods, 78.

The next and more difficult obligation is to raise liberalisation to 90 per cent by September 30th. How is this to be done? There is only one major group of materials still restricted; newsprint and other types of paper, wood pulp and board. These account for about 9 per cent of the remaining 15 per cent of imports on the restricted list. The relatively few goods restricted under bilateral or other trade arrangements, and the rag-bag of items left on quota after the emergency import cuts of 1951 and 1952, account for the other 6 per cent. The least costly course, in terms of the additional foreign expenditure likely to be incurred, would be to free that 6 per cent. The most costly would be to free imports of paper, wood pulp and board. In the second half of this year these imports will be running at an annual rate of about £160 million, and demand is still unsatisfied. But if the additional cost of freedom can be faced, there is no doubt which course should have priority.

Educating the Accountant

EVERY year over 1,000 candidates present themselves for the final examination of the Society of Incorporated Accountants. Every year more than 500 of them fail. That, as Mr Bertram Nelson, the President of the Society, points out in his annual address, is a tribute to the high qualifications required by the accounting profession. But he wonders whether the profession is losing the services of good candidates through "deficiencies in educational methods." That raises a broader question: do articled clerks lose interest because the teaching—and, indeed, the subject itself—is too narrowly professional and technical?

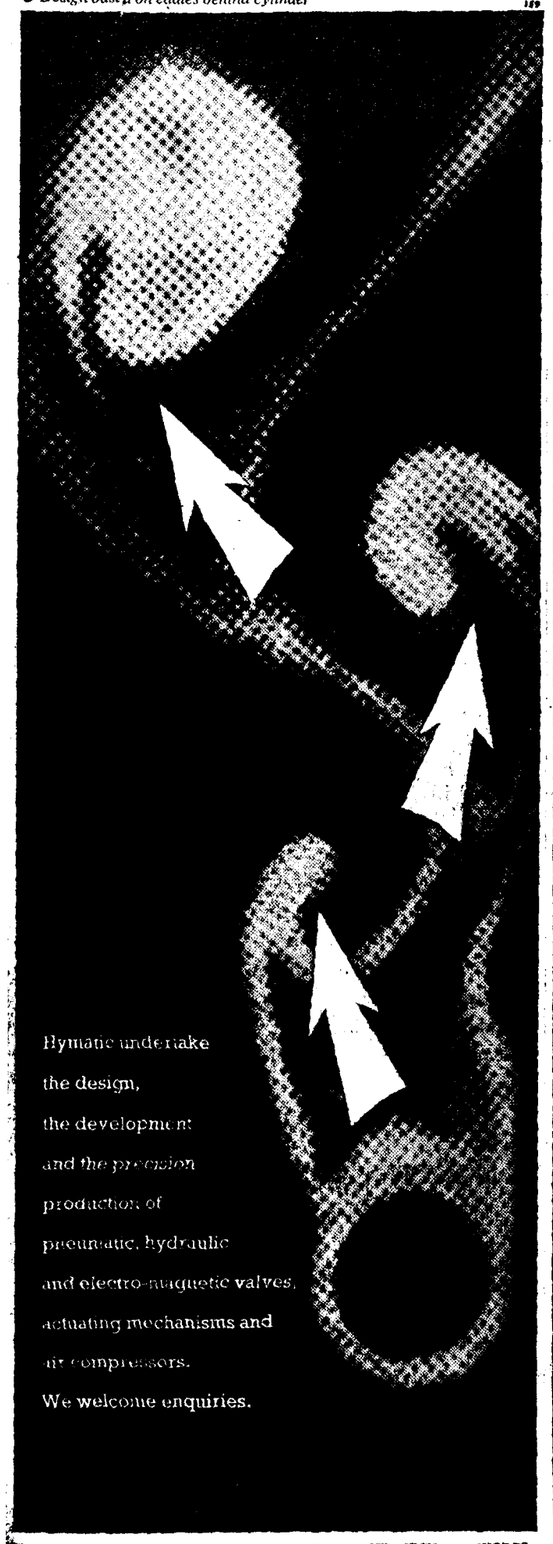
Techniques are the backbone of any professional training, but the accountant is moving into a new world. He is no longer merely the calculator of profit or of tax, but a man who can advise on policy. Using his methods of measurement, the accountant can become a predictor. Should not his education be broadened, asks Mr Nelson, and concern itself more with "the training of judgment and the formation of style?" Elements of a broad liberal education are already in the profession's curriculum, but Mr Nelson quotes with approval Dr Eric Ashby's suggestion that the professional schools could be made "the core of modern humanism." Mr Nelson sees the need for much closer integration between book-keeping and the interpretation and use of accounts and economics, law and history. Perhaps it is time, Mr Nelson remarks, for "the Society to take greater responsibility for education as well as for examinations."

Purchase Tax on Textiles

LANCASHIRE has made an issue out of the fact that while purchase tax has been removed from non-wool piece goods and household textiles, made-up clothing still attracts purchase tax at the rate of 25 per cent. In most cases, in actual fact, the amount of tax actually paid on clothing is very small. Purchase tax is assessed on the wholesale price of goods and the tax-free allowances, the "D" limits, are not ungenerous. Retailers' mark-ups vary, so the retail prices calculated below are rough estimates only:

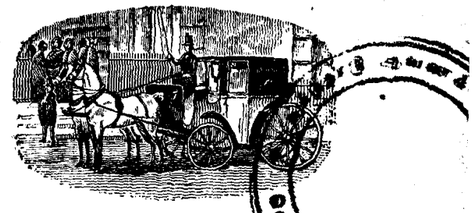
A cotton or rayon dress retailing at between 53s. and 55s. carries no tax; retailing at 70s. it carries about 2s. 6d. tax.

● Design based on eddies behind cylinder 159



Hymatic undertake
the design,
the development
and the precision
production of
pneumatic, hydraulic
and electro-magnetic valves,
actuating mechanisms and
air compressors.
We welcome enquiries.

HYMATIC ENGINEERING COMPANY LTD · REDDITCH · WORCS.



An essential contribution to

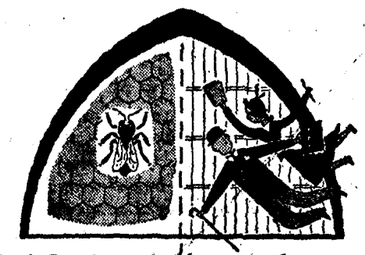


the art of gracious living

PERFECTOS FINOS 50's 14/8 100's 29/4
PERFECTOS No. 2 50's 11/8 100's 23/4

JOHN PLAYER & SONS, BRANCH OF THE IMPERIAL TOBACCO CO. (OF GREAT BRITAIN & IRELAND), LTD. (PF30A)

THE WORLD'S BIGGEST!



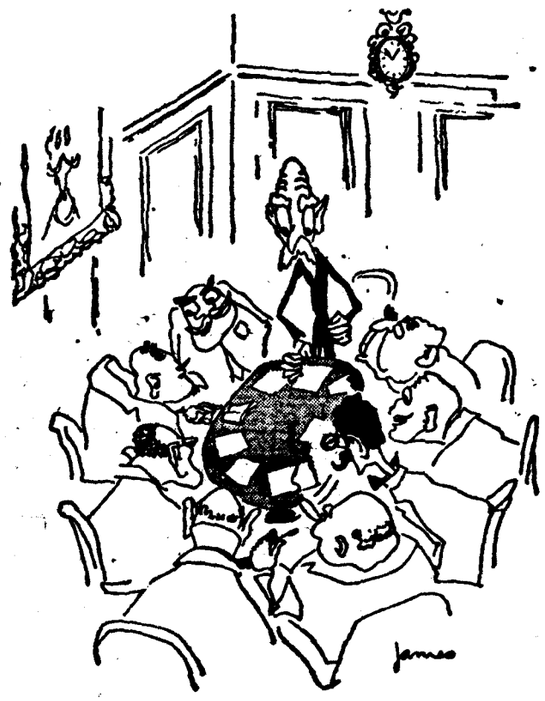
OLYMPIA—a hive of new ideas

JUNE 6–16

Come and see for yourself how the latest office machines and equipment can save time, money and effort in your business today.

BUSINESS
EFFICIENCY
EXHIBITION

Worth a special visit to London
OPEN 10 a.m.—8 p.m. ADMISSION 2/6



Is your Board somewhat cramped in your Boardroom?

As the business grows or the board expands, it's no bad thing to see that the boardroom is made more expansive, too — and, if we may say so, no bad thing to leave the job to Catesbys Contracts. Catesbys' specialists have quite a flair for boardrooms. They know when to re-design a room and when to leave it alone. They'll redecorate yours in any style, period or contemporary, and, if you wish, fit it out from floor to ceiling to give you exactly the atmosphere and the distinction it ought to have. You will find Catesbys unusually co-operative, competent and quick. Why not ring Museum 7777 and have an executive round to see you!

Catesbys

CONTRACTS & EXPORT LIMITED

TOTTENHAM COURT ROAD · LONDON · W1 · MUSEUM 7777

ET CATESBYS PUT A NEW FACE ON THE PLACE

*FOR NEW IDEAS**



ON MECHANIZED FIGUREWORK

The man from Remington Rand is highly-trained in all branches of modern accountancy. If there's too long a time lag in compiling balances, analyses or statements, if pay-day preparations are a headache — call him in. He'll get to the root of *your* accounting problem, and provide the equipment to solve it.

*** THIS IS *FOREMOST***

—the modern accounting machine. Easy to install; easy to operate; adaptable at a moment's notice to any accounting job. Automatic balances; line proof of accuracy. Cuts accounting costs drastically, yet remains within the means of quite modest businesses. Interested?

Send for the Man from

Remington Rand

COUPON: I would like to know more about Foremost Accountancy. Please ✱ arrange for a representative to visit me ☐ ✱ send me information free literature ☐ (tick course of action required)

NAME .....

POSITION .....

ADDRESS .....

.....



REMINGTON RAND LTD, 1-19 NEW OXFORD STREET, LONDON, WC

Telephone CHAncery 8888

OH

A man's shirt retailing at 25s. carries no tax; retailing at 40s. it carries about 2s. 6d. tax.

A woman's suit retailing at about £8 carries no tax; retailing at £11 it carries about 10s. tax.

A model dress retailing at 70 guineas carries about £8 to £9 tax.

In the popular ranges, certainly, purchase tax cannot be said to constitute a big proportion of the retail selling price. The complete removal of purchase tax might be helpful for Lancashire's morale, but it could hardly be expected to result in a big increase in textile turnover.

The amount of tax formerly payable on piece goods (and still paid on woollen goods) was also modest:

Wool cloth retailing at £1 per square yard is tax free; retailing at 38s. it attracts 5s. tax.

Cotton sheets retailing at £3 10s. formerly carried 4s. tax and are now free.

Non-wool dress material retailing at 12s. 11d. per square yard formerly carried 2s. tax and is now free.

Heavy furnishing fabrics retailing at £3 a square yard formerly carried 12s. 4d. tax and are now free.

It is clear that some spokesmen for Lancashire have made the most of the impact of purchase tax on textile sales; with a nominal rate of purchase tax at 25 per cent the much-abused "D" scheme ensures that the great bulk of clothing attracts tax at a small fraction of this nominal rate.

Further Advance in Freight Rates

LINER conference freight rates from the United Kingdom to Australia are to be raised by 10 per cent, and to New Zealand by 5 per cent, on July 1. Similar increases in rates for cargoes in the reverse direction are also being sought by the British liner companies, but these are encountering strong opposition from Dominion exporters and governments. The increases, however, can scarcely have come as a surprise, since liner freight rates on most of the world trade routes have already been increased by between 7½ and 15 per cent in the last six months. The last increase in the New Zealand trade, for example, was in July, 1951, and since then operating costs (and the cost of delays caused by dock strikes at both ends of the voyage) have risen steadily. The shipowners claim that the average cost of round voyages between the UK and New Zealand, for example, has risen by 8.66 per cent in the intervening period.

Meanwhile general tramp freight rates are again showing a strong rising tendency, although the Chamber of Shipping voyage index for April fell slightly from 113.7 to 110.2 (1952=100). This month grain chartering has been resumed on a larger scale and rates have responded sharply. It now also appears that the ore and coal import requirements of the United Kingdom and Western Europe for the rest of this year are going to be greater than was at first expected; and grain charterers seem to have been slow to cover their requirements. Shippers of Australian and North American grain, in particular, may find the North Pacific short of tonnage when the time comes. The tanker market, however, is still overstocked with tonnage; and it is interesting to note that quite a number of these vessels are now being converted into ore carriers to take advantage of the brighter prospects of employment in this trade.

SHORTER NOTES

The directors of Burmah Oil have declared a final ordinary dividend of 13½ per cent, making 21 per cent in all for 1954; in 1953 the total payment was 17½ per cent. They also propose to make a 100 per cent free scrip issue. Burmah Oil's £26.7 million holding of the ordinary stock of British Petroleum is to be written up from a nominal value in the books of 4s. a share to 20s. a share; the resulting surplus on revaluation of nearly £21.4 million is transferred to capital reserves.

★

At this week's annual meeting of the proprietors of the Stock Exchange, the chairman, Sir John Braithwaite, advanced a plea for the inclusion of a London Stock Exchange report as a permanent feature on the radio. The possibilities of both radio and television are, he said, constantly under review. He disclosed that during the year ended March 24th the compensation fund had dealt with the first failure of any magnitude affecting the public. It met public claims of £23,733. An allocation has been made to the fund building its assets up to £75,000.

★

J. V. Rank and Sons, the millers, have taken the first step in deepening its interest in the bakery trade by forming a company named British Bakeries. This development conforms with the recent trend towards the concentration of some bakeries in larger and more mechanised units. It will also help to assure Ranks a market for its home grown bread grains—which have lately been jeopardised by the imported flour of other groups emerging in the bakery business.

★

The directors of Canadian Eagle have declared a dividend for 1954 of 1s. 9d. on each of the no par value ordinary shares; 35 per cent of that dividend is tax free, so that the total dividend is equivalent to 2s. 2.4d., less tax at the standard rate; in 1953 the dividend was 1s. 6d. a share, of which 34 per cent was tax free, making the payment equivalent to 1s. 9.1d., less tax. The new dividend is to be paid on the ordinary capital as increased by the conversion of the participating preference shares into ordinary units. And in September the directors propose to make a one-for-four free scrip issue, requiring the capitalisation of £7,532,532 from reserves.

★

Cable and Wireless (Holdings), now one of the largest investment trusts in this country, intends to raise more new capital by an issue of loan stocks and an issue of ordinary shares. No further details have yet been announced.

★

The International Rubber Study Group shares the view that there will be no material surplus of natural rubber this year. It estimates world production at 1,845,000 tons and consumption at 1,830,000 tons, compared with 1,802,000 tons and 1,767,000 tons last year. World production of synthetic rubber is estimated at 985,000 tons and consumption at 955,000 tons.

Company Notes

DUNLOP RUBBER. Tyres are the heart of the Dunlop business. But, oddly enough, last year (which was a year of records for the British motor industry) the group did not establish a new record in the number of tyres it sold. The group also had to sell its tyres in competitive overseas markets, and well over half of last year's profit of £17.7 million came from direct exports and from the operations of overseas subsidiaries and branches. But Dunlop has substantial interests outside tyres and a rapidly growing plastic business, and the group's volume of turnover increased last year by 15 per cent. The value did not rise so steeply—aggregate sales of the group, including "supplies within the group," going up from £243 million to only £262 million—owing, the directors explain, "to the lower level of prices." The explanation of these lower prices lies some way back in time: following the fall in the price of natural rubber Dunlop did reduce the price of its tyres and lower prices ruled until last October, when an increase was announced. In the meantime the price of raw rubber had begun to rise again and profit margins began to be squeezed.

The "profit margin per unit sold" (on all Dunlop's products and not merely on tyres) was lower last year than in 1953. But thanks to the increase in volume "the margin of profit in relation to turnover" was 6.2 per cent, compared with 6 per cent in 1953, and the group's trading surplus rose from £15.5 million to £17.7 million. This gross profit on total sales of about 6 per cent compares with between 7 and 11 per cent achieved by Dunlop's four principal competitors in the United States. The United States market is much bigger and profit returns on sales over there are usually higher than in Great Britain, but part of the explanation of this higher return in the United States must seem to the Dunlop directors to be that the rubber manufacturers over there rely extensively on synthetic rubber, at present cheaper than natural and always less liable to price fluctuation. Dunlop does not, but its directors must be itching to do so, torn though they must be by the group's long-standing interest in natural rubber production and its attachment to that industry and in Malaya.

So far Dunlop has shown a tentative but growing interest in synthetic rubber manufacture in this country but the company has drawn back from the great cost of a full scale synthetic plant. Some of the new money it received from last year's preference share issue went on a pilot plant, but most of that money was absorbed in the general growth of the business; the proceeds of the recent debenture issue will be similarly spread. Dunlop has always ploughed back heavy sums in depreciation, in fixed asset replacement reserves and in the reserves of overseas subsidiaries but expansion still requires the additional influx of new money. The reason, for example, for the latest debenture issue is clear from the consolidated balance sheet. Last year the group spent about £8½ million on fixed assets; about £6 million of that was spent overseas, mainly in the United States and Brazil. At the same time stocks, thanks to the increase in production and in the price of rubber, rose from £45.7 million to £53 million and debtors climbed from £25.3 million to £28.6 million. At the end of the year the group had just over £8 million in liquid resources but its bank overdrafts stood at nearly £5.6 million and "bills payable" at nearly £4.8 million. In addition its outstanding capital commitments were estimated at over £5 million. The need for new capital was immediate and that need may crop up again, because Dunlop will have to keep in step with the capital development programmes of the British motor manufacturers. It is not surprising that the directors propose to increase the authorised borrowing powers of the company.

EARNINGS AND ASSETS
(£'000s)

Years ended Dec. 31	1953	1954	Years ended Dec. 31	1953	1954
Trading surplus:					
Parent co.	4,496	4,975	Fixed assets, at cost	68,381	76,861
Subsidiary co's	10,992	12,743	*Less:* depreciation	38,771	43,670
Total	15,488	17,718	Net fixed assets	29,610	33,191
			Trade investments	1,411	1,486
Depreciation	4,441	5,194	Goodwill	2,044	2,044
Replacement account	460	460			
Taxation	6,747	7,011	Net current assets	44,650	51,209
			Stocks	45,705	53,003
Exceptional credits	606	169	Debtors	25,320	28,528
Net profit	4,068*	4,859	Cash, etc.	5,673	8,082
Minority interests	426	758	Bank overdrafts	4,510	5,591
Retained by subsidiaries	1,018	1,197	Minority interests	10,361	11,251
Retained by parent co.	1,816	1,006	Debenture capital	8,904	8,603
Preference dividends	209	365	Future tax reserves	3,605	3,952
Ordinary dividends	1,485	1,533	Capital reserves	9,525	2,306
Ordinary dividends (%)	14†	14†	Revenue reserves	28,059	38,260
			Ordinary capital	12,854	19,281

* Excluding £886,000 in final settlement of Excess Profits Tax claims.
† On a capital of £19,280,954.

MARKS AND SPENCER. A bigger dividend from Marks and Spencer has been in the wind since the 100 per cent free scrip issue was made a year ago—if only because investors knew that there would be no EPL charge in the year to March 31st last; whereas in 1953-54 EPL absorbed £550,000. A bigger dividend there duly is, 45 per cent on the ordinary and "A" ordinary shares, compared with the equivalent of 32½ per cent. The dividend brought in a few profit-takers and immediately after its announcement the "A" units lost 10½d. to 66s. 10½d. but there was no great disappointment, and the "A" shares have since climbed to 68s. xd. There are two reasons for this.

The latest profits make one excellent reason and the property revaluation another. Profits before tax, depreciation and repairs have risen from about £9.9 million to £11.2 million—yet another tribute to the success of multiple trading—and stocks have risen from £7.8 million to £9.9 million. A strict control on margins and the tight links between manufacture and counter sales continued to pay handsomely, notably in clothing. Though trading profits are up, the tax provision has been reduced from £4,850,000 to £4,800,000, but that is due entirely to the demise of EPL; net profits rose from £3,016,615 to £4,468,401, from which the ordinary dividend takes £2,306,981.

The freehold and leasehold properties of Marks and Spencer have been valued as at March 31st last at £35,297,191 and a surplus of £22,733,858 arising from the revaluation has been transferred to reserves. The odd feature of this revaluation is that the directors consider "lower rates" of depreciation adequate. The annual depreciation provision is down from £793,707 to £659,664 and £3,410,643, representing a sum not now required from property depreciation provisions made in the past, has been transferred to revenue reserves. There is no point in revaluing assets unless depreciation is then calculated on current values. But revaluation may also reveal that the assets are in such good shape that their life is likely to be longer than had been previously assumed. It has always been Marks and Spencer's policy to keep its properties in good trim by charging a heavy annual bill for repairs and maintenance directly to revenue. The presumption must therefore be that the company has decided to charge depreciation with reference to present day values but also to spread those charges over a longer period of time.

Is there any other point in the revaluation? Some have taken it as a pointer towards another free scrip issue. But that would have been possible without a revaluation and it is by no means certain that the Capital Issues Committee would agree to a capitalisation of reserves arising from a revaluation surplus. Others have guessed that the revaluation may point to the formation of a separate property company, possibly as an aid to raising new money for the development programme. But surely Marks and Spencer would find it easy and cheap to raise new capital in Throgmorton Street without such plans.

DE BEERS CONSOLIDATED. The 5s. deferred bearer shares of De Beers Consolidated Mines, on which a dividend of 10s. a share has been paid in the last four years, are the leading diamond equities but they are something more as well, as four entries in the group's profit and loss account show:

	1953	1954
Diamond account	£26,159,391	£26,487,728
Investment income	£4,598,053	£4,622,964
Share transactions	£68,163	£743,266
Royalties	£463,212	£543,571

Most of De Beers' diamond profits since the war have been canalised into new investments, largely in the developing goldfields of the Orange Free State and the Far West Rand but also into African Explosives and Chemical Industries (in which De Beers and ICI each have a half interest) and other industrial companies. At the end of last year the value of the investments not connected with diamonds, together with the group's cash assets less liabilities, totalled over £70½ million. In the coming years diamonds may continue to call the tune, but the other investments will play more of the melody.

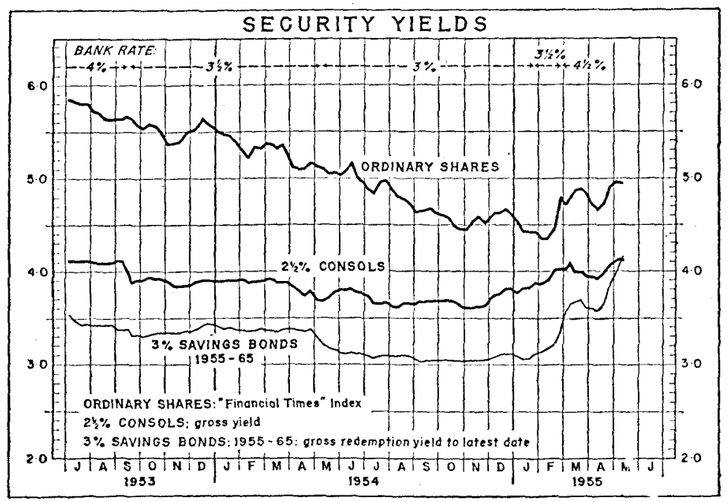
And a melodious tune it will be—as Sir Ernest Oppenheimer in his annual statement reveals. In diamonds the demand for gem stones is substantially greater than the production from all sources. Output from the Consolidated Diamond Mines of South West Africa is increasing. The immediate outlook for industrial stones is equally promising and this year the mines will readily dispose of all their production. But once the United States stockpiling purchases cease it will be a question of finding not additional supplies but additional outlets.

African Explosives and Chemical Industries has again paid a dividend of 8 per cent, "but increased dividends for the current and future years can be expected." "A stable and expanding revenue," adding up finally to a "substantial income," can also be expected from the OFS and Far West Rand gold mines. Most of these investments, Sir Ernest concludes, have "very favourable prospects." In the last few weeks the price of the 5s. bearer shares has been overshadowed by the report of the manufacture of a synthetic diamond (on which Sir Ernest says not a word). Currently they stand at 118s. 9d., to offer a yield of 8.4 per cent. Were it not for that synthetic gem the yield would deservedly be lower than that.

★

ROLLS-ROYCE. Rolls-Royce goes from strength to strength. That was plain when the debenture issue was made last November. It is made even plainer by the preliminary report and ordinary dividend for 1954. The dividend rate is again 17½ per cent, but it is declared on a capital of £6 million as increased by the 50 free scrip issue. Effectively the dividend has been raised from 11¾ to 17½ per cent. Immediately after that announcement the £1 stock units jumped by 6s. 6d. to 94s.

The trading profit has risen from £3,099,869 to £4,416,315 and royalties, arising from the manufacture of Rolls-Royce aircraft engines by other companies under licence, have gone up from £475,302 to £787,232. In all the group's income has advanced from £3,590,771 to the record figure of £5,258,818. And these earnings are struck after charging more for depreciation (up from £719,034 to £1,089,189) and after setting aside £435,000 (against nil in 1953) as a provision for past service retirement benefits. In 1953 EPL took £660,000, bringing the tax bill up to £2,875,000; there was no EPL in 1954 but income tax and profits tax have taken £3,290,000. Even so the net profit has jumped from £715,771 to £1,968,818, from which the net ordinary dividend takes £596,250. There is thus room for a higher dividend this year even if profits do not expand further—as surely they should. That is why the current yield on the £1 units is only 3.7 per cent.



LONDON STOCK EXCHANGE

Next Account begins: June 8th
Next Contango Day: June 8th
Next Settlement Day: May 24th

Growing confidence that the Conservatives would score a victory at the polls and a steady stream of good company reports and dividend announcements stimulated demand for industrial equities in the market this week. The market was broader, with more bargains marked, than at any time since the beginning of March. On the first day of the election and Whitsun account the *Financial Times* ordinary share index gained 2.6 points to 191.7 (compared with 185.8 a week earlier); on Thursday, prices, given the additional stimulus of overnight firmness on Wall Street, continued to go ahead.

Gilt-edged prices also began the week well. The "shorts" rallied while the long dated and undated stocks improved on some institutional buying. The market on Wednesday and Thursday was much quieter, and though the "shorts" remained firm some of the longer dated stocks shed a little of their earlier gains. The feature of the foreign market was the strength of the German Konversionekasse issues. Japanese issues were quietly firm.

The advance in industrial shares gathered momentum as the week went on. Almost every sector of the market shared in the advance, but steel shares (as the threat of renationalisation seemed to recede), building and electrical equipment shares (as capital good equities) were particularly prominent. But such consumer good equities as paper shares also went ahead and shipping shares (notably after the Cunard meeting) made a good advance. Dealings began in the Savoy Hotel shares in their new form on Wednesday; the "A" units were quoted at 20s. 6d. and the "B" units at 16s.

Oil shares were also prominent, with British Petroleum (both before and after the publication of the full report) and Burmah Oil in the lead. Kaffirs were dull at the end of the account, but on the first day of the new account F. S. Geduld led a rally in the OFS issues.

FINANCIAL TIMES INDICES

1955	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
May 11	185·8	107·93	4·13	4·95
„ 12	186·5	107·85	4·12	4·94
„ 13	187·3	107·88	4·09	4·91
„ 16	188·2	108·19	4·04	4·89
„ 17	189·1	108·19	4·04	4·87
„ 18	191·7	108·03	4·06	4·87
			Total bargains	
1955, High	197·5	115·97	1955	
	(Feb. 3)	(Jan. 7)	May 11	9,871
„ Low	175·7	107·61	„ 12	9,027
	(Mar. 15)	(Feb. 24)	„ 13	9,368
1954, High	184·0	118·10	„ 16	13,261
	(Dec. 31)	(Nov. 18)	„ 17	11,652
„ Low	131·1	111·78	„ 18	12,448
	(Jan. 1)	(Jan. 5)		

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to May 18 High	Prices, 1955 Jan. 1 to May 18 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, May 11, 1955	Price, May 18, 1955	Net Yield, May 18, 1955 § £ s. d.	Gross Yield, May 18, 1955 £ s. d.
100 9/16	97 1/2	Funding 2 1/2% '52-57	97 3/8	97 1/2	2 18 9	4 1 8
100 1/4	97 3/8	War Bonds 2 1/2% '54-56	97 1/16	3 0 0	4 6 2	4
100 11/16	96 1/2	War Loan 3% '55-59	96 1/2	96 1/2	2 12 0	3 18 8
100 13/16	99 3/8	Serial Funding 5% 1955	99 1/2	99 1/4	2 14 1	4 0 4
100 1/4	96 1/8	Serial Funding 2 1/2% 1957	96 1/2	96 3/8	2 17 8	3 17 4
99 11/16	92 5/8	Conv. 2% 1958-59	93 1/2	92 13/16	3 2 4	4 1 10
97 3/4	91 1/4	Exchequer 2% 1960	92 1/2	91 15/16	2 19 11	3 18 10
104 1/4	96 3/8	Exchequer 3% 1960	96 1/2	96 1/2	2 7 8	3 14 10
100 11/16	90 3/8	Savings Bonds 3% '55-65	91	91 1/16	2 15 5	4 3 2
100 3/8	91 3/8	Funding 2 1/2% '56-61	91 5/8	91 1/2	2 19 11	4 2 8
97	86 1/4	Funding 3% '59-69	86 1/2	86 5/8	2 17 10	4 5 10
103 7/16	97 3/8	Funding 4% '60-90	97 3/8	97 1/2	2 16 10	4 11 8
96 3/8	85 3/8	Savings Bonds 3% '60-70	85 1/2	86 1/2	2 16 10	4 5 2
102 5/8	92 3/8	Exchequer 3% '62-63	92 1/2*	92 1/2*	2 14 4	4 0 8
99 5/8	87 3/8	Exchequer 2 1/2% '63-64	87 1/2*	88 1/16	2 19 3	4 2 11
95 1/16	84 1/4	Savings Bonds 2 1/2% '64-67	84 1/2	84 5/8	2 19 1	4 2 7
94 7/8	83 3/8	Savings Bonds 3% '65-75	83 5/8	84 1/2	2 15 9	4 4 8
105 1/4	98	Victory 4% '20-76	99	98 3/8	2 9 10	4 5 1
98 1/4	87 1/4	Funding 3% '66-68	87 1/2	88 3/16	2 17 1	4 5 5
103	92 1/2	Conv 3 1/2% 1969	92 1/2	93	2 13 2	4 4 11
98 5/8	87 5/8	Treas. 3 1/4% '77-80	87 1/2*	88 1/2*	2 13 0	4 5 0
99 3/8	88 3/4	Treas. 3 1/2% '79-81	88 1/2	89	2 12 8	4 5 4
88 1/4	78	Redemption 3% '86-96	78 1/2	79 1/2	2 11 0	4 1 2
95 11/16	87 1/4	Funding 3 1/2% 1999-2004	87 1/2	88 1/2	2 9 1	4 2 6
97 5/8	90 1/4	Consols 4% aft. Feb. '57	91 1/2	92	2 10 4	4 8 1
88 3/8	79 1/4	War L'n. 3 1/2% aft. Dec. '52	80 1/2*	81 1/2*	2 9 2	4 5 6
89 11/16	79 1/4	Conv. 3 1/2% aft. April '61	81	82 1/2	2 9 2	4 5 9
78 1/4	69 3/4	Treas. 3% aft. April '66	70	72	2 8 1	4 3 9
66 3/4	60	Consols 2 1/2%	60 1/2	61 1/2	2 6 9	4 1 7
66 1/4	59 7/8	Treas. 2 1/2% aft. April '75	60 1/2	60 1/2	2 7 5	4 2 7
94 1/16	84 1/4	Br. Elec. 3% '68-73	84 1/2	84 3/8	2 16 8	4 5 2
93 1/16	83 1/4	Br. Elec. 3% '74-77	83 1/2	83 7/8	2 14 9	4 3 7
109 1/4	99 3/4	Br. Elec. 4 1/2% '74-79	99 1/2	100	2 9 3	4 5 10
98 1/16	87 3/4	Br. Elec. 3 1/2% '76-79	88*	88 3/4	2 13 3	4 5 5
105 3/4	97 1/4	Br. Gas 4% '69-72	98	97 3/4	2 10 0	4 5 4
102 1/4	91 1/4	Br. Gas 3 1/2% '69-71	91 3/4	92	2 13 0	4 4 10
88 1/16	78 1/4	Br. Gas 3% '90-95	79	79 3/4	2 10 11	4 0 9
94 1/16	84 3/4	Br. Trans. 3% '68-73	84 1/2	84 3/4	2 16 8	4 5 2
105 1/16	96	Br. Trans. 4% '72-77	97 1/2	96 1/2*	2 10 2	4 4 9
88 7/16	79 3/4	Br. Trans. 3% '78-88	79 3/4	80 5/16	2 13 1	4 3 4

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

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan.1 to May 18 High	Prices, 1955 Jan.1 to May 18 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, May 11, 1955	Price, May 18, 1955	Yield, May 18, 1955 £ s. d.
97 5/8	90 1/4	94 3/8	86 1/4	Aust. 3 1/2% '65-69	88 1/4	88 1/2	4 7 0
101 3/4	97 1/2	101 1/8	95 1/2	Ceylon 4% '73-75	97 1/4	97 1/2	4 3 9
106 3/4	98 1/4	103 1/2	95	N. Zealand 4% '76-78	95 1/2*	96	4 5 7
79 1/2	71 3/4	75 5/8	66 1/2	L.C.C. 3% aft. 1920	67 1/4*	67 1/2	4 8 11
99 1/2	95	99	89	Liverpool 3% '54-64	91 1/2	90 1/2	4 5 11
87 3/4	80 1/4	84	73 1/2	M. Wtr. 'B' 3% '34-2003	76 1/2	74 1/2	4 5 0
104 1/2	100	102 1/2	100	Agric. Mort. 5% '59-89	101 1/2	100 1/2	4 17 0
109 3/8	71 1/2	108 3/4	91	German 7%	107 1/2	108 1/2	...
168 1/2	102	176	149	German 5 1/2%	173 1/2	173 1/2	...
171	132 3/8	180 1/4	160	Japan 5% 1907	179 1/2	180 1/2	...
198 1/2	167	211 3/8	190	Japan 5 1/2% Conv. 1930	211 1/2	211 1/2	...

Prices, 1955 Jan. 1 to May 18 High	Prices, 1955 Jan. 1 to May 18 Low	Last Two Dividends (a) %	(b) %	(c)	ORDINARY STOCKS	Price, May 11, 1955	Price, May 18, 1955	Yield, May 18, 1955 £ s. d.
					BANKS & DISCOUNT			
58/6	48/9	5	a	7	b Barclays £1	53/-	53/6	4 9 9
76/7½	64/-	7	a	8	b Lloyds 'A' £5, £1 pd.	67/-	67/6	4 8 11
89/3	76/9	8	a	10	b Midland £1, fully pd.	78/6	79/6	4 10 7
87/-	76/-	8¼	a	9¼	b N. Prov. 'B' £5 £1 pd.	78/-	77/9	4 12 11
96/10½	84/6	8	a	8	b Westmstr 'B' £4, £1½ pd.	86/6	87/-	4 11 11
69/-	50/-	7¼	a	8½	b Alexanders £1	52/6	51/6	4 17 1x
58/6	47/6	5	a	7	b Nat. Disc. 'B' £1	49/6	49/-	4 18 0
60/-	51/-	5	a	7½	b Union Disc. £1	53/-	53/-	4 14 4
48/10½	39/6	4	a	4	b Barc. (D.C.O.) £1	44/-	45/-	3 11 1
51/9	42/3	7½	a	7½	b Chart. Bk. of India £1	43/-	43/6	6 17 11
					INSURANCE			
17½	14½	50	a	110	b Leg. & Gen. £1, 5/- pd.	16¾	16¾*	2 7 5
23½	20½	20†	a	45†	b Pearl £1, fully pd.	22½	23½	4 17 3
46½	41½	112½†	c	117½†	c Prudential 'A' £1	42	44½	4 11 10
					BREWERIES, ETC.			
141/-	128/3	10	a	33	b Bass £1	130/-	130/6	6 11 10
29/0½	22/-	25	c	10	a Distillers 6/8	26/-	26/9	3 14 9½
49/6	40/3	8	a	15	b Guinness 10/-	46/-	46/3	4 19 6
93/9	81/-	7	a	14	b Whitbread 'A' Ord. £1	85/-	83/-	5 0 5

* Ex dividend. † Free of tax. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 50%. (e) To earliest date. (f) Flat yield. (g) On 14·4%. (h) On 8%. (l) To latest date. (m) On 10%. (o) On 9%. (p) On 8½%. (q) Yield basis 22·10% gross. (r) On 37½%. (u) Dividend for 15 months. On 18%. (v) On 7½%. (x) On 12½%. (z) On 8½%. (§) On 20%. (‡) On 15%.

Prices, 1955 Jan. 1 to May 18 High	Prices, 1955 Jan. 1 to May 18 Low	Last Two Dividends (a) %	(b) %	(c)	ORDINARY STOCKS	Price, May 11, 1955	Price, May 18, 1955	Yield, May 18, 1955 £ s. d.
					STEEL & ENGINEERING			
42/-	35/9	15	c	11¼	c B.S.A £1	37/-	37/-	4 14 7
13/10½	10/-	3½	d	10⅜	b Cammell Laird 5/-	11/3*	12/-	5 16 8
30/10½	27/-	...		...	Colvilles £1	29/3	30/1½	...
30/3	23/-	...		...	Dorman Long £1	29/6	30/-	5 6 8
57/9	42/-	...		12½	c Stewarts & Lloyds £1	55/6	56/3	4 8 11
35/6	27/6	3	a	6⅜	b Summers (John) £1	32/9	34/9	5 13 2
36/-	28/6	4	a	6	b United Steel £1	34/-	35/3	5 13 6
43/10½	35/9	2½	a	6	b Vickers £1	37/3*	39/9	4 5 7
					TEXTILES			
30/4½	21·9	4	a	6	b Bradford Dyers £1	22/-	22/6	8 17 9
33/4½	26/10½	12	b	3	a Brit. Celanese £1	28/3	30/-	6 0 0
29/6	23/-	10	b	2½	a Coats (J. & P.) £1	25/-	26/3	5 14 4
43/6	35/-	4½	b	4	a Courtaulds £1	37/9	39/-	4 2 1
52/6	26/6	10	a	7½	b Lancs. Cotton £1	27/9	28/3	8 17 0
28/-	15	b		2¼	a Patons & Baldwins £1	28/6	29/6	6 15 7
					MOTOR & AIRCRAFT			
20/10½	17/4½	3½	a	6½	b Bristol Aeroplane 10/-	19/9	20/-*	5 0 0
12/9	9/10½	8½	b	4	a British Motor 5/-	11/7½*	12/3	5 2 0
27/3	21/3	7½	c	Nil	c De Havilland £1	23/9	24/6	Nil
50/6	37/-	5	a	10	b Ford Motor £1	48/9	48/3	3 2 6
57/6	43/1½	3	a	7½	b Hawker Siddeley £1	50/6	53/-	3 19 3
43/8	33/6	25	c	30	c Leyland Motors £1	38/9	41/3	4 17 0
95/7½	71/3	5	a	12½	b Rolls Royce £1	81/3	92/6	3 15 8
8/2½	6/10½	12	c	12	c Standard Motor 5/-	7/9	8/3	7 5 6
					SHOPS & STORES			
32/6	25/-	10	a	17½	b Boots Pure Drug 5/-	31/-	31/-*	4 8 8
45/3	36/9	20	b	7½	a Debenhams 10/	39/9	42/6	6 9 5
62/6	43/9	45	b	15	a Gt. Universal 5/-	49/-	55/-	5 9 1
114/-	97/6	17½	b	5	c Lyons (J.) 'A' £1	105/-	106/10½	4 4 3
76/-	58/6	15	a	30	b Marks & Spen. 'A' 5/-	69/-	68/-*	3 6 2
71/9	55/3	20	a	56¾	b Woolworth 5/-	61/-	62/9	3 19 8
					OIL			
88/9	68/6	5	a	14	b British Petroleum £1	78/1½	86/3	3 9 7
138/-	100/-	17½	c	17½	a Burmah £1	119/4½	125/-	2 16 0
46½	39/-	10	b	7½	a Royal Dutch 100 fl.	£54½	£53	2 16 9
132/-	109/9	15*	b	10*	b Shell Reg. £1	121/3	120/-	4 6 11
35/1½	26/9	15†	b	5†	a Trinidad L'holds 5/-	31/3	31/-*	5 12 2
					SHIPPING			
37/3	25/10½	5	a	1	b Cunard £1	26/6*	30/-	6 13 4
57/-	45/-	12	c	12	c Furness Withy £1	45/6	49/-	4 18 0
76/-	55/-	3	a	13	b P. & O. Def. £1	66/-	71/6	4 9 6
					MISCELLANEOUS			
74/3	61/3	4	a	10	b Assoc. Elect. £1	67/6	71/3	3 18 7
104/-	88/9	5	a	15	b Assoc. Port. Cem. £1	100/-	101/3	3 19 0
105/6	67/-	7½	a	15	b Bowater Paper £1	98/9*	102/6	3 10 3
55/3	44/1½	2½	a	7½	b B.I.C.C. £1	46/-*	48/-	4 3 4
45/9	35/6	4	a	8	b Brit. Aluminium £1	43/-	45/6	5 5 6
55/7½	47/10½	15†	c	5†	a Brit. Amer. Tob. 10/-	53/3	54/3	4 16 1
$60¼	$51⅜	3	a	3	b Canadian Pacific $25.	$58	$56½	4 16 3
45/4½	31/4½	41½	b	6¼	a Decca Record 4/-	34/4½	34/4½	4 7 4
33/4½	27/-	4	a	10	b Dunlop Rubber 10/-	28/9	27/6*	5 1 10
69/3	54/1½	4	a	8½	b English Elect. £1	63/9	66/3	3 15 6
61/9	51/3	12½	c	4½	a General Elect. £1	56/3	60/-	4 3 4
45/4½	38/3	4	a	6	b Imp. Chemical £1	42/6*	45/3	4 8 5
64/6	57/9	8¼	a	12½	b Imp. Tobacco £1	63/-	63/6	6 12 3
$121½	$105¼	$2·90		$2·90	c Inter. Nickel n.p.v.	$118⅜	$116¼	4 11 8
69/-	57/6	7½	a	10	b London Brick £1	65/-	67/6	5 3 9
34/9	26/-	6¾	a	15⅜	b Monsanto Chemicals 5/-	29/9	30/-	3 15 0
69/-	60/3	3¼	d	14½	b Tate & Lyle £1	66/-	67/9	4 5 0
86/-	72/6	10	b	10	a Tube Investments £1	85/-	86/-	4 13 0
114/9	95/6	5	a	17½	b Turner & Newall £1	105/-	107/6	4 3 8
82/-	69/3	6	a	9⅜	b Unilever £1	80/6*	81/-	3 17 9
43/3	35/-	†7½		†7½	b United Molasses 10/-	36/6	35/6*	6 9 7
49/9	34/-	2½	† a	27½	† b Cons. Tea & Lands £1	38/6	36/-*	28 19 1
2/8½	1/10½	10	c	10	c London Asiatic Rbr. 2/-	2/4½	2/4½	8 8 5
50/6	38/9	7½	a	20	b United Sua Betong £1	43·1½*	43/9	12 11 5
					MINES			
9 3/16	7 3/8	20	a	50	b Anglo-Amer. 10/-	7 15/16	8	4 7 6
143/3	106/10½	80	a	120	b De Beers 5/- Bearer	117/6	118/9	8 8 6
126/3	78/9	...		...	Free State Geduld 5/-	88/1½	88/9	Nil
70/9	58/5½	5	a	10	b Randfontein £1	61/6	58/9	5 2 1
8/5½	6/8½	24	c	28	c London Tin 4/-	8/-	7/7½*	14 13 9
38⅜	31½	200	b	50	a Rhokana £1	35½	35½	7 1 10

New York Closing Prices

	May 11 $	May 18 $		May 11 $	May 18 $		May 11 $	May 18 $
Balt. & Ohio	45½	45½	Am. Smelting	48	47⅞	Inter. Paper	99	97⅜*
Can. Pac.	31½	31⅝	Am. Viscose	46¾	47	Nat. Distill.	20¼	20⅜
N.Y. Cent.	40⅜	40⅜	Col. of Am.	23⅜	24¼	Sears Roebuck	82½	83½
Pennsyl.	27	27	Chrysler	75⅜*	76	Shell	59	59½
Amer. Tel.	182½	183	Gen. Elec.	50⅜	50⅞	Std. Oil of N.J.	112⅝*	111⅞
Stand. Gas	10⅛	10⅛	Gen. Motors	95	95½	U.S. Steel	84⅛	83
United Corp.	6	6⅛*	Goodyear	59¼*	60	Westinghouse	69	68½
W. Union Tel.	105¼	100⅜	Inter. Nickel	64⅛	64	Woolworth	46⅛	46⅜

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	April 23rd	Western Europe:	
Production and Consumption	May 14th	Production and Trade	May 7th
Manpower	This week	British Commonwealth	May 14th
External Trade	May 7th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	This week
Industrial Profits	April 30th	United States	April 23rd
		World Trade	April 30th

Manpower in Great Britain

	Unit	Monthly averages 1952	1953	1954	1954 Feb.	Mar.	April	1955 Jan.	Feb.	Mar.	April
TOTAL MANPOWER (1)											
Working population:											
Total	'000s	23,294	23,373	23,667	23,565	23,543	23,608	23,834	23,838	23,803	...
Men	"	16,864	16,883	15,974	15,971	15,943	15,973	16,074	16,077	16,055	...
Women	"	7,430	7,490	7,693	7,594	7,600	7,635	7,760	7,761	7,748	...
Armed Forces	"	872	865	839	844	846	842	831	829	825	...
Civil employment:											
Total	"	22,119	22,238	22,604	22,375	22,385	22,472	22,716	22,731	22,734	...
Agriculture, forestry and fishing	"	1,112	1,087	1,074	1,039	1,040	1,055	1,017	1,017	1,022	...
Mining and quarrying	"	875	877	867	869	869	870	868	868	868	...
Building and contracting	"	1,435	1,437	1,453	1,418	1,429	1,444	1,421	1,426	1,428	...
Distributive trades	"	2,616	2,664	2,743	2,708	2,708	2,722	2,781	2,772	2,767	...
Public administration	"	1,336	1,320	1,326	1,321	1,321	1,323	1,311	1,311	1,312	...
Manufacturing industries	"	8,626	8,746	8,976	8,933	8,927	8,941	9,206	9,216	9,210	...
CHANGES IN EMPLOYMENT (1)											
Increase or decrease since June, 1950:											
Employees in engineering(2)	"	+ 212	+ 213	+ 338	+ 309	+ 310	+ 320	+ 487	+ 500	...	...
" " consumer goods industries(3)	"	− 126	− 8	+ 59	+ 48	+ 43	+ 46	+ 98	+ 92	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	414·2	342·0	284·8	387·3	342·8	316·6	297·8	281·6	269·9	260·1
" " —men	"	227·8	218·2	184·4	261·7	224·1	203·3	194·7	179·0	173·6	167·6
" " —women	"	186·4	123·8	100·4	125·6	118·7	113·3	103·1	102·6	96·3	92·5
Temporary or under 2 weeks—men	"	87·8	68·7	58·0	83·1	63·2	59·8	70·8	64·1	64·0	64·4
" —women	"	94·7	43·9	36·4	40·4	38·0	37·7	44·5	36·5	34·9	37·0
Over 2 weeks—men	"	85·9	96·7	81·7	103·9	106·9	101·0	74·4	77·0	79·8	71·0
" " —women	"	50·2	46·3	37·1	48·3	49·4	47·6	35·4	36·0	36·3	33·6
By industry (4):											
Textiles	%	8·6	1·4	0·9	1·0	1·0	0·9	1·1	1·1	1·4	1·7
Clothing	"	2·9	1·3	1·3	1·4	1·3	1·2	1·3	1·0	0·9	0·9
Vehicles	"	0·7	0·8	0·5	0·7	0·6	0·6	0·4	0·4	0·4	0·4
Engineering, etc.	"	1·4	1·4	1·1	1·4	1·4	1·3	1·0	0·9	0·9	0·8
Coal-mining	"	0·2	0·2	0·2	0·2	0·2	0·2	0·1	0·1	0·1	0·1
Distributive trades	"	1·5	1·5	1·3	1·7	1·6	1·4	1·3	1·3	1·2	1·1
By regions (4):											
Great Britain	"	2·0	1·6	1·3	1·8	1·6	1·5	1·4	1·3	1·3	1·2
London and South Eastern	"	1·3	1·2	1·0	1·5	1·2	1·1	1·0	0·9	0·8	1·0
Eastern	"	1·3	1·3	1·2	1·9	1·6	1·4	1·3	1·3	1·3	1·1
Southern	"	1·4	1·4	1·1	1·8	1·4	1·3	1·2	1·1	1·0	1·0
South Western	"	1·5	1·6	1·5	2·0	1·9	1·6	1·6	1·5	1·4	1·2
Midland	"	0·9	1·1	0·6	0·8	0·7	0·7	0·5	0·5	0·5	0·5
North Midland	"	1·0	0·7	0·6	0·9	0·7	0·6	0·7	0·7	0·7	0·6
East and West Ridings	"	1·9	1·2	0·9	1·3	1·1	1·0	0·9	0·8	0·8	0·8
North Western	"	3·6	2·1	1·5	1·9	1·7	1·6	1·4	1·4	1·4	1·5
Northern	"	2·6	2·4	2·2	2·8	2·7	2·5	2·5	2·2	2·3	2·0
Scotland	"	3·3	3·1	2·8	3·5	3·3	3·1	3·0	2·9	2·8	2·5
Wales	"	2·9	3·0	2·5	3·2	2·8	2·8	2·6	2·3	2·1	1·9
VACANCIES											
Unfilled vacancies notified to Employment Exchanges:											
Total	'000s	230	270	338	258	288	326	338	352	371	...
Men	"	131	147	191	136	154	176	189	199	207	...
Women	"	99	123	147	122	134	150	149	153	164	...
DISPUTES (5)											
Workers involved	"	35	114	37	37	42	28	31	46	51	...
Working days lost:											
Total	"	149	182	206	130	175	76	91	156	148	...
Mining and quarrying	"	55	33	39	42	91	37	41	103	49	...
Engineering, etc.	"	66	127	62	14	22	16	28	22	24	...
Other industries and services	"	28	22	105	74	62	23	22	31	75	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding and electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) United Kingdom.

Prices and Money Supply in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
WHOLESALE PRICES (1) (1948 = 100)												
1938	31	25	44	6	51	0·4	43	2	36	55	52	21
1953	239	107	134	155	111	173	129	96	134	152	139	107
1954	250	105	134	152	110	194	126	97	136	154	139	118
1954, November	258	106	136	151	110	199	128	98	136	154	139	118
„ December	258	106	136	151	110	200	127	98	136	155	140	121
1955, January	260	107	137	151	111	202	...	98	138	154	140	123
„ February	258	107	136	151	111	199	...	98	...	153	141	125
„ March	258	...	138	151	...	199	...	...	...	153	142	...
COST OF LIVING (1) (1948 = 100)												
1938	31	27	60	6	64	0·4	55	2	49	63	65	29
1953	205	106	123	144	108	160	126	117	129	136	130	112
1954	213	107	124	143	108	184	126	120	137	142	131	123
1954, November	213	107	...	144	110	187	127	121	138	143	131	123
„ December	214	107	...	145	110	188	...	121	137	144	131	125
1955, January	217	108	127	145	110	188	...	121	140	143	131	127
„ February	215	107	...	145	109	187	127	...	...	142	131	128
„ March	215	107	...	145	...	191	...	...	...	142	...	...
IMPORT PRICES (2) (1948 = 100)												
1938	27	27	40	7	39	...	39	2	24	32	45	21
1953	270	110	119	168	106	...	121	103	117	125	139	89
1954	258	104	113	166	102	...	122	103	111	122	139	92
1954, October	243	101	114	163	101	...	124	102	111	122	139	87
„ November	245	103			103	...	126	104	109	123		79
„ December	256	102			102	...	125	102	109	118		88
1955, January	260	106	...	...	103	...	...	...	...	121	...	91
„ February	255	...	...	...	102	...	...	...	...	124	...	...
EXPORT PRICES (2) (1948 = 100)												
1938	33	25	40	6	51	...	37	2	25	32	42	24
1953	239	101	110	147	123	...	127	97	104	119	132	110
1954	237	92	108	140	118	...	125	100	99	118	130	107
1954, October	236	91	112	137	117	...	125	100	98	123	130	105
„ November	234	94			117	...	125	98	101	119		110
„ December	237	92			117	...	126	100	98	118		107
1955, January	237	95	...	...	119	...	...	...	...	124	...	117
„ February	239	...	...	...	118	...	...	...	...	126	...	...

CURRENCY IN CIRCULATION (3)

End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn £	'000 mn. lire	mn. guilders	mn. krone.	mn. kroner	mn. £T.
1938	...	23·6	425	112	...	...	18·2	19	1,048	455	1·04	213
1953	10·25	105·9	2,032	2,310	11·98	3,503	74·3	1,424	3,394	3,002	4·90	1,461
1954	11·97	106·7	2,054	2,551	12·78	3·47 [4]	78·2	1,533	3,682	3,187	5·16	1,527
1954, October	11·30	105·7	1,880	2,471	12·57	3·58 [4]	73·1	1,397	3,553	3,035	4·82	1,607
„ November	11·32	104·4	1,906	2,457	12·55	3·45 [4]	74·1	1,401	3,551	3,028	4·81	1,553
„ December	11·98	106·7	2,054	2,551	12·78	3·47 [4]	78·2	1,533	3,682	3,187	5·16	1,527
1955, January	11·60	105·8	...	2,523	...	...	77·5	...	...	3,018	4·94	1,618
„ February	11·73	...	...	...	...	...	77·1	...	...	2,983	4·87	1,626

GOLD AND FOREIGN EXCHANGE HOLDINGS (4) (mn. US Dollars)

1938	...	780	76·7	2,791	...	26·8	59	201	1,003	128·3	512	34
1953	271·4	1,090	166·8	956	1,984	10·5	234	952	1,161	138·3	425	212
1954	371·9	1,046	143·4	1,369	2,682	10·8	260	...	1,276	122·8	385	206
1954, December	371·9	1,046	143·4	1,369	2,682	10·8	260	...	1,276	122·8	385	206
1955, January	364·8	1,064	141·5	1,430	2,724	11·8	253	...	1,299	108·8	387	218
„ February	363·1	1,074	131·4	...	...	11·8	257	...	1,264	98·3	372	215
„ March	359·0	1,095	131·3	...	...	...	...	...	1,268	...	368	215
„ April	346·8	...	...	...	...	...	...	...	...	...	...	...

(1) Relates only to prices in capital cities for Austria, France, Greece and Turkey. Cost of living in Paris based on 1949=100, and wholesale prices in Western Germany on July-December, 1948=100. (2) Index numbers of unit value which compare the current average value of trade with its value in 1948; they are influenced by changes in the composition of trade as well as price movements. Index numbers for Germany based on 1950. (3) Notes only for France and Austria. (4) Holdings of the government and central bank at end of period; figures for Greece are gold reserves only. (5) Beginning May, 1954, a new drachma equal to 1,000 old drachmas was introduced. (6) 1937.

Financial Statistics

EXCHEQUER RETURNS

For the week ended May 14th there was an "above-line" deficit (after allowing for Sinking Funds) of £2,394,000 compared with a surplus of £40,207,000 in the previous week and a surplus of £893,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £8,687,000, bringing the total cumulative deficit to £65,424,000 (£42,136,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to May 15, 1954	April 1, 1955 to May 14, 1955	Week ended May 15, 1954	Week ended May 14, 1955
Ord. Revenue					
Income Tax	1877,400	131,241	118,159	14,128	16,786
Sur-tax	136,000	13,400	11,700	1,700	1,500
Death Duties	185,000	21,100	24,600	3,300	4,300
Stamps	74,000	7,800	8,400	1,000	1,000
Profits Tax & EPT	180,000	15,500	16,600	2,500	1,800
Excess Profits Levy	25,000	7,100	5,900	1,000	700
Special Contribution and other Inland Revenue	1,000	200	100	100	100
Total Inland Rev.	2478,400	196,341	185,459	23,728	26,186
Customs	1131,700	140,473	136,344	20,783	22,793
Excise	796,050	105,570	111,925	27,120	33,720
Total Customs and Excise	1927,750	246,043	248,269	47,903	56,513
Motor Duties	80,000	7,168	8,088	322	339
PO (Net Receipts)	...	3,200	2,400	3,200	2,400
Broadcast Licences	25,000	1,250	1,500	...	...
Sundry Loans	24,000	1,948	2,096	...	...
Miscellaneous	175,000	22,195	8,344	4,462	75
Total	**4710,150**	**478,145**	**456,156**	**79,615**	**85,514**
Ord. Expenditure					
Debt Interest	600,000	95,707	100,044	18,432	19,888
Payments to N. Ireland Exchequer	53,000	5,137	5,517	...	...
Other Cons. Fund	10,000	440	754	...	...
Supply Services	3862,875	388,064	366,945	60,050	67,550
Total	**4525,875**	**489,348**	**473,259**	**78,481**	**87,437**
Sinking Funds	36,000	3,025	2,774	240	470
"Above-line" Surplus or Deficit		**—14,227**	**—19,878**	**+893**	**—2,394**
"Below-line" Net Expenditure*		27,909	45,546	8,138	8,687
Total Surplus or Deficit*		**—42,136**	**—65,424**	**—7,245**	**—11,081**
Net Receipts from:					
Tax Reserve Certificates		31,733	19,179	3,170	293
Savings Certificates		1,900	5,300	600	...
Defence Bonds		— 5,743	1,749	— 481	284

* Since end September, 1954, the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at May 14th this item stood at £6,700,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
May 15	3,260·0	1,627·9	276·8	...	5,164·7
1955					
Feb. 12	3,190·0	1,557·1	251·8	...	4,998·9
„ 19	3,160·0	1,674·1	286·4	...	5,120·4
„ 26	3,150·0	1,691·5	268·0	...	5,109·5
Mar. 5	3,160·0	1,709·4	286·2	...	5,123·9
„ 12	3,170·0	1,710·8	274·6	...	5,155·4
„ 19	3,180·0	1,731·3	297·4	...	5,208·7
„ 26	3,180·0	1,741·5	329·1	...	5,250·6
„ 31	4,931·4		315·2	...	5,246·6
April 9	3,200·0	1,801·9	274·1	...	5,276·0
„ 16	3,220·0	1,850·5	269·8	...	5,320·3
„ 23	3,240·0	1,765·2	315·9	...	5,321·0
„ 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
„ 14	3,270·0	1,760·7	275·8	750·0	5,307·2

THE MONEY MARKET

Credit continued generally short in Lombard Street, though in the past week the market has enjoyed brief periods of respite. On Monday two or three houses had to take small seven-day loans at the Bank, but on the following day the authorities made small special purchases and conditions turned easier. On Wednesday two or three houses were again in the Bank, though for only trifling amounts; August bills were sold at 3⅞ per cent.

The discount houses maintained their bid unchanged at the Treasury bill tender at £99 0s. 5d. per cent for the unchanged total of £230 million of bills on offer, and the market's allotment rose from 41 to 46 per cent and the average rate of discount was up by about 1d. to £3 18s. 4.69d. per cent.

Sterling rose over the week-end from $2.79⅛ to $2.79⅛, but early this week weakened again. The price of gold has fluctuated in sympathy, though strong demands led to a net increase in the price at the fixing to 250s. 8½d. on Wednesday when turnover was large.

The spot price of silver in London rose from 76¼d. an ounce on Wednesday last to 78⅛d. on Monday on renewed doubts about the future of Mexican supplies; but by Wednesday of this week the price had eased to 78d.

The Bank return shows a fall of £4.6 *million in the active note circulation.*

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	3⅛
Banks	2½	3 months	3⅛
Discount houses	2½*	4 months	3⅛–4
Money Day-to-day	2½–4	6 months	4–4½
Short periods	2½–4½	Fine trade bills:	
Treas. bills 2 months	3⅛	3 months	4½–4⅝
3 months	3⅛	4 months	4½–4⅝
		6 months	4⅝–5⅛

*Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	May 19	May 11	May 18
*Issue Department**:			
Notes in circulation	1,609·8	1,740·2	1,735·6
Notes in banking dept.	15·6	35·1	39·8
Govt. debt and securities*	1,621·8	1,771·2	1,771·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	19·4	20·1	12·6
Treasury special account	4·6	4·9	6·9
Bankers	267·4	251·5	257·2
Others	68·6	63·2	65·4
Total	360·0	339·7	342·1
Securities:			
Government	338·8	276·9	287·9
Discounts and advances	7·0	29·2	16·1
Other	13·9	14·0	13·8
Total	359·7	320·1	317·9
Banking department reserve	18·3	37·5	42·2
	%	%	%
"Proportion"	5·0	11·0	12·3

* Government debt is £11,015,100; capital £14,553,000. Fiduciary issue increased to £1,750 from £1,725 million on April 6, 1955, and to £1,775 million on May 4, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate* %
1954						
May 14	260·0	391·7	260·0	34	1·75	50
1955						
Feb. 11	230·0	363·0	230·0	46	3·57	50
„ 18	250·0	366·9	250·0	46	3·97	60
„ 25	260·0	381·9	260·0	75	5·32	50
Mar. 4	260·0	390·7	260·0	75	8·93	50
„ 11	270·0	393·9	270·0	76	0·65	61
„ 18	270·0	385·2	270·0	75	11·64	56
„ 25	280·0	410·2	280·0	75	11·21	51
April 1	270·0	408·5	270·0	75	10·33	48
„ 7	250·0	402·4	250·0	74	6·00	61
„ 15	250·0	420·7	250·0	75	3·09	53
„ 22	230·0	385·2	230·0	77	1·08	39
„ 29	220·0	380·3	220·0	77	11·45	39
May 6	230·0	384·8	230·0	78	3·59	41
„ 13	230·0	382·4	230·0	78	4·69	46

* On May 13th tenders for 91 day bills at £99 0s. 5d. secured about 46 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £240 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	May 18.	May 12	May 13	May 14	May 16	May 17	May 18
United States $	2·78-2·82	2·79⅜–2·79⅛	2·79½–2·79⅜	2·79⅛–2·79⅜	2·79⅜–2·79½	2·79⅜–2·79⅛	2·79⅜–2·79⅛
Canadian $	...	2·75½–2·75⅝	2·75¾–2·75½	2·75½–2·75⅝	2·75½–2·76	2·75⅝–2·75⅛	2·75½–2·75⅝
French Fr.	972-65–987-35	979⅜–979½	980–980¼	979⅛–980⅛	979⅜–980⅛	980–980¼	979⅜–979⅝
Swiss Fr.	12·15⅜–12·33⅜	12·26¼–12·26½	12·25–12·25⅛	12·24⅛–12·24½	12·24⅛–12·25	12·24⅛–12·24⅜	12·23⅝–12·24⅛
Belgian Fr.	138·95–141·05	139·92–139·97	139·95–140·00	139·97⅛–140·02½	139·97⅛–140·02½	139·97⅛–140·02½	139·97⅛–140·02½
Dutch Gld.	10·56–10·72	10·62½–10·63	10·62½–10·63⅛	10·62½–10·63	10·62½–10·62⅝	10·62½–10·62⅝	10·62½–10·62⅝
W. Ger. D-Mk.	11·67⅜–11·84⅛	11·76–11·76¼	11·76–11·76¼	11·76–11·76¼	11·76 11·76¼	11·76¼ 11·76½	11·75⅞–11·75⅝
Portuguese Esc.	79·90-81·10	80·55 80·85	80·55-80·85	80·55 80·85	80·55-80·85	80·60-80·90	80·60 80·90
Swedish Kr.	14·37⅜–14·59⅜	14·53⅛–14·54⅛	14·53⅛–14·53⅞	14·53⅛–14·53⅝	14·52½–14·52⅝	14·52⅜–14·52⅞	14·51⅞–14·51⅝
Danish Kr.	19·19½–19·48½	19·40¼–19·40½	19·40 19·40¼	19·39½–19·40¼	19·40–19·40⅜	19·40¼–19·40½	19·40¼–19·40¼
Norwegian Kr.	19·85-20·15	20·01¼–20·01½	20·01½–20·01¾	20·01½–20·01¾	20·01¾–20·01¾	20·01¾–20·01¾	20·01¾–20·01¾
One Month Forward Rates							
United States $		⅜–⅞c. pm	⅜–⅞c. pm	⅜–⅞c. pm	⅜–⅞c. pm	⅜–⅞c. pm	⅜–⅞c. pm
Canadian $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
French Fr.		Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis
Swiss Fr.		2⅛-1⅞c. pm	2⅛-1⅞c. pm	2⅛-1⅞c. pm	2⅛ 1⅞c. pm	2⅛-1⅞c. pm	2⅛-1⅞c. pm
Belgian Fr.		⅛ pm	⅛ pm	⅛–⅜ pm	⅛–⅜ pm	⅛–⅜ pm	⅛–⅜ pm
Dutch Gld.		2-1¾c. pm	2-1¾c. pm	2⅛-1⅞c. pm	2⅛ 2c. pm	2⅛-2c. pm	2⅛-2c. pm
W. Ger. D-Mk.		1-¾pf. pm	1-¾pf. pm	1⅛-1pf. pm	1⅛-1pf. pm	1⅛-1pf. pm	1⅛-1pf. pm
Swedish Kr.		2-1o pm	2-1o pm	2-1o pm	2-1o pm	2-1o pm	2-1o pm
Danish Kr.		1-4o dis	1-4o dis	1-4o dis	Par-2o dis	Par-2o dis	Par-2o dis
Norwegian Kr.		Par-1o dis	Par-1o dis	Par-1o dis	Par-1o dis	Par-1o dis	⅛o pm-1o dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/7½	250/8½	...	250/6	250/7	250/8½

THE

HONGKONG AND SHANGHAI BANKING CORPORATION

(Incorporated in the Colony of Hong Kong)
The Liability of Members is limited to the extent and in manner prescribed in Chapter 70 of the Laws of Hong Kong.

CAPITAL ISSUED AND FULLY PAID UP ... $25,000,000
RESERVE FUNDS STERLING £7,687,500
RESERVE LIABILITY OF MEMBERS $25,000,000

HEAD OFFICE: HONG KONG
Chairman: C. BLAKER, M.C., E.D.
Chief Manager: MICHAEL W. TURNER
London Office: 9, Gracechurch Street, E.C.3

London Managers: S. A. Gray, M.C., A. M. Duncan Wallace, M. D. Scott.

BRANCHES:

BURMA
Rangoon

CAMBODIA
Phnom-Penh

CEYLON
Colombo

CHINA
*Shanghai

DJAWA (JAVA)
Djakarta
Surabaja

EUROPE
Hamburg
Paris

HONG KONG
Hong Kong
Kowloon
Mongkok

INDIA
Bombay
Calcutta

JAPAN
Kobe
Osaka
Tokyo
Yokohama

MALAYA
Cameron Highlands
Ipoh

MALAYA—contd.
Johore Bahru
Kuala Lumpur
Malacca
Muar
Penang
Singapore
Singapore (Orchard Rd.)
Sungei Patani
Teluk Anson

NTH. BORNEO
Brunei Town
Jesselton
Kuala Belait
Sandakan
Tawau

PHILIPPINES
Iloilo
Manila

SIAM
Bangkok

UTD. KINGDOM
London

U.S.A.
New York
San Francisco

VIETNAM
Saigon

* Not at present operating.

BANKING BUSINESS OF EVERY KIND TRANSACTED

A comprehensive service as Trustees and Executors is also undertaken by the Bank's Trustee Companies in

HONG KONG LONDON SINGAPORE

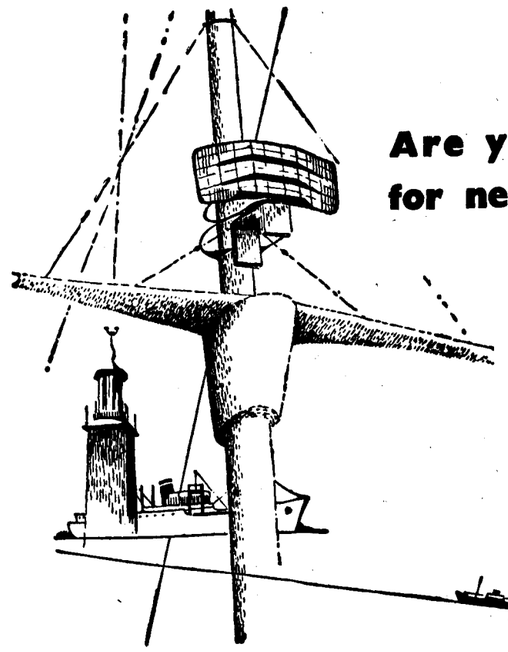
Westward Ho!

If you seek trading opportunities in Canada, make the Bank of Montreal your starting point. Since 1817 the Bank has figured prominently in Canada's economic development; to-day it offers the enquiring business man up-to-the-minute facts and figures and a complete banking service.

CANADA'S OLDEST BANK

BANK OF MONTREAL

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



Are you on the look-out for new trade connections in Sweden

Contact us through your bankers, and you will receive all the information required on trade with Sweden. Our Commercial Information Department is at your service for introductions to Swedish exporters and importers.

SKANDINAVISKA BANKEN

Göteborg — Stockholm — Malmö
210 offices all over Sweden

THE BANK THAT CONDUCTS THE LARGEST BANKING BUSINESS IN NEW ZEALAND

Since its establishment nearly 100 years ago, the Bank of New Zealand has kept pace with the country's development. Information supplied by over 340 Branches and Agencies provides current data on all aspects of commerce and industry, which is freely available to all with present or projected interests in the Dominion.

You are invited to contact the London Office or the Head Office

BANK OF NEW ZEALAND

(Incorporated with limited liability in New Zealand)

London Office: 1, Queen Victoria Street, E.C.4.
Manager. A. R. Frethey.
Assis. Manager A. E. Abel.

Head Office: Wellington, New Zealand.
General Manager: R. D. Moore.

Branches also in
Melbourne and Sydney (Australia); Suva, Lautoka, Labasa, Ba and Nadi (Fiji); Apia (Samoa).

THE

UNITED COMMERCIAL BANK LIMITED

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

Head Office:
2 ROYAL EXCHANGE PLACE, CALCUTTA

London Office:
15, THROGMORTON AVENUE, LONDON, E.C.2.

G. D. BIRLA, Esq., Chairman.

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

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

S. T. SADASIVAN, General Manager.

1805 CALEDONIAN 1955

CALEDONIAN Insurance Company

Incorporated by Special Act of Parliament

150 YEARS OF INSURANCE SERVICE

A World-wide Organisation
transacting
ALL CLASSES OF INSURANCE

General Manager:
WILLIAM GRAHAM ROBERTSON

HEAD OFFICE: St. Andrew Square, Edinburgh
LONDON OFFICE (TEMPORARY ADDRESS)
9, Drapers Gardens (off Throgmorton St.), E.C.2.

A HOME FOR YOUR SAVINGS



The savings of today ensure the homes of tomorrow.

Help yourself and the nation by saving regularly.

★ INTEREST AT 2½% PER ANNUM FROM DATE OF INVESTMENT
★ £1-£5,000 ACCEPTED.
★ WITHDRAWALS AT SHORT NOTICE.

TEMPERANCE

The Gateway To Security

FOR 100 YEARS

PERMANENT BUILDING SOCIETY
223-227 Regent Street
London W.1.
Phone: Regent 7282
Branches throughout the Country

SAFETY-FIRST INVESTMENT

2½%
per annum

Income Tax paid by the Society

Equal to £4.6.11 per cent to investors subject to income tax at the standard rate

The current rate of interest on share accounts is 2½%, and on ordinary deposit accounts 2%, with income tax paid by the Society in each case. Sums up to a total holding of £5,000 are accepted for investment in Abbey National. For further particulars apply for a copy of the Society's Investment Booklet.

Total Assets exceed £213,461,000

ABBEY NATIONAL
BUILDING SOCIETY

HEAD OFFICE:
ABBEY HOUSE, BAKER STREET, LONDON, N.W.1

For address of Local Office see Telephone Directory



W1-343

THE
STANDARD BANK
OF SOUTH AFRICA LIMITED

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

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

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

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

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

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

SPECIALIZING IN CANADIAN INDUSTRIAL FINANCE

Businessmen who are interested in establishing or expanding Canadian industrial facilities might find it worthwhile to consult with the Industrial Development Bank, a wholly owned subsidiary of the Bank of Canada. I.D.B. has wide experience in Canadian industrial problems and specialized knowledge of business practices, markets and many other factors affecting the success of a Canadian venture. Should term financing be required for a plant and equipment of a type not available through regular commercial channels on reasonable terms and conditions, I.D.B. may be able to suggest a practical answer. If you would like more information we suggest you communicate with:

INDUSTRIAL DEVELOPMENT BANK

Office of the General Manager
501 Victoria Sq., MONTREAL, CANADA.

ROYAL INSURANCE COMPANY LIMITED

for
complete insurance protection and service

• • •

Head Offices:

1 North John St. LIVERPOOL 2 | 24/28 Lombard St. LONDON E.C.3

COMPANY MEETINGS

THE BRITISH PETROLEUM COMPANY

BALANCE SHEET ADJUSTMENTS ARISING FROM SETTLEMENT WITH IRAN

TOTAL SALES AT NEW RECORD LEVEL

INCREASED CRUDE OIL SUPPLIES AND REFINERY THROUGHPUT

EXPANDING PETROLEUM CHEMICALS OUTPUT

LORD STRATHALMOND'S STATEMENT

The forty-sixth annual general meeting of The British Petroleum Company Limited, will be held on June 9th, at Britannic House, Finsbury Circus, London, E.C.

The following is the statement by the Chairman, The Right Honourable Lord Strathalmond, CBE, LLD, which has been circulated to stockholders with the report and accounts for the year ended December 31, 1954:

In accordance with the resolutions approved at the Extraordinary General Meeting of December 16, 1954, this is your Company's first Annual Report and Accounts to appear under its new name, The British Petroleum Company Limited.

On April 5th last, Her Majesty The Queen and HRH The Duke of Edinburgh honoured the Company by visiting Kent Oil Refinery.

Since the last Annual General Meeting Mr H. E. Snow has retired from the Board on appointment as the first General Manager of Iranian Oil Participants Limited, the newly formed company through which the Consortium companies hold their interests in the companies operating in Iran under the Agreement of October 29, 1954. My statement posted to stockholders on October 30th described the salient features of that Agreement, by which the differences which had existed since 1951 between the Iranian Government and your Company were settled, and of the financial and other arrangements concluded between your Company and the other participating companies.

Since then the various operations and arrangements provided for in the Agreement have been proceeding satisfactorily as planned, reflecting credit on all those taking part in the inevitably difficult initial stages of so large and complex an undertaking.

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

The accounts for 1954 embody the capital charges approved at the Extraordinary General Meeting of December 16, 1954, and also the balance sheet adjustments then described as arising from the settlement made in connection with our interests in Iran.

The consolidated trading profit and other income for 1954 before providing for Depreciation was £75,348,941 compared with £63,883,828 for 1953. From this figure provision has been made of £30,406,091 for Depreciation on Fixed Assets, Allied Companies and other Trade Investments, and Oil Exploration Interests, the corresponding figure for 1953 being £20,056,243.

The increase in Depreciation of £10,349,848 is due to heavier exploration expenditure and provision for greater tax allowances.

Our claim for relief in respect of Kuwait Taxation is still under discussion with the Inland Revenue authorities; pending clarification of the situation, Kuwait Tax has again been treated provisionally as a charge against trading profits for all purposes.

After providing for Debenture Interest and £19,592,977 for taxation on profits, the amount available for reserves and dividends is £23,962,764 compared with £24,382,850 for 1953.

As I stated at the Extraordinary General Meeting in December, the Company has now reached a stage when a larger proportion of the available profits can be distributed as dividends than has been the case for the past seven years, during which unusual circumstances have necessitated exceptionally large allocations to reserve.

Your Directors have placed £5,550,000 to General Reserve, and have recommended a final dividend on the Ordinary Stock of 14 per cent, making a total for the year of 16 per cent on the capital as increased by the capitalisation last December of part of the General Reserve.

FORMER IRANIAN ITEMS ELIMINATED

The balance sheet adjustments arising from the settlement in connection with our interests in Iran have been made without drawing on General Reserve. In the Balance Sheet all items relating to our former interests in Iran have been eliminated; the main headings affected being Special Contingencies Account on the Liabilities side, and on the Assets side adjustments in Land, Oil Wells, etc, Stocks of Stores and Materials, and Stocks of Crude Oil, etc.

Also in this connection you will notice a new Capital Reserve item of £10,954,881 in the balance sheet; this being the amount received up to December 31, 1954, in respect of the sums payable to the Company by the other Consortium companies as described in my statement posted to you on October 30th last.

General Reserve now stands at £36 million, compared with £111 million in the 1953 Balance Sheet. This results from the transfer of £80,550,000 to Issued Capital and the allocation to General Reserve of £5,550,000 from 1954 profits.

In the Consolidated Balance Sheet the item Land, Oil Wells, Pipe Lines, Refineries, etc., is £16,234,012 less than last year; this being the net result of the elimination of former assets in Iran already referred to and the addition of new capital expenditure chiefly in refineries.

Tankers and Auxiliary Vessels stand at the net figure of £12,734,699, against £11,295,910 last year. Capital expenditure during the year was £9 million and depreciation £7,368,742.

The increase in investments in Subsidiary Companies not consolidated to £47,557,356 from £41,759,568 is due to expenditure on expanding our marketing interests.

In The British Petroleum Company's own Balance Sheet, the item Land, Refinery, etc now represents almost entirely the written down value of Aden Refinery.

Total Capital expenditure during 1954 was approximately £55 million including the following main items:

Refineries	£32,500,000
Tankers	£9,000,000
Oil Exploration Interests	£4,500,000
Marketing Interests	£8,000,000

PRODUCTION AND EXPLORATION

Crude oil production in Kuwait, Iraq and Qatar was again increased in 1954, when our offtake from those sources totalled some 36 million tons, compared with 32 million in 1953. As from October 29th, when the agreement between Iran and the Consortium companies took effect, to the end of 1954 our liftings from Iran were 440,000 tons, about one-third in crude oil and the balance in refined products. Our current liftings from Iran are at the rate of 5 million tons per annum, including 2 million tons of crude oil.

From Kuwait we obtained 26,457,000 tons in 1954, compared with 23,316,000 tons in 1953. The Kuwait Oil Company's production has been further increased this year, a record rate of 58 million tons per annum having been achieved in the week ending February 4th last. Development drilling has continued in the new extension of the Burgan field at Ahmadi, and an exploration well is being drilled in Northern Kuwait.

Our share of crude oil exports from Iraq in 1954 was 8,317,000 tons compared with 7,817,000 tons in 1953. Receipts from the Iraq Petroleum Company were larger by 130,000 tons, and from the Basrah Petroleum Company—whose new Rumaila field was brought into production in December—by 372,000 tons. Production by the Mosul Petroleum Company was virtually unchanged.

From Qatar we obtained 1,124,000 tons compared with 1,018,000 in 1953.

In the United Kingdom our crude oil production was 59,000 tons compared with 54,600 tons in 1953. There are now three producing wells in the new oil field at Plungar in Leicestershire, and our exploration for oil in the United Kingdom is being extended. The five-year programme of exploration for natural gas which we have undertaken for the Gas Council, as described last year, is proceeding; test wells have been drilled in Scotland and Sussex and geological and geophysical surveys carried out in various areas.

In Scotland, production of shale-oil in 1954 was 99,700 tons, 4,300 tons less than in 1953. Due to increased costs of coal and stores, coupled with a decrease in product values,

the reduction in October, 1953, of 6d. per gallon in Excise duty has not proved sufficient to extinguish operating losses.

EXPLORATION OPERATIONS INCREASED

Exploration operations were increased during the year in the various overseas territories in which we have interests.

In East and West Africa, where your company is associated with the Royal Dutch-Shell Group, exploration has actively continued. Several geological and geophysical survey parties have operated over large areas of Tanganyika, Kenya and Zanzibar, and the first deep well was begun in December on the island of Mafia. In Nigeria four seismic survey parties have been at work, several test wells have been drilled, and there have been further encouraging oil and gas indications.

In Papua test-drilling has continued at Omati under conditions of extreme difficulty, which have delayed a final appraisal of the high-pressure gas mentioned last year. Geological and geophysical survey parties operated throughout the year mostly in very arduous jungle conditions.

A marine geological survey off the Trucial Coast in the Persian Gulf was carried out during the spring of 1954, and a marine seismic survey which began in December has since been completed.

In Sicily our test well at Vittoria proved the presence of oil but of heavy asphaltic quality, and it is doubtful whether it will prove to be of commercial value.

We have acquired an exploration licence over Malta. A preliminary geological survey has been completed and a more intensive one is now in progress.

In Trinidad our associate, Trinidad Northern Areas Limited, is developing production from a marine area by drilling deviated wells from the foreshore; 20,000 tons were produced from three wells during the year. Production tests are being carried out in a deep test well in the Gulf of Paria.

In Canada we are in process of increasing our interest in the Triad Oil Company, to which I referred last year, to 50 per cent, bringing our investment in this company to nearly twenty million dollars. Triad holds interests in oil reservations and leases in Western Canada which during its last financial year ended November, 1954, were increased from 430,000 to 2,127,000 acres; and it has since acquired further interests in British Columbia and Alberta.

In Australia plans for our associate company to begin test drilling in the Gippsland district of Victoria are well advanced.

REFINING

Our total refinery throughput in 1954, at 24 million tons, was 4 million tons greater than in 1953. Principal contributors to this increase were the new Aden refinery, which came into operation in July, 1954, and the Kent and Hamburg refineries. On February 1st last our new Kwinana refinery in Western Australia was commissioned; that addition, together with the development of our other refining installations and interests, should achieve the figure of 30 million tons which I mentioned last year as our expected total refining capacity by the end of this year. Concurrent with this expansion in refining capacity, the installation of new plant is in progress at many refineries in a constant effort to attain the highest quality of products in the most efficient manner.

In Great Britain, throughput in 1954 of our four refineries totalled 10,563,000 tons against 9,327,000 tons in 1953.

At Kent, throughput was 4,064,000 tons against 2,792,000 in 1953. The lubricating oil plant was commissioned in mid 1954, and produced 37,000 tons by the end of the year. At Llandarcy throughput was 3,715,000 tons against 3,883,000 tons in 1953. A platforming unit for the production of high-grade motor spirit was commissioned early this year at Kent, and a similar unit has recently come into operation at Llandarcy.

Throughput at Grangemouth was 2,624,000 tons against 2,493,000 in 1953. A catalytic polymerisation plant was commissioned, and also a sulphur plant which is now producing 3,000 tons per annum of sulphur. At Pumpherston refinery, which processes Scottish shale oil and crude petroleum produced from our United Kingdom oilfields, throughput was again 159,000 tons.

PETROLEUM CHEMICALS PROGRESS

At the British Petroleum Chemicals Limited plant at Grangemouth production of industrial alcohol was increased during the year, and major schemes are in hand for largely expanding its output of petroleum chemicals. At the adjacent plant of Forth Chemicals Limited excellent progress was made; this company is at present the only bulk source in the United Kingdom of styrene monomer, for which there is an increasing demand. Progress is being made with plant extensions, and provision has been made for even larger capacity than the duplication announced last year.

A company named Grange Chemicals Ltd. has recently been formed, two-thirds owned by British Petroleum Chemicals Ltd., and one-third by Oronite Chemicals Ltd., which is a subsidiary of Standard Oil Company of California. This new company is to produce and market intermediates used in the manufacture of synthetic detergents.

In Belgium, at the Antwerp refinery which we own jointly with the Petrofina Company throughput was 1,779,000 tons against 1,787,000 in 1953. A catalytic polymerisation plant was commissioned in December, and a catalytic cracking unit has recently been completed. The existing thermal cracking plant has been modified so as to increase crude distillation capacity to 2,700,000 tons per annum.

In France, throughput of the refineries of Société Française des Pétroles BP totalled 3,920,000 tons against 3,927,000 in 1953. At Lavera a platforming unit was commissioned, and at Dunkirk improvements in the lubricating oil plant increased production of lubricating oil and wax to 72,000 tons from 54,000 in 1953.

In Germany, Hamburg refinery throughput was 1,180,000 tons against 705,000 tons in 1953, a new crude distillation unit having been commissioned in March, 1954. A bitumen plant and a platforming unit were also commissioned during the year. At the Oelwerke Julius Schindler refinery a new unit for treatment of lubricating oils was commissioned in October.

In Italy, at the Marghera (Venice) refinery which we own jointly with Azienda Generale Italiana Petroli throughput was 1,519,000 tons against 1,381,000 in 1953. A platforming unit is to be erected there for commissioning next year.

In Israel, the Haifa refinery throughput was 930,000 tons, against 860,000 tons in 1953.

The Kuwait refinery throughput was 1,425,000 tons, against 1,427,000 in 1953.

At Aden refinery, which commenced operation in July, 1954, throughput was 1,234,000 tons by the end of the year and is now at the rate of just over 4 million per annum. The Aden platformer, commissioned in October, was the first of the BP group's platformers to come on stream.

In Australia, at Laverton (Melbourne) refinery throughput was 164,000 tons against 165,000 in 1953. Such good progress was made during 1954 with the construction of the new 3 million tons capacity refinery at Kwinana (Western Australia), that it came into operation on February 1, 1955, several months ahead of schedule, a most praiseworthy achievement by all concerned.

At Abadan refinery, which started operation in accordance with the agreement between Iran and the Consortium companies on October 29, 1954, throughput was 898,000 tons by the end of the year; your company's offtake was 280,000 tons. Abadan refinery throughput is now at the rate of 7,500,000 tons per annum.

SEA TRANSPORT

The British Tanker Company's fleet now consists of 148 ships totalling 2,063,000 deadweight tons, as against 142 ships of 1,917,000 deadweight tons at this time last year. Since then two old ships totalling 22,000 deadweight tons have been disposed of, three ships totalling 49,000 deadweight tons have been sold to our French associated company, and eleven ships totalling 217,000 deadweight tons have been taken into commission. Thus the fleet shows an increase during the past year in both number of vessels and total tonnage, again with emphasis on more economical sea transport by larger, faster, newer ships. The proportion of such vessels will continue to increase with the commissioning of the new tonnage on order and the disposal of further small old ships. The port facilities at our new Kent, Aden and Kwinana refineries extends the scope for employment of our increasing number of large tankers. Seven 32,000 ton vessels are included in the 9 ships totalling 256,000 deadweight tons now under construction or on order for the British Tanker Company, which also has some 2 million deadweight tons of tanker shipping on charter.

Our French associated company, Société Française des Pétroles BP, has now a tanker fleet of 7 ships totalling 111,000 deadweight tons; two 33,000 ton vessels are being commissioned this year and a third is on order.

Six of the ten 16,000 ton ships ordered for our service by the Lowland Tanker Company, in which we have a 50 per cent interest, are now in commission; of the remaining four vessels, three are due to be commissioned this year and one early next year.

The written down value of the British Tanker Company's fleet in service at 31st December, 1954 was £5 5s. 11d. per deadweight ton, and the average age per deadweight ton was 7¼ years.

British Tanker Company officials have taken an active part in the postwar efforts, and current national and international discussions, to prevent oil pollution of coastal waters and beaches by avoiding or minimising the disposal of oils at sea.

We have provided facilities at our own tanker terminals for the disposal ashore of ballast water and tank washings.

DISTRIBUTION AND SALES

World demand for petroleum products, excluding Russia and her satellites increased by about 5 per cent in 1954, following the same trend as in the previous two years. This world figure would have been greater but for the slight business recession in the USA where the increase was limited to 2 per cent. In the Eastern Hemisphere, wherein lies the bulk of your Company's interests, the increase in oil consumption in a year of generally high business activity was 11 per cent above the 1953 level, comparing with increases of about 8 per cent in each of the two preceding years. This gain in Eastern Hemisphere trade, representing some 18 million tons, was matched by increased output of Middle East crude oil—particularly in Kuwait and Saudi Arabia.

The growth in refinery capacity in the Eastern Hemisphere last year of 24 million tons was more than adequate to cover the increased demand. About half of this increased capacity, including our new refinery at Aden, was situated East of Suez. With the commissioning of Kwinana refinery in Western Australia we have now reached the position where the output of our new refineries East of Suez together with our share of products from Iran has eliminated the long back haul from European refineries that was such an abnormal feature of our operations over the previous two years.

RECORD SALES TOTAL

The Group's sales of crude oil and refined products in 1954 were at a record level of 41 million tons, about one million tons greater than the previous peak figure achieved in 1950, the last year in which we were fully operating in Iran. Sales in 1954 represented an increase of nearly 4 million tons, or 10½ per cent over 1953. Of this increase refined products accounted for just under 3 million tons and were 11½ per cent greater than in 1953—a rate of increase slightly higher than that for the Eastern Hemisphere as a whole. We were able to cover a greater proportion of the increased sales of refined products from our own sources so that the amount of refinery capacity hired declined to 1½ million tons in 1954 and purchases to 6 million tons.

The level of crude oil prices during 1954 remained in general unchanged. With the resumption of the flow of Iranian oil to the world markets, crude oil prices at Abadan and Bandar Mashur were added to the range of postings already covering all other export terminals in the Middle East.

The trend of refined product prices left the overall return on the content of the barrel of crude oil relatively unchanged from that prevailing at the end of 1953. There was, however, a not unexpected narrowing of the spread between motor spirit and gas oil with the price for the former tending to fall as that for the latter has risen under the pressure of ever growing demand for the middle distillate fractions.

Last year saw little sustained recovery from the low—and indeed uneconomic—point to which the tanker freight market had sunk in 1953. Despite some withdrawals much surplus tonnage still remained laid up.

In Australia and New Zealand our supply arrangements are now easing with the coming into commission of the additional refining capacity East of Suez mentioned above. Considerable further progress has been made in Australia with improving and expanding the marketing facilities of The Commonwealth Oil Refineries Limited and sales by that Company during 1954 have again shown a most satisfactory increase.

I referred last year to those disquieting aspects of the price control system both in Australia and New Zealand which failed to reflect the increasing incidence on the distributor of the higher internal costs of goods and services. In Australia there has since been an improvement in this respect and in the States of Western Australia, Victoria and Tasmania the system has been abandoned. The problem, however, still remains acute in New Zealand where the margin allowed for motor spirit distribution is in no way compatible with the industry's investment in the marketing services or with the increased expenses arising both from higher wage awards and the rising cost of materials. It is to be hoped that there will be a satisfactory outcome from the independent investigations which the New Zealand Government has now instituted.

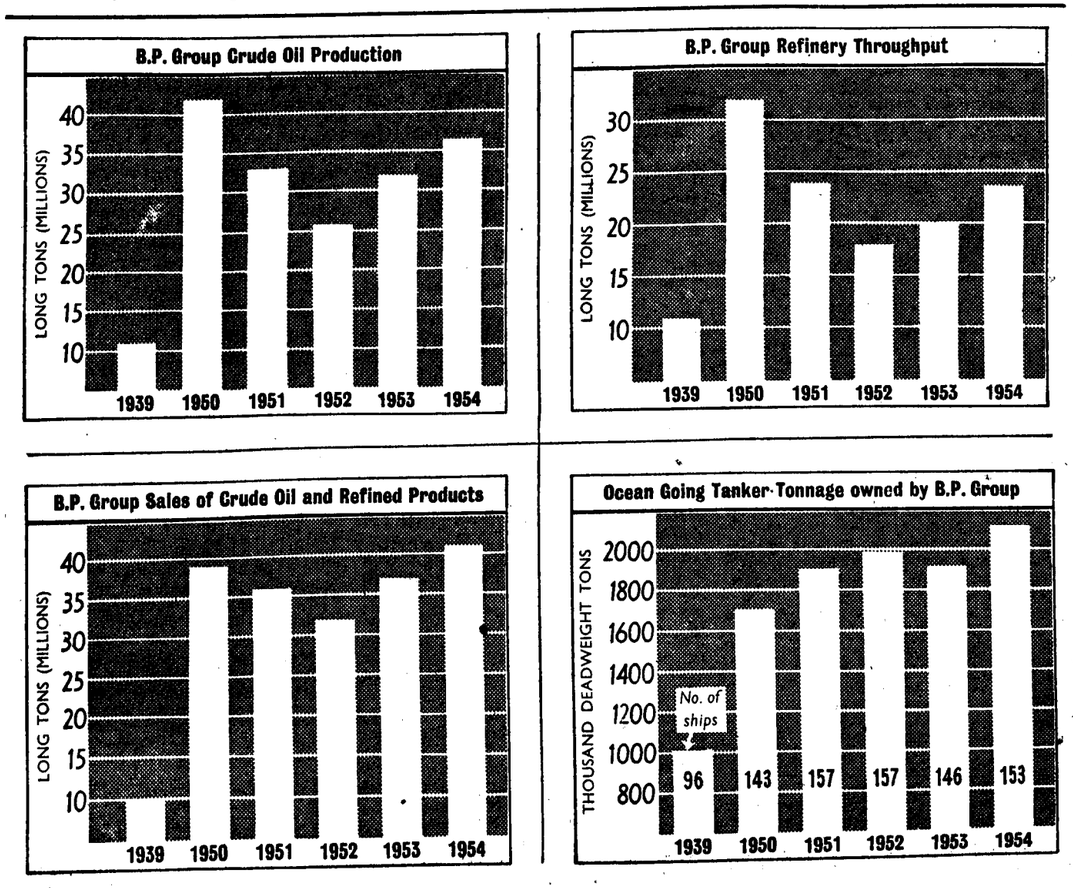
In Continental Europe despite the keen competition which has characterised marketing activities again during the past year, all our Subsidiary and Associated Companies have kept pace with the rising demand for petroleum products and in some cases have increased their share of the trade. Our total sales in this section of our markets have recorded an advance of 18 per cent on 1953.

MARKETING OUTLETS INCREASED

During the year the Group acquired the marketing interests in Europe and Africa of the Atlantic Refining Company of Philadelphia. This acquisition in addition to increasing our outlets in certain markets in which we are already established, provided us with an entry to areas new to the BP Group including West Africa and Portugal.

In India, Pakistan, the Middle East, South and East Africa and other markets bordering the Indian Ocean our outlet has continued to expand satisfactorily.

Our sales of aviation spirit have continued to expand, and the BP Aviation Service has again been entrusted with the task of providing in whole or part for the fuelling of



many of the major International Air Lines, the Armed Services and other flight operations in the countries covered by its growing network.

The BP International Oil Bunkering service continues to provide an important part of world bunker supplies. Already firmly established with modern facilities available to merchant shipping on world trade routes, it is well equipped to provide increasing bunker fuel requirements.

NEW LUBRICANT'S SUCCESS

As indicated last year, by mid-1954 BP Energol lubricants were available in all countries where we have general marketing interests. Sales of our branded lubricants show a very satisfactory increase compared with 1953, both in this country and overseas, and our largely increased production is all being disposed of through our own marketing outlets. During the year we have introduced in most of our markets our new automotive engine oil, BP Special Energol, 'Visco-Static,' the success of which is due to its outstanding properties. Good progress has also been made in the international marine lubricant business and BP Energol is now lubricating an increasing number of ships of different sizes.

In the United Kingdom, the continued upward trend in industrial activity was reflected in a strong demand for petroleum products in 1954. The market for premier grade motor spirit continued to expand, and during the year the inclusion of the additive BP 08 in BP Super ensured that it was fully competitive with the premier grades of other companies. The rate of taxation on motor fuel remained at a level so high as to constitute a restriction on the growth of road transport, and has also operated as an artificial stimulus in the continuing diversion of demand to diesel fuel for compression ignition engines. In the agricultural market the vaporising oil tractor is giving way to the more efficient diesel tractor. Sales of fuel oil showed a marked expansion and we are being called upon to contribute in an increasing degree to the country's industrial energy requirements.

I drew attention last year to the mounting evidence of difficulty in keeping the balance product by product between market demand and what the Refiner can extract from the barrel of crude oil in Eastern Hemisphere operations. Events since then have served to underline the problem. The demand for heavy oils, particularly residual fuel oil, has continued to increase rapidly. High levels of industrial activity and the inability of other fuels to cope with the increasing requirements has led, in Europe, for example, to a rise of about 20 per cent in fuel oil consumption. Demand is likely to remain high since oil will probably be called upon to satisfy increasing fuel requirements—in this country the Electricity Authorities, Gas Boards and Railways are all planning to use substantial quantities of fuel or diesel oil. The consumption of motor spirit on the other hand is generally restricted by heavy taxation and sales in the Eastern Hemisphere showed an increase of only about 9 per cent compared with 13 per cent for black oils. This artificial restriction of the demand for the lighter fractions, which include motor spirit, continues to present us—and the oil industry in general—with a difficult situation.

RESEARCH

The work of our Research and Development establishments continues to maintain and enhance the Company's reputation for products of the highest quality and performance, as well as to keep the BP group abreast of its competitors in the continually evolving techniques of finding, producing, transporting and refining crude oils.

Development of the special additive, BP 08 for our premium grade motor spirit, gives improved engine performance and cleanliness. This additive is appropriately modified during the winter months to incorporate the anti-icing properties essential to current high performance requirements.

The year 1954 saw an intensive research effort culminate in the launching of the new BP Special Energol Visco-Static Lubricating Oil, which affords the motorist substantial savings in fuel consumption and greatly increases the life of his engine. Most of the Company's technical departments contributed to this research in its various phases, from the initial development of the rapid and accurate radio-active technique for measuring engine wear, to final road testing in all types of vehicles aggregating hundreds of thousands of miles.

Intensive investigation of the sulphur compounds present in Middle East crudes and the means for their removal have proceeded throughout the year. As one result thereof, we now have three autofining units and one hydrodesulphurisation unit in operation at our refineries and we are proceeding to install a large unit for the removal of sulphur from automotive diesel fuel.

A further expansion in the research and engine testing facilities has been started at Sunbury and is due for completion early in 1956.

Our Production Research Centre at Kirklington Hall has continued the development of new seismic techniques and more efficient use of explosives in seismic surveys with the eventual object of reducing the cost of exploration operations. Also being studied is the application of geochemical and radioactive methods in prospecting for oil, both on the surface and at depth, for which suitable instruments are being developed by our technicians.

Considerable effort has been devoted to the investigation of the mechanism of oil recovery from fissured limestone reservoirs as a result of which the calculation of production processes for optimum oil recovery has greatly improved.

PERSONNEL

The Company's operations, whose extent and variety are indicated in this statement, expanded considerably during the year. This has called for sustained and special efforts on the part of the Company's personnel of all grades whether at home, afloat or overseas. Instances of this are our newly built refineries at Aden and in Western Australia. Both these large projects are in regions where no oil refining has hitherto been undertaken; consequently the training of local personnel in the technical and ancillary operations necessary for major refinery installations has been an extra responsibility which our staffs concerned have undertaken with energy and enthusiasm.

Early in 1954 Company personnel with long experience of oil industry operations in Iran were included in a party which visited the Khuzistan oil fields and the Abadan refinery. Others have been employed since October, 1954, both in Iran and London, by the newly formed Consortium's companies engaged in the task of developing the Iranian oil industry.

The British Petroleum group continues to promote the wellbeing of its employees, and regards itself as fortunate in having in its service high calibre personnel who from year to year work for the furtherance of its interests with unabated zeal.

Once again I would like on your behalf to thank all employees for loyal co-operation and excellent service during the year.

EVANS MEDICAL SUPPLIES

INCREASED SALES AND EARNINGS

The annual general meeting of Evans Medical Supplies Limited was held on May 18th in Liverpool, Mr I. V. L. Fergusson, chairman and managing director, presiding. The following is an extract from his circulated statement:

The improvement in earnings is due in part to increased sales, particularly overseas, and in larger measure to increased manufacturing efficiency resulting in considerably improved productivity.

The substantial increase in our overseas sales has been achieved in spite of import restrictions maintained, or in some cases reimposed, in many important markets.

After providing £147,336 for United Kingdom taxation and £7,980 net dividend on the preference stock, there remain net earnings of £108,303, equivalent to 36¼ per cent gross on the ordinary stock.

After two years of relative consolidation your directors, encouraged by the taxation investment allowances, have decided that significant capital expenditure should no longer be postponed. This, together with the need for increased working capital to finance an expanding business, has led us to recommend a policy of restraint in dividend distribution for this year. Accordingly we propose a total of 6½d. per 5s. stock unit, or 10 5-6 per cent. This constitutes a modest increase over the 6d. per 5s. stock unit paid for 1953.

After outlining the major projects approved by the board, the chairman continued:

NATIONAL HEALTH SERVICE

For two or three years the pharmaceutical industry has been subjected to close Government and Parliamentary scrutiny. Some ill-informed publicity aroused suspicions in the public mind that the industry was profiteering at the expense of state health service.

It is with satisfaction, therefore, that I can record a satisfactory conclusion of the first Government inquiry, *viz.*, that relating to secondary manufacture and wholesale distribution. The result is stated in the Treasury minute on the reports from the Committee of Public Accounts 1953-54, *viz.*:

> "that the general level of profits earned did not suggest that the level of prices in this field had been excessive or that intervention by the departments was called for."

Your company were intimately concerned with this inquiry, as it is also in one concerning proprietary prescription products now being actively discussed with the Ministry of Health. I hope that during the current year this may also be brought to a satisfactory conclusion, and that thereafter the pharmaceutical industry may be allowed to go forward with confidence, each company pursuing its own destiny at home and abroad relieved of the unavoidable but exacting Government discussions and assured of its ability to finance long-term research and development projects out of such reasonable profits as it may be able to earn.

Only under such conditions, and with freedom from accusation and inquiry, can the pharmaceutical industry make a full and proper contribution to the national economy, and in particular lessen the dependence of the National Health Service on foreign sources for new drugs.

Sales for the first months of this year have been well maintained and at the time of writing I know of no reason why satisfactory earnings should not be achieved in 1955.

The report and accounts were adopted.

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

ANNUAL GENERAL MEETING

In the course of his remarks at the annual general meeting, Sir Frank Morgan, MC, chairman of the company, said:

The premium income of our two life branches last year amounted altogether to over £90 million. The sums assured and bonuses in force exceeded £2,000 million. These figures are a measure of the extent to which our policyholders, here and overseas, have made voluntary provision for the future—provision which is not only to the advantage of their families and themselves but to the undoubted benefit of the communities in which they live. At the same time our business strengthens the national economy by the diversion of many millions of pounds from current consumption to savings, the importance of which has perhaps never been greater than it is today. The saving achieved through the medium of Prudential life policies can in the main be measured by the increase in the funds of the life branches, and last year this increase was over £40 million in the United Kingdom alone. When it is borne in mind that all these savings through life assurance are an aggregate of a vast number of individual payments, that in many cases this saving would not have been effected in any other way and that it regularly provides very large sums for investment, to the benefit of the policyholders and the nation, we can fairly claim that our business performs unique functions and is an indispensable factor in our national life.

Before passing on to the results achieved in the individual branches I should refer to the change that has been made in the bases of valuation. At the end of 1952, in consequence of the high level of interest rates, the net rate of interest employed for the valuation of United Kingdom assurances in both life branches was increased to 2½ per cent. During most of the following two years, however, rates of interest fell almost continuously and on the advice of the actuary the valuation reserves at the end of last year were strengthened by reducing the assumed rate of interest to 2½ per cent. This change, like the previous one, applied to both life branches.

ORDINARY BRANCH

The sums assured, including bonuses, under policies in force at the end of the year for the first time exceeded £1,000 million, an increase over the corresponding sums assured for the previous year of nearly £100 million. It is interesting to note that the total ordinary branch business in force did not reach £100 million until 1913, or 65 years after the formation of the company in 1848.

Out of the surplus for the year a sum of over £7,850,000 has been allocated to policyholders and the directors have declared for with-profit policies issued in the United Kingdom (other than group pension policies) a reversionary bonus at the rate of £2 per £100 sum assured—an increase of 2s. per cent over the rate for 1953.

Four years ago my predecessor, Sir George Barstow, announced that we were ready to issue group pension policies with participation in profits, and he expressed the view that the step which we were then taking would be a major development in the progress of British insurance. A number of other life offices have since entered this market. It is with considerable satisfaction that we have watched the expansion of this class of business, as employers have increasingly come to realise the advantages of this means of providing pensions. At the end of last year our premium income under group with-profit pension schemes and their associated group assurance schemes was at the rate of over £1 million per anum, divided almost equally between the United Kingdom and overseas business. The directors have again declared a compound reversionary bonus pension on with-profit deferred pensions at the rate of £1 10s. per cent and a special final bonus pension, added when these pensions are entered upon, at the rate of £12 10s. per cent.

OVERSEAS LIFE BUSINESS

For the fourteenth successive year a record volume of new life business was written by our overseas branches. More than 47,000 new policies were issued in 1954 assuring sums of over £56 million. Sums assured, including bonuses, in force overseas now exceed £355 million.

Last year Mr Borrajo, the deputy chairman, referred at some length to the progress we have made in each of our overseas branches since we began to transact life business abroad little more than 25 years ago. The results for the past year show once again that our overseas business is progressing on sound lines and is contributing in an increasing measure to the stature and prestige of the company.

The Canadian branch again wrote the largest amount of new business of any of our overseas branches, the total new sums assured written exceeding £19 million. Excellent progress is also being made in Australia and New Zealand, where the new business sums assured were over £17,500,000.

The new sums assured written by the branch for the Southern and East African territories amounted to over £12 million. The success of the branch in developing group pension business on a with-profit basis has been noteworthy, and a large volume of this type of business was again written last year.

Our branches in India, Pakistan, Ceylon and Malaya all succeeded in writing more business than in 1953. Although the potentialities in Cyprus and Malta are not so great, sound progress was recorded in each.

INDUSTRIAL BRANCH

Last year marked the centenary of our industrial branch, for it was in 1854, six years after the formation of the company, that the first policies were issued in this branch. The initial difficulties were great, progress was at first very slow, and there was nothing in those early years to suggest that the company would ever become a giant in this field.

In this branch last year the new sums assured were £80,200,000, compared with £78 million in 1953. The average sum assured per policy issued again increased and is now over £60. As in the preceding year, endowment assurances accounted for over 70 per cent of the new premium income.

The ratio of expenses to premiums in this branch was substantially reduced. The "all-in" ratio, which includes the industrial branch share of staff pension scheme costs and outdoor staff bonus, was 27.73 per cent of the premiums, compared with 29.05 per cent for the preceding year and 29.50 per cent for the year 1952. Gratifying as the reductions are, I must add that most of the financial benefits obtainable from the changes, initiated two years ago, in our field staff organisation in this country have now been secured. Furthermore, the reduction achieved last year included the full effect of certain other savings. We cannot expect, therefore, that a downward movement on the scale achieved in the last two years will continue. We shall, however, do all that is possible to control our costs, within the limits set by present-day economic conditions and the requirements of our business.

Our mortality experience in this branch naturally shows trends very similar to those of the country as a whole, in which, underlying all the considerable fluctuations which occur in death-rates, there has over a long period been a continuing improvement in longevity. It may be of interest to recall that the mortality for the year 1948 was quite exceptionally low. Since then there have been the customary fluctuations, but it was not until last year that we had a more favourable experience than in the previous record year of 1948.

At the beginning of this year we made important improvements in the bases used for calculating surrender values in both the industrial and the ordinary branches. In the industrial branch we also made substantial improvements in the bases of free policy values. The outstanding feature of the changes is that the bases used in the industrial branch are now, apart from points of detail, the same as in the ordinary branch.

From the surplus for the year a sum of over £8,900,000 has been allocated to policyholders and the directors have declared a reversionary bonus at the rate of £1 10s. per cent on all participating policies. This is the same rate as was declared for the previous year.

Bonus additions paid on claims by death and maturity last year averaged over 19 per cent of the original sum assured.

GENERAL BRANCH

The general branch premium income for 1954 exceeded £12 million, showing an increase of about £100,000; and in addition, premiums of £1,850,000 were written by our American subsidiary. Of the total premium income more than £7,600,000, or 55 per cent, was derived from overseas sources. The premium income from our home business and from our overseas branches and agencies has increased substantially, but we have restricted the amount of overseas business written in London.

The gross underwriting profit for 1954 exceeded £1 million, showing an increase of over £300,000, but it will be remembered that our 1953 profit was adversely affected by the heavy east coast flood losses sustained in February of that year. All our main accounts show increased profits, and I think you will agree that the results are very satisfactory.

The gross interest earnings have again increased substantially and the net surplus after provision for taxes and excluding the amount brought forward has increased from £514,000 in 1953 to £744,000 in 1954. Of this surplus the directors have transferred £250,000 to the additional reserve fund and £300,000 to the general branch contingency fund.

The figures of our American subsidiary,

the Prudential Insurance Company of Great Britain located in New York, are annexed to the accounts before you. The results have again been satisfactory and a dividend of 10 per cent has been declared as in previous years. Arrangements have been made to expand the operations of the company by writing casualty reinsurances as well as fire, and since the end of the year we have added to its capital resources in order to finance this development.

DIVIDENDS

The further substantial increases in the distributable surpluses in the life branches have again enabled the directors to increase the proportion of these surpluses allocated to the policyholders and at the same time to increase the amount allocated to the shareholders. In each of the life branches the policyholders' allocation for the year 1954 is approximately 91.9 per cent of the distributable surplus, and the shareholders' allocation is approximately 8.1 per cent. For the previous year the corresponding figures were 91.2 per cent and 8.8 per cent respectively. Shareholders will appreciate that the successive increases that have been made in the policyholders' participation enhance the reputation of the company and strengthen the foundations upon which its prosperity depends.

INVESTMENTS

In many respects 1954 has been a year of considerable national prosperity and bears witness to the results that can be achieved by granting a greater measure of freedom to private enterprise. Once again productivity has increased significantly and, although in part this was due to an increase in the level of employment, in the main it has stemmed from the capital investment of recent years directed to the modernisation and re-equipment of our industries. The rate of fixed capital investment has lately shown a tendency to rise, and this should form the basis for greater productivity in the future. The increase in personal income achieved during the year has naturally resulted in greater expenditure on consumption, but it is gratifying to note that the high level of personal savings reached in 1953 has been maintained.

Whilst these features of our internal economy have been encouraging, other factors relating to the country's external position were less reassuring and gave growing cause for uneasiness towards the close of the year. The terms of trade, which had become more favourable to this country in 1952 and 1953, began to move in the opposite direction. At the same time increased domestic purchasing power, augmented by the removal of hire purchase controls, stimulated home consumption and attracted a higher level of imports. Unfortunately exports have not expanded sufficiently to offset these two factors and prevent a strain on our balance of payments. To counter the consequent weakness in sterling the Chancellor recently announced increases in Bank rate and reimposed controls on hire purchase facilities. It is too early yet to say whether these measures will prove successful in correcting the unfavourable trend in our balance of payments, but on this occasion action has been taken promptly.

Reference has been made in the directors' report to the fact that, in connection with the strengthening of the company's valuation bases, ordinary shares have been written up by £8 million and freehold properties and ground rents by £3 million. This must be borne in mind when comparing this year's balance sheet figures with those of the previous year.

The real growth in our funds during 1954 was £51 million, and the main items in which this increase has been invested are £7 million in British Government securities, £14¼ million in debenture stocks, £5¼ million in preference shares, and £18¼ million in ordinary shares. Compared with the previous year we have invested substantially greater amounts in the three latter groups and considerably less in British Government securities. This changed pattern of our investments is a reflection of the increasing demands made by industry on the capital market during 1954, particularly in the latter half of the year, and the indications are that this trend will continue during the current year. This is a welcome feature as it helps to give us a more widely spread portfolio and higher yields on our funds. The purchases of ordinary shares were spread over a wide range of companies embracing many industries and including, to a moderate extent, that sector of the iron and steel industry which was denationalised during the year.

As you are aware a very substantial rise took place in the market values of ordinary shares during 1954 and the £8 million by which we have written up our ordinary share group represents only a small part of the appreciation which occurred. Your directors are satisfied that the value at which our ordinary shares stand in the balance sheet is still a very conservative one when compared with current quotations. I would like to stress the fact that by writing up our assets by £11 million we have in no sense distributed this amount. We have merely increased the value placed upon the assets in the balance sheet in order to match a corresponding increase in the figures at which the life assurance funds are stated on the liabilities side of the balance sheet. It might be thought however that some part of the appreciation existing on our investments could be brought into surplus and distributed and I think it will be useful if I say something about the effects on the affairs of a life assurance fund of movements in the market values of its investments.

The primary aim of our investment policy must be to secure interest income and not to seek capital profits as such. Premiums are calculated on the basis that they can be invested to earn an assumed rate of interest throughout the duration of the policies and the contracts cannot be met unless this is achieved. In the case of fixed interest securities carrying contractual interest payments, and in many instances contractual capital payments, it should be clear that so long as we receive these sums the investments are fulfilling the purpose for which they were bought and that we are very little concerned with intervening fluctuations in market values.

With ordinary shares the dividends receivable are subject to the economic and industrial risks inherent in the businesses concerned. During 1954, with the rise in national prosperity, dividends on ordinary shares generally have been increasing, and the extra income accruing in this way will have a beneficial effect on the company. The present national difficulties serve to remind us that the country's economy must inevitably have its ups and downs and dividends on ordinary shares must also be expected to fluctuate. To suggest therefore that any of the appreciation existing at a point of time might be distributed would clearly be imprudent. Such a course would be tantamount to taking credit for future income which may not in fact be received. The only sound procedure is to take credit for such dividends as are in fact received year by year. In this way the distributions made to policyholders and shareholders will benefit from our profitable investment in ordinary shares. It can be seen, therefore, that both with fixed interest investments and with ordinary shares the company's primary concern is with the income derived from them year by year and not with their market values at any particular point of time.

The gross rates of interest earned on our life funds during 1954 were £5 1s. 8d. per cent in the ordinary branch and £5 1s. 5d. per cent in the industrial branch, showing increases of 4s. 10d. per cent and 3s. 6d. per cent respectively compared with 1953. Had it not been for the writing up of assets in connection with the strengthening of the company's valuation bases, the increases in these yields over the year would have been greater, namely 5s. 10d. per cent in the ordinary branch and 5s. 8d. per cent in the industrial branch. Of these latter increases, which give a truer picture of the improvement, 3s. per cent in the ordinary branch and 3s. 9d. per cent in the industrial branch are due to increases in the dividends received in respect of ordinary shares.

RETIREMENTS

Mr C. W. A. Ray retires today from the position of joint secretary which he has held since November, 1940. Mr Ray entered the company's service in 1910 and was transferred to the investment department in the following year. He has therefore been actively associated with the investment of the company's funds over a period of 43 years. His good judgment and acumen in investment matters and his patent integrity have won for him a special position in financial circles in the City of London to the great, and we believe, lasting, advantage of the company. Your directors are highly appreciative of the great value of his services and are anxious that his exceptional knowledge and ability shall not be lost to the company. They have therefore recommended that he be elected to the board.

STAFF

Those who have been in touch with the Prudential for any length of time know that with every passing year we have recorded new and sometimes spectacular achievements. These achievements naturally induce a feeling of satisfaction and pride, but I need hardly add that they do not induce complacency. A superficial view might be that so large and widespread an organisation as ours cannot fail to progress—that to a large extent it is carried on by its own momentum. But we are well aware that this is not so. There is no natural law that ensures our progress. We have no monopoly to shield us from competition. On the contrary we are in competition not only within our own sphere but with other needs and other claims upon personal incomes. Our progress in this competitive world depends on the efforts made by our staff to serve the public, and the sum of our achievement is a measure of their zeal and success in their many and varied spheres. To all of them we express our appreciation of their services.

The changes, begun two years ago, in our field staff organisation in this country have progressed more rapidly than we contemplated and this we owe to those factors which can achieve so much—determination, co-operation and hard work. A special tribute is therefore due to the field staff and to the many members of the clerical staff, in our chief office and district offices, who have helped with this re-organisation.

Our staff overseas also continue, in a wide variety of circumstances, to produce outstanding results and to extend the good name of the Prudential in every domain in which they operate. Surveying the achievements during 1954 of Prudential men and women, at home and abroad, we can feel the utmost confidence in the future of the company.

COMPANY MEETING • DE BEERS CONSOLIDATED MINES LIMITED

Demand for gem diamonds still outstrips production

Intensive prospecting in S.W. Africa

SIR ERNEST OPPENHEIMER ON 1955 OUTLOOK

The Sixty-Seventh Annual General Meeting of De Beers Consolidated Mines, Limited, will be held on June 8, 1955, at the head office of the company, 36 Stockdale Street, Kimberley, South Africa.

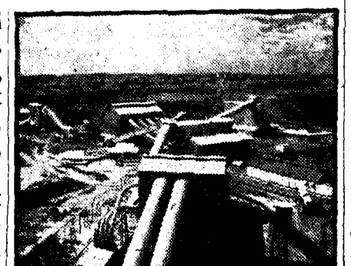
The following is an extract from the statement by the Chairman, Sir Ernest Oppenheimer, DCL, which has been circulated with the annual report and accounts for the year ended December 31, 1954.

THE consolidated profit and loss account shows that the group profit for the year, after providing £7,781,226 for taxation, was £17,729,152. The balance attributable to your company as its share of the profits is £15,253,980.

The consolidated balance sheet shows total assets of £126,327,374. Current assets, loans to other companies and investments total £82,746,498 and exceed all liabilities to the public by £64,058,702. In addition, the group held a stock of diamonds valued at £4,064,546 on the basis of cost of production in the case of the mining companies and cost or market value, whichever was the lower, in the case of the Diamond Corporation, and a stock of mining stores and materials valued at £1,591,891.

It will thus be seen that the financial position of the group has been still further strengthened. Moreover, the capital resources of the trading companies, totalling £15 million, are additional to the consolidated surplus, and the position is such as to provide not only protection to the diamond trade under all foreseeable contingencies, but the means of continuing to play an important part in the mining and industrial development of the country. For these latter purposes we have established two companies, the activities of which I shall briefly review.

Firstly, De Beers Industrial Corporation Limited, was formed to assist in financing various industrial projects, and its principal asset is its holding of half the issued share capital of African Explosives and Chemical Industries, Limited. The dividend received from that company was at the same rate as that for the previous year, namely, 8 per cent, but increased dividends for the current and future years can be expected as the various projects, on the development of which African Explosives have spent so much during the last few years, become fully productive.



Surface works at the Premier Mine (near Pretoria), which has been re-equipped since the war at a cost of more than £4 million.

Secondly, De Beers Investment Trust, Limited, was established in order to employ the surplus funds of the Diamond Corporation in furthering the development of African Explosives and Chemical Industries, Limited, and participating in the development of the Far West Rand and Orange Free State goldfields. Its investments are widespread and largely in developing and expanding concerns, most of which have very favourable prospects. The market value of these investments at December 31, 1954, exceeded their cost by £6,769,000.

In addition to these investments, the Trust Company had made loans at satisfactory rates of interest to other companies at December 31, 1954, totalling £11,031,000, a considerable part of which loans carry valuable conversion rights.

As soon as many of the developing mines and enterprises in which the Trust Company is interested become dividend paying in the comparatively near future, it will be assured of stable and expanding revenue, and your company can look forward to substantial income from this source, not in any way derived from the diamond industry.

Through substantial holdings in the two companies whose activities I have reviewed, the Group has very valuable investments in varied undertakings not in any way connected with the diamond industry. An analysis of the consolidated balance sheet discloses that the value of these investments, based on market price in the case of quoted securities, and the book value of others, plus loans to concerns similarly unconnected with the diamond industry, and the Group cash assets less liabilities totalled £70,709,770.

PROSPECTS FOR 1955

Our gem and industrial sales organisations sold during the first three months of this year :—

Gem	...	...	£15,231,054
Industrial	...	...	£6,936,763
Total	...	...	£22,167,817

The demand for gem diamonds is substantially greater than the production from all sources. Fortunately, intensive prospecting operations in South-West Africa have, during the last few years, increased the proved diamond reserves very considerably. In step with these results, the Consolidated Company of South-West Africa made the required additions to its treatment plants and is now able to increase its monthly output (working average grade of the deposits) from 57,000 carats to 70,000 carats per month. This latter figure should be attained by the end of the year.

Important developments have also taken place in Tanganyika. Williamson Diamonds, Limited, are just completing the erection of a most modern large-scale treatment plant, and we can therefore also expect a larger output from this territory.

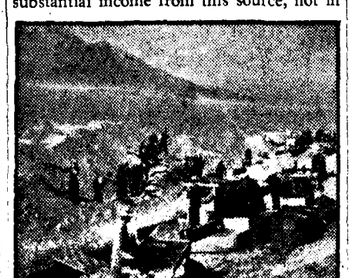
These two enlarged productions will prove a welcome addition to the gem trade. All other producers are working to capacity.

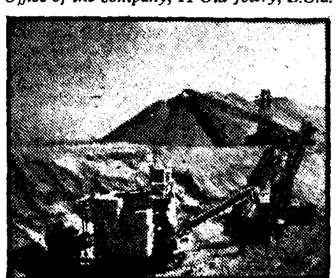
The immediate outlook for the industrial section of the diamond trade is equally promising. Due to very large stockpiling purchases by the United States authorities, the demand is at present exceptionally strong, and during this year we should readily dispose of all current production. But the stockpiling purchases cannot continue indefinitely. Whenever these purchases cease, we will be faced with an overproduction, so that in this case—unlike the gem trade—it is not a question of finding additional supplies, but additional outlets.

This problem is having our most careful and continued attention.

All in all, indications point to 1955 being a prosperous year in the diamond trade.

Copies of the directors' report and accounts, and of the Chairman's statement, may be obtained from the London Transfer Office of the company, 11 Old Jewry, E.C.2.





Prospecting and Mining Operations near Orangemouth. In 1954 The Consolidated Diamond Mines of South-West Africa Ltd. handled more than 18 million tons of ground, averaging over 3,000 tons for each ounce of diamonds recovered.

NEWTON, CHAMBERS & COMPANY LIMITED

MR P. G. ROBERTS'S STATEMENT

The seventy-third annual general meeting of Newton, Chambers & Company, Limited, was held on May 12th at the company's registered office at Thorncliffe, near Sheffield, Mr P. G. Roberts, MA (the chairman), presiding.

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

The profit for the year before taxation was £768,015, an increase of £41,958 over the 1953 figure of £726,057. It should be noted that this profit has been made after charging £92,650 as an addition to the reserve for replacement of fixed assets.

The net profit totalled £306,505 against £145,175 in 1953, and after including profits of earlier years of £11,233 there is available for distribution £317,738 compared with £163,290 in the previous year. This increase is almost wholly due to the cessation of Excess Profits Levy, but despite this valuable relief, which industry has welcomed, our contribution to the Exchequer will be over £460,000 or some 60 per cent of the year's profit. This burden is the heavier because the amount which it is necessary to set aside to provide for the additional cost of replacing the company's buildings and plant, as a result of the rise in prices since 1939, is not allowed as a deduction when taxable profits are computed. The advantage of this reserve which now amounts to £766,907 is indicated by the fact that the present price of plant purchased in 1945 is twice the original cost and for plant purchased immediately prior to the war over three times.

Your directors have proposed to allocate the profit as follows:

Employees Profit Share.—Not only has the gross trading profit shown a further increase over the 1953 figure but also your directors felt that it was right that employees should benefit from the reduction in taxation to which I have already referred. They decided, therefore, to increase the profit share bonus for 1954 from one week to 1½ weeks wages and this was distributed to all employees last Christmas.

Dividend.—Your directors recommend a final dividend of 9 per cent, making 15 per cent for the year.

In May, 1954, the preference shares were converted into ordinary shares and the issued share capital increased to £2 million by the capitalisation of certain reserves and the accompanying balance sheet shows the effect of this reconstruction on the company's capital and reserves.

During the year also the whole of the compensation in respect of the company's holding in Thorncliffe Coal Distillation Limited, amounting to £750,708, was received. This has considerably strengthened the company's liquid position inasmuch as the bank overdraft has been reduced by almost £350,000, and we also hold tax reserve certificates to the value of £370,000.

Current assets at £3,779,376 now exceed current liabilities by £2,288,707 giving a cover of over 2½ times, which represents a considerable improvement over the position a year ago.

The directors have continued their policy of re-equipping, modernising, and extending the works and production facilities. As a result, capital expenditure during the year amounted to £225,738, compared with £148,471 in 1953. At the date of the accounts we were committed to further capital expenditure of £230,469, and our programme over the next three years will call for the expenditure of considerably larger sums and will absorb the whole of the compensation we will receive in connection with our collieries.

In spite of more intensive competition in all fields the company has more than maintained the record turnover of the previous year and increased its profit.

Since the end of the year under review the majority of our employees have had a further increase in wages and salaries with the result that our costs increase as competition becomes keener. Your directors have this problem constantly before them and are seeking not only fresh outlets for the company's products but also new and more profitable fields in which to develop and expand.

CHAIRMAN'S ADDITIONAL REMARKS

The chairman, Mr Peter G. Roberts, said how deeply sensible he was of the great honour which had been done him by his appointment as chairman of the board and said he hoped he would be a worthy successor to Sir Samuel Roberts.

Mr Roberts said that in his opinion, and he hoped in the opinion of the shareholders, the year's results were satisfactory. He felt they must express their appreciation to Sir Harold West, to the assistant managing directors, to the staff and to the workpeople at Thorncliffe who had been able to make this record and this achievement.

The company was moving into more and more competitive times. There were people ready, both at home and overseas, to take orders away from them if prices were too high, or if delivery dates were too long and it was the intention of the board to do everything, not only to keep abreast of the times but to keep ahead of them. The board had before it the consideration of spending over £1 million in the next two or three years in order to make certain that the company had the right sort of equipment and development department in order to ensure that when the opportunities which were coming to industry during the next 10 to 15 years arrived, the company would be right in the front and ready to take up those opportunities. As a company they had in their executive staff a team of wonderful quality. The two things which he believed were absolutely essential were the experience and wisdom of the older members of the team and the enthusiasm and forward-looking of the younger members.

"I can assure you that your board is fully conscious of the opportunities which are going to lie ahead in industry in the next half century," said Mr Roberts. "I believe that the new developments in nuclear power will be as far reaching if not further reaching than the great developments of the combustion engine in the last 50 years. I want to end on this note—that your board is optimistic that your company will be in a position to take those opportunities as they arise."

MANAGING DIRECTOR'S REMARKS

Sir Harold West, seconding, mentioned that the colliery compensation which had been awaited nearly eight years would shortly be available. It was not, in the opinion of the company, a fair compensation for the assets transferred but no doubt it was a fair slice of what there was to divide. This followed interminable arguments about the value of the coke oven plant and he felt that it was a travesty to describe these negotiations as being "between a willing buyer and a willing seller." "There was no willing seller here but that was the basis on which we had to bargain." Among the events of a memorable year had been the raising of the capital of the company to £2 million, a figure which the market obviously regarded as conservative. Sir Harold said they now had a splendid triumvirate of assistant managing directors covering the whole field of production, not as competitors but as a team. He referred with appreciation to the standard of leadership in all departments. Sir Harold referred with particular pleasure to the progress which had been made with training at Thorncliffe where 1,650 boys and girls had been thoroughly and carefully initiated into the service of the company. He was particularly thankful that the company had set aside the sum of £60,000 as a reserve to ensure the continuance of training and welfare work in all circumstances. He was also thrilled to think that of the men who left for National Service, they were able to recover over 80 per cent, such was the care with which they had been prepared for that break in their career. He expressed thanks to the chairman and the board for their steadfast support of all that had been attempted in the way of improving works relations and social welfare at Thorncliffe.

The report was adopted.

EQUITABLE LIFE ASSURANCE SOCIETY

RECORD NEW BUSINESS

Mr J. H. Bevan, the president, was in the chair at the 193rd annual general meeting of the Equitable Life Assurance Society held on May 18th in London. The following are extracts from his speech:

The new life assurance business exceeded £5 million; this is the largest figure ever attained by us. The gross and net rates of interest earned on the funds were £5 5s. 6d. per cent and £4 4s. 4d. per cent respectively.

Claims by death were substantially higher than in 1953 but this is not an indication that the mortality experience has been unfavourable. In fact, it has been good. Expenses of management were rather lower than in 1953; they absorbed 6.2 per cent of the premium income. No marked change occurred in the distribution of the assets, but we have added to our investments in ordinary shares. Of the assets as a whole, I would say that their true values substantially exceeded the figures at which they appear in the accounts.

A new type of contract was introduced a few months ago—the deferred annuity policy with participation in the major profits class. Contracts which participate fully in profits are likely in the long run to turn out rather better for the annuitant than those which do not.

It is now rather more than three years since the society's last published valuation and distribution of surplus were made. The experience so far has been, to say the least, gratifying and we were recently able to announce that the rates of interest bonus would be increased.

The report and accounts were adopted.

THE VULCAN FOUNDRY LIMITED

SUBSTANTIALLY IMPROVED TRADING RESULTS

DEMAND FOR NEWER FORMS OF TRACTION

SIR GEORGE H. NELSON ON BOARD'S FUTURE POLICY

The ninety-second annual general meeting of The Vulcan Foundry Limited was held in London on May 19, 1955. The following is an extract from the statement made by the chairman, Sir George H. Nelson, FCGI, MIMechE, MIEE:

The offer made in January last by Lazard Brothers & Company, Limited, on behalf of The English Electric Company, Limited, for the acquisition of all the ordinary stock of The Vulcan Foundry Limited, and for the publicly-held stock of its subsidiary, Robert Stephenson & Hawthorns Limited, was accepted by holders of the requisite proportion of stock, and was declared unconditional on March 17, 1955.

Following the change in control of the company, I was invited to become chairman of The Vulcan Foundry Limited. It gives me great pleasure to address you for the first time in that capacity, and to welcome your company into membership of the English Electric Group of companies. A close working relationship has, of course, existed between English Electric and Vulcan for many years, and I am confident that our even closer association in the future will prove of the greatest benefit to both companies, to their customers, and to the country as a whole.

ACCOUNTS

The trading results for the year under review again show a substantial improvement. The group profit after bringing in £48,306 surplus on provisions made in previous years, and after deducting tax amounting to £265,560, is £258,449, of which £248,252 is applicable to the members of this company; after transferring £3,165 to capital reserve in respect of pre-acquisition profits attributable to further purchases of stock of our subsidiary company, Robert Stephenson & Hawthorns Limited, the profit for the year is £245,087.

The directors recommend that the replacement of plant and machinery reserve be increased by £163,671, that a sum of £37,802 be allocated to general reserve and £17,000 to provision for employees' welfare.

After payment of the dividend on the preference stock and the interim dividend of 10 per cent on the ordinary stock there remains a balance of £75,447 which the board recommends should be carried forward.

Turning to the consolidated balance sheet, the net current assets have increased by £230,836 to £1,788,432. It will be noted that there is a decrease of £822,103 in work-in-progress, stocks and debtors, against which there is a reduction in the bank overdraft of £879,016. The total share capital and reserves now amount to £2,106,096, an increase over the previous year of £215,085.

THE YEAR'S WORK

Deliveries from the works in 1954 were the highest recorded in the company's history. Locomotives of various types were built for many countries, including Victoria, Chile, Bolivia, Nigeria, India, Spain, New Zealand, Tasmania and British Guiana. Electric and diesel electric production was, of course, carried out in conjunction with The English Electric Company, Limited, while diesel mechanical locomotives were again built in association with The Drewry Car Company, Limited.

THE FUTURE

While your company's work in 1954 was directed towards the balanced output of all types of locomotive, future prospects must turn largely upon the newer forms of traction. The demand for steam locomotives is shrinking everywhere, and the emphasis is increasingly upon diesel, diesel electric and electric traction. The English Electric Company's position in this field is one of undoubted leadership, based on 72 years of experience in the design and manufacture of electric locomotives and traction equipment. The great production potential of English Electric is now reinforced by that of The Vulcan Foundry and Robert Stephenson & Hawthorns, who, in addition to their workshop facilities and labour force, bring to the group a wealth of knowledge and experience, and traditions dating back to the greatest pioneer name in railway history.

It is the intention that the company's resources shall in future be concentrated almost entirely upon the production of diesel, diesel electric, and electric locomotives and of diesel engines, in close co-operation with other works of The English Electric Group, and plans for the necessary alteration and re-equipment of the workshops are already well advanced. Robert Stephenson's works at Darlington and Newcastle-upon-Tyne will continue to be available for the production of steam locomotives, boilers and spares, so enabling us to ensure that our former steam locomotive customers are in no way neglected.

At this time the modernisation of British Railways is a matter of particular public interest, and I feel sure that the outline I have given of the activities of The English Electric Group of Companies in this field of work will lead you to share my hope that the Vulcan Foundry will be given the opportunity to participate in supplying the country's need for locomotives, as it has done so successfully and on so many occasions during the past 125 years.

THE DIRECTORATE

At the end of last year, your board accepted with regret the resignations of Mr F. S. Whalley and Mr R. G. de Quetteville. The general manager, Mr G. Rigby, and the former secretary, Mr K. F. Suggett, were appointed directors in their places. Mr Suggett subsequently resigned from the board, together with Mr K. F. Pearson, and on April 15th last I was invited to join the board, with Mr H. G. Nelson, the deputy managing director of The English Electric Company, Limited. We accepted the invitation with pleasure, and I was appointed chairman on the same date in place of Viscount Bridgeman who resigned that office but remains on the board.

As your company's new chairman, it is perhaps difficult for me to make adequate reference to the directors who have left the board, but I would like to thank each of them for the services they have rendered to the company. I would particularly like to mention Mr Whalley, whose active connection with the company has come to an end after a long and most distinguished record of service as general manager, managing director, chairman and director. Mr. Whalley's place is secure in the history of the locomotive industry in general, and of The Vulcan Foundry in particular, and our good wishes in his retirement accompany our gratitude for all he has done in the past. Lord Bridgeman has occupied the chair with distinction during the past two years, and our best thanks are due to him for his services in that office. I am pleased to say that we shall continue to have the benefit of his counsel on the board.

EMPLOYEES

I am sure you would not wish me to close this statement without a reference to the company's employees, whose hard work and excellent team spirit contributed so much to the results achieved in 1954, and on your behalf I would like to thank our managing director, Mr Collingwood, the general manager, Mr Rigby, and the staff and employees of all grades.

The report and accounts were adopted.

CITY DEEP, LIMITED

MR N. W. S. LEWIN'S ADDRESS

At the fifty-fourth Annual Meeting of shareholders held in Johannesburg on May 10, 1955, Mr N. W. S. Lewin, the Chairman, in the course of his remarks, said:

Due largely to an improvement in the Non-European labour supply the quantity of ore mined was higher than in the previous year with the result that, in spite of a slight decline in yield, the gold recovered increased by 2,209 ounces. Revenue was, however, lower by £5,310 because of the lower average revenue per ounce from sales of gold. Working costs increased by £137,061 and working profit decreased by the substantial amount of £142,371 to £175,885.

In the Annual Report under the heading of General Comments on the Position at the Mine, your attention was called to the difficult phase through which the mine is passing. Working costs include the cost of the sinking of the K line of shafts. These charges come to some 2s. 5d. per ton milled and they must continue for some years, although possibly on a declining scale, as individual shafts are completed. The equipping of these shafts is a capital charge and the Report advised you that £230,000 was the estimated sum that will be spent on capital account in the current year. Similar sums are likely to be spent for some years. You will be glad to know that there have been various stretches of the Main Reef Leader body along the bottom levels in the K line of shafts where payability and values are encouraging. This applies in particular towards the west of the property. From now on the rate of reef exposure in depth should increase, but a great deal of work remains to be done before the prospective tonnage and grade in the bottom levels can be accurately assessed. Unfortunately the profits over the last few months have decreased to marginal proportions due mainly to a further increase in working costs. Every effort is being made to raise the tonnage milled to the maximum with a view to increasing the profits, for, as you will appreciate, it will not be possible for the company with its present resources to finance for more than a few years the expected rate of capital expenditure unless profits improve. This question and the many and varied technical problems that face the management receive the constant and urgent attention of all parties concerned.

The Report and Accounts were adopted.

AFRICAN & EUROPEAN INVESTMENT COMPANY LIMITED

(Incorporated in the Union of South Africa)

COMPANY'S FIFTIETH ANNIVERSARY

MR R. B. HAGART'S REVIEW

The following are extracts from the statement by the chairman, Mr R. B. Hagart, which has been circulated with the annual report and accounts for 1954:

The profit earned during the year ended December 31, 1954, was £902,300, as compared with £855,194 in 1953 and £929,344 in 1952.

Provision for taxation amounted to only £9,111, most of which was due to an underestimation in respect of the previous year. This modest amount was the result of the sale during the year of entire holdings in certain shares at well below the tax cost.

Directors' additional remuneration absorbed £5,000 and a sum of £724 spent on prospecting was written off.

After making provision for a loss of £7,465 incurred by a subsidiary company and transferring £250,000 to general reserve, the dividend distributions were maintained at 6 per cent on the preference capital and 2s. 6d. per stock unit on the ordinary capital, absorbing £627,500. Unappropriated profit carried forward was £225,454, as against £222,954 brought forward from the previous year.

During the year 780,000 new ordinary shares were issued to stockholders at 45s. per share and Anglo American Corporation of South Africa, Limited, subscribed for 800,000 new ordinary shares at 50s. per share. The proceeds of these issues enabled the company to discharge its liabilities of £3,700,000 arising out of the note issue and loan.

THE ORANGE FREE STATE GOLD MINING INDUSTRY

Considerable progress has been made in the Orange Free State goldfield during the period under review.

The Harmony, President Brand, President Steyn and Virginia mines commenced gold production at various times during the course of the year, bringing the number of producing mines to eight; and these mines together achieved an aggregate gold output more than double that of the previous year, the total tonnage milled amounting to 4,434,000 tons, yielding 1,095,540 ounces of gold for a value of £13,717,663. The comparative figures for 1953 were 2,124,000 tons milled, yielding 431,261 ounces of gold for a value of £5,358,605.

Significant as this achievement has been, it still represents only the beginnings of the contribution the new goldfield will make to the national economy.

Moreover, the country's gold revenue and its resources of foreign exchange will be further supplemented by a growing output of uranium from the Orange Free State mines.

The Orange Free State mines in which we are particularly interested are now at the stage where schemes are being carried out that will enable them to attain their full economic production.

THE SOUTH AFRICAN COAL INDUSTRY IN 1954

Any review of the state of the coal industry in South Africa during 1954 must be made against the background of difficult transport conditions.

The result of the transport crisis is that the South African collieries are generally working well below full productive capacity, the export trade has diminished to negligible proportions and non-priority inland consumers are subjected to various degrees of severe rationing.

In these circumstances expansion expectations must be viewed with caution, even though it is clear that the fuel requirements of heavy industry, the power stations and other consumers are mounting.

The South African Railways Administration is fully aware of the problems confronting it and there is evidence of its realistic planning to endeavour to meet future traffic demands.

On the technological side of the industry, limited efforts are being made by the Fuel Research Institute of South Africa to discover and improve methods of processing coal, with a view to achieving maximum thermal efficiency with as small an amount of available fuel as possible. The mines in which your company is interested can justly claim to have done much good work in this connection, and modern washing plants are a feature on many of our collieries whose raw coal quality requires this type of treatment.

During the year under review the total sales of coal mined in the Union amounted to 31,301,578 tons, as compared with 30,569,655 tons in 1953. The collieries in which your company is interested sold 13,451,662 tons, representing 44 per cent of the total.

GENERAL

Your company is now at an interesting stage in its history.

Eighteen years ago—in March, 1937—Block 7 in the then unknown Orange Free State goldfield was acquired, and since then, first in exploratory expenditure and, subsequently, in providing its share of capital requirements, the company has pursued this investment, in addition to following and expanding its direct and indirect coal interests.

This development programme naturally called for the provision of considerable sums of money, and while not inconsiderable profits have been made from time to time in sharedealing, the main reward in the form of an enhanced dividend income has still to be gained. That reward now appears to be not far distant and over the next four or five years it is hoped that revenue from these sources will show a steady and pleasing improvement.

Copies of the report and accounts, incorporating the full statement by the chairman, are obtainable from the London office of the company, 11 Old Jewry, E.C.2.

RAND MINES, LIMITED

MR W. M. FRAMES'S SPEECH

At the sixtieth annual meeting of shareholders held in Johannesburg on May 13, 1955, Mr W. M. Frames, the Chairman, in the course of his remarks said:

The income was £712,900, a decrease of £13,200 compared with the figure for 1953. This income was derived from dividends, interest and sundry revenue. The decrease was, however, offset to a large extent by certain variations in the other items in the profit and loss account, with the result that the profit for the year before taxation declined by only £3,900. After maintaining dividends at the previous year's level of 6s. per share, providing £12,000 for taxation and transferring £11,000 to exploration reserve, the unappropriated balance at the end of the year decreased by £1,900 to £1,882,800. The company's net liquid surplus at £2,386,900 reflected an increase of £703,800 as compared with the previous year's figure. In accordance with established practice, profits on the realisation of investments were added to investment reserve account which, at the end of the year, stood at £6,331,500. Investments in shares and debentures were brought into account at a book value of £6,573,000 which is a decrease of £188,200 compared with the total at the end of 1953. This decrease is accounted for by the fact that not all investments sold were fully replaced. All investments stand in the books at the lower of cost or Stock Exchange valuation or Directors' valuation if unquoted.

THE GOLD MINING COMPANIES OF THE GROUP

You will have noted from the schedule of results obtained by the Witwatersrand and Orange Free State gold producing companies of the Central Mining-Rand Mines Group included in the report that, in the aggregate, both the tonnage milled and the yield increased modestly but, due to an increase of 1s. 2d. per ton milled in working costs, gold mining profits decreased by £578,300 against which there was an increase of £818,500 in uranium profit earned by Blyvooruitzicht.

The development accomplished during the year totalled 384,900 ft which was 26,500 more than the corresponding figure for 1953. The available ore reserves of ten of the mines listed amounted to 36,838,700 tons—a decrease of 1,810,400 tons compared with the estimate for the previous year.

The Group's new Harmony mine in the Orange Free State commenced gold production in September last, and uranium plant testing operations commenced towards the end of March, 1955. Of the total of 14,825 ft of reef sampled at the mine by the end of March, 1955, 13,720 ft, equal to 92.5 per cent, proved payable at an average of 615 inch-dwt. The installation of the second unit of the reduction plant, which will increase the capacity of the plant to 90,000 tons per month, is nearing completion and the tonnage milled is being steadily increased to that figure. The company's profit should shortly be augmented by a material contribution from uranium extraction operations.

SOUTH AFRICAN INDUSTRIAL ENTERPRISES

With regard to the various South African industrial enterprises in which your company is interested, the outputs of the Witbank and Van Dyks Drift Collieries, although showing some improvement over the figures for their previous financial years, continued to be restricted by the inadequacy of the railway facilities. Exports of coal were again on a very small scale and although the coal is available and there is undoubtedly scope for an increase in this trade handled by collieries which are members of the Transvaal Coal Owners Association, it is improbable that circumstances will permit any material improvement until it has been possible, through an improvement in the railway system, to satisfy the ever increasing inland demand for coal which the industry accepts as being its first priority.

The Pretoria Portland Cement and its associated cement companies earned higher net profits than in their previous financial years and continued steadily with their individual consolidation or expansion programmes. In general the various factories operated to capacity, but local demand again exceeded supply. The Premier Cement company in Rhodesia has nearly completed its programme of expanding productive capacity by between 100,000 and 120,000 tons per annum and has recently, in association with others, acquired the entire share capital of the Northern Rhodesia Lime Company Limited which supplies the lime and limestone requirements of the Copper Belt from its works at Ndola. In addition, the Premier company has assumed responsibility for the management of the Chilanga Cement Company, Limited, which operates cement and lime factories near Lusaka, and is acquiring a substantial share interest in that company.

The Hume Pipe company maintained its trading operations satisfactorily. The company continues to modernise and expand its equipment and plant and is well placed to take full advantage of any increase in business activity.

The timber and forestry companies of the Central Mining-Rand Mines Group experienced another successful year marked by increased sales and further expansion of productive capacities.

The Northern Lime company's new works at Silver Streams successfully commenced production towards the end of 1954. The probable output commitments of the company are at present estimated to warrant the installation of a second and possibly a third rotary kiln at Silver Streams—the extent of this possible expansion and the method of its financing are being considered by the Board of the Northern Lime company.

It is with regret that I have to report the resignation in December last of Mr W. H. A. Lawrence who became an alternate director of your Company in February, 1928, a director in March, 1929, and Chairman in January, 1948. On behalf of the Board of Directors and shareholders, I should like to thank Mr Lawrence for his outstanding services to the company and his wise guidance of its affairs, and to extend to him all good wishes in his retirement.

The Report and Accounts were adopted.

WM. FRANCE, FENWICK & COMPANY LIMITED

INCREASED PROFIT AND DIVIDEND

MR KENNETH R. PELLY'S STATEMENT

The annual general meeting of Wm. France, Fenwick & Company, Limited, will be held on June 8th in London.

The following are extracts from the statement by the chairman, Mr Kenneth R. Pelly, MC, circulated with the report and accounts:

The gross profit for the year amounting to £631,648 shows an increase of £16,683 over the previous year. It is proposed to pay a final dividend of 9 per cent, making 12 per cent, less tax, for the year, which exceeds last year's dividend by 2 per cent, and to distribute a further 3 per cent, free of tax, to ordinary stockholders as a capital accretion distribution, the same as last year.

THE FLEET

During 1954 one of our deep-sea vessels has continued to carry ore to this country. Her sister ship, together with one of the 4,000-ton colliers and two intermediate type ships, have again been employed on the east Canadian and American coasts during the summer.

Our collier tonnage has continued trading on the coast and carrying coal to the gas and electricity undertakings and also, to an increasing extent, carrying coal from the Continent to this country. This is owing to the importation of foreign coal to augment our own supplies required by the National Coal Board and public utility companies.

The coal situation seems to become more and more complex. It has been particularly noticeable this year from the point of view that, in the past our ships have carried a considerable number of export cargoes during each year, these same ships now go in ballast to the ports where they once discharged export coal cargoes to load coal not only for London, but for ports in the Firth of Forth, Humber and Bristol Channel, all well-known export areas.

The present inadequate output from our collieries cannot satisfy the increasing demands of industry now geared to maximum production in order to compete in the export market. This means that the import of coal has come to stay, anyhow for a time, and must necessitate an increase in the cost of coal which, in turn, means an increase in the price of steel and other building costs.

With regard to our new buildings, we have two 4,600-ton colliers for delivery this year. The first one was launched in April and will now very shortly be in commission when she will commence a ten years' charter to the Central Electricity Authority for the carriage of coal. We hope for delivery of the second of these ships in October. She will be fully equipped for use in many trades. In both cases, these ships are oil fired. We anticipate that the second one may spend much of her life in the foreign trade.

Our two diesel deep-sea ships, delivery of which, as I reported last year, had fallen back by twelve months, have now been delayed even beyond this period. In the meantime building costs have continued to rise and a position has been reached where it is almost impossible even to make a guess as to what the final cost may amount. We hope to take delivery of the first of these ships in July, 1955, and the second one possibly in January, 1956. One cannot express one's opinion strongly enough on these continual delays and ever-increasing costs. If this is going to be the position in this country in the future it will certainly drive more and more shipowners to build abroad where, up to a few weeks ago, one could obtain a fixed price and delivery date that would be adhered to, although I believe at the present time a fixed price would not be possible in the larger yards on the Continent owing to the amount of tonnage they have booked. One sees the reaction to this state of affairs in this country by the fact that the Norwegians who invariably place a large proportion of their orders over here, have lately embarked on a programme of building dry cargo vessels, orders for which have been placed on the Continent.

TAXATION—REPLACEMENT

We shall shortly be trading four new ships at a very high level of cost in what may or may not be a reasonable freight market. Good profits may be earned, but owing to the present taxation position comparatively little will remain for distribution to stockholders after taxation and the requirements for future replacement and reserve have been met.

Some relief, however, was given by the Chancellor of the Exchequer in his recent Budget and it is interesting to see that in his statement he himself realised the weight of present taxation by referring to it as a sheer burden on the economy. Whilst the reduction in the rate of income tax will be appreciated by industry generally, one feels that it can scarcely be regarded as a very material relief.

Further replacement of old tonnage is fast approaching and opportunities for more expansion are available if we could make use of them. This is one of the great problems before the directors of your company and in fact every other shipping concern.

Your directors have always endeavoured to strike a reasonable balance between the provision to be set aside for replacement of tonnage, so necessary to the future of the company, and the payment to stockholders of an adequate return on their investment. In this they feel they have been successful, although with the continued ever increasing price of new tonnage, criticism might well be made that a greater amount should have been ploughed back into the company, which could only have been done at the expense of dividends.

THE OUTLOOK

To be dogmatic about the future is a thing of the past. The uncertain world in which we live does not tend to help prophecies.

Our coasting and near sea trade interests seem assured for the time being with the continuance of increasing demand for coal. Rates of freight are reasonable so long as we are not met with further severe increases in costs.

In the deep sea trades freights greatly improved in the latter months of last year. There we have been able to take advantage of, and this should have the effect of more satisfactory results with ships in this trade.

Taking a view on all the known factors before me, I see no reason why the current year's trading should not be as satisfactory as the results before you.

You may well think that with the advent of new tonnage, profits should materially increase. On the other hand, there are units of old tonnage which have been good earning assets in the past now fast becoming uneconomic and due for disposal.

For any appreciable increase in available earnings, we must look to a maintenance of freights at a satisfactory level, a reduction in costs and some further easing of the still oppressive level of taxation. I regret to say any prospect of an early improvement in costs is not encouraging.

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY

(Incorporated in Newfoundland)

SATISFACTORY OVERALL TRADING RESULTS

MR ELLIOTT M. LITTLE'S REVIEW

The ordinary general meeting of Anglo-Newfoundland Development Company, Limited, was held on May 12th at the offices of the company, Grand Falls, Province of Newfoundland, Mr Elliott M. Little (the president) presiding.

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

The results of the operations of the company for the year 1954 were generally satisfactory. There was a drop in earnings from our newsprint operations due to increased pulpwood and manufacturing costs, together with a further weakening of the United States dollar. However, the reduced profit of the parent company was more than offset by the increase in revenue from its mining interests, resulting in an overall increase in profits over 1953.

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

With the expected completion in 1955 of a modern wood handling system and major repairs to its older penstocks, the company will have reached the end of the rehabilitation programme commenced some eight years ago. A plant to produce sulphur dioxide gas from the burning of iron pyrite concentrate from the Buchans mine for making sulphite mill cooking acid has been completed and operations commenced early in 1955. Additional capital expenditure will be incurred as demanded by current operating requirements and as worn-out plant and obsolete machinery require to be replaced. It is expected that normal depreciation will be adequate to meet these requirements.

Plans are under active study to increase the newsprint production of the mill, mainly through the greater utilisation of present facilities, to the full capacity of the company's timber limits to supply wood.

A good demand for newsprint continues and the company's contract or order position is very satisfactory.

GASPESIA SULPHITE COMPANY, LIMITED

During the year 31,603 tons of unbleached sulphite pulp and 42,483 tons of bleached sulphite pulp were produced or a total of 74,086 tons, compared with 54,176 tons of unbleached pulp and 14,426 tons of bleached pulp, or a total of 68,602 tons in 1953.

As a result of the larger quantity obtained, the cost of production per ton shows a slight decrease in 1954. The prices of unbleached and bleached sulphite pulps remained unchanged during the year. The price of unbleached pulp increased by $5.00 per ton in January, 1955, with the result that the differential per ton between the prices of these pulps is now reduced to $15.00. Pulp demand and pulp prices show signs of firming.

The principal item of capital additions in 1954 was the conversion of a major section of the steam plant to burn oil and the installation of the necessary oil handling and storing facilities.

TERRA NOVA PROPERTIES LIMITED—BUCHANS MINE

Operations were continuous throughout the year and ore mined and milled was 340,000 short tons—6,000 tons less than for 1953. Improved grade of ore mined plus higher metal prices were responsible for the increased revenue obtained from the sale of metals in 1954.

Exploration and geological reconnaissance work was carried out throughout the summer season on areas within the Crown Lands Concession, but no mineralisation of economic importance was discovered.

Ore reserves as of December 31, 1954, were estimated to contain 5,694,000 short tons of assured and probable ore. The increase of established reserves was made possible by additional underground diamond drill hole intersections in R-4 orebody and the delimiting of Oriental No. 2 orebody by surface diamond drill holes. A small tonnage of low grade ore, remaining in old sections of the mine, is also available for extraction.

Mine development for the year totalled 10,405 feet, with 87 per cent of this work being done in the Rothermere mine, for opening up stoping areas and for continuing with exploration of R-4 orebody. The heavy development programme in Rothermere mine will continue next year and opening up Oriental No. 2 orebody will be started.

Production estimate for 1955 calls for approximately the same tonnage and grade as that obtained during 1954.

MONTMORENCY SHIPPING LIMITED

This company continues to operate a fleet of time chartered vessels for the movement of newsprint to the parent company's American customers. The downward trend of shipping rates continued well into 1954, tending to rise sharply in the last two months of the year. Despite the adverse effect of these low rates on revenue from outside cargoes, the cost of freighting newsprint tonnage was slightly lower than that of the previous year. Under the circumstances the showing of a small profit during 1954 may be considered satisfactory.

I have to record with deep regret the death on January 20, 1955 of Mr Clifford Lawes, vice-president of Montmorency Shipping, Limited. Mr Lawes had been associated with our shipping interests for the past fifteen years, which included the difficult second world war period. His service to this company will be greatly missed.

CONSOLIDATED POSITION

Consolidated profit, after depreciation and taxes, of $3,631,516 is equivalent to 66 cents per stock unit, compared with $2,935,986 or 53 cents per stock unit for the previous year. Consolidated working capital amounted to $20,032,211 as at December 31, 1954, compared with $19,790,981 as at December 31, 1953.

I should like again to express my sincere appreciation of the excellent efforts of the officers and employees of the company.

The report and accounts were adopted.

THE LONDON ASSURANCE

PERIOD OF CONSOLIDATION AND EXPANSION

The annual general court of The London Assurance will be held on June 8th in London.

The following is an extract from the circulated statement of the governor, Mr R. Olaf Hambro:

The increase in our total premium income in the fire, accident and marine departments was £216,189, bringing the figure to a grand total of £16,527,122

Taken over all, the year has not been an unsatisfactory one, though the operations of our fire department have been overshadowed by the heavy cost of the three great hurricanes which swept across eastern North America in the latter part of the year. Apart from the wind-storm losses, the year has not been marked by major catastrophes or changes in the nature of our business, and perhaps I can best describe it as a period of continued consolidation and expansion.

The total cost of the hurricanes to insurers, whether American or foreign companies or Lloyd's, has been estimated at $276 million. The net cost to our group was approximately £190,000.

Life Account: In the life department we have had a most successful year. Premium income has risen to £2,117,264, an increase of £184,491 on the year.

Profit and Loss Account: The transfers from the four underwriting accounts amount in all to £1,005,507, as compared with £1,143,278 in 1953. The provision for United Kingdom taxation takes £475,000 and the profit for the year comes to £721,748.

It is proposed to pay a final dividend of 12s., making a total of 22s. a share for the year 1954, as compared with 20s. for 1953.

INVESTMENTS

The investments of the corporation have become of recent years, with the large increases of the funds, a very important part of the organisation.

We in the insurance business are sometimes accused of failing to do all that we might do to help in the establishment and expansion of smaller businesses. It should not be assumed that this responsibility is one which should rest on the insurance companies alone. There are today a number of finance companies whose primary object is the financing of small businesses. These companies, together with the banks, the old-established issuing houses, and the insurance companies, constitute a market for small industry which did not exist twenty years ago, when attention was first centred on what became known as the Macmillan Gap. It is without doubt of vital importance to the national economy that capital should be made available for worthwhile enterprise. I readily admit that our first thought is for the interests of our policyholders, but at the same time I must insist that I see no justification whatever for the mischievous doctrine that there is a fundamental and inescapable conflict between the national interest and the interests of the policyholders which we endeavour to serve. On the contrary, I believe that in the long run the interests of the institutional investor and the interests of the country are inextricably interwoven, and that by investing our money to the best advantage we shall at the same time make our best contribution to the maintenance and development of the country's resources.

THE EVER READY COMPANY (GREAT BRITAIN) LIMITED

MANUFACTURERS OF DRY BATTERIES

MR E. N. ROWBOTHAM'S STATEMENT

The annual general meeting of the Ever Ready Company (Great Britain), Limited, will be held on Wednesday, June 8, 1955, at the head office, Hercules Place, Holloway, London, N.7.

The following is the statement of the chairman, Mr E. N. Rowbotham, which has been circulated with the report and accounts for the year ended February 28, 1955:

It is with the deepest regret that I report the death of Mr W. A. R. Manning on September 26, 1954. Mr Manning joined the company in 1924 and was elected a director in February, 1951. He was chiefly concerned with the expansion and improvement of the company's production of dry batteries and his death at the early age of forty-eight is a great loss to the company.

The directors recommend the election to the board of Mr L. W. Orchard who has served the company in various capacities for twenty-four years and has acted as a joint general manager since October, 1950. Mr Orchard is also a director of other public companies and is manager of the Ever Ready Trust Company, Limited.

During the year your directors have appointed two additional joint general managers of our business who represent our home sales organisation. I greatly value the work of our joint general managers who meet at frequent intervals with the directors of the company and form a committee of management in which all sections of the business are adequately and authoritatively represented.

RECORD PROFITS AND DIVIDENDS

I am glad to be able to inform you that the consolidated net profit for the year after all charges, including taxation, reached the record figure of £775,532 compared with £406,807 last year, an increase of £368,725. The total taxation charge amounts to £729,352 compared with £670,185 though the company this year is relieved of the burden of the excess profits levy which last year amounted to £142,000. The directors have decided to set aside to the reserves account not only a sum equivalent to this saving of excess profits levy but in addition a substantial sum out of the profits of the year which will be retained in the business for its future development and expansion and for the maintenance and improvement of its capital assets.

However, in view of the very good results achieved this year the directors feel that it is right and proper also to increase the payment to stockholders and they have therefore recommended that a final dividend of 25 per cent be paid, making 35 per cent for the year on the ordinary stock as increased by the scrip issue made last year which brought the issued ordinary capital up to £1,515,603. The total ordinary dividends for the year will absorb £301,226 net after deduction of income tax compared with £222,289 last year which on a comparable basis represented 26¼ per cent. The distribution has also been increased by the change in the standard rate of income tax deducted from the final dividend from 9s. to 8s. 6d. in the £.

INCREASED SALES

The increased profits to which I have referred have been achieved by reason of greatly increased sales which have reached record figures in most departments of the business. The total of the company's business at home exceeded all previous records. The additional facilities for Alldry Radio Set manufacture to which I referred in my statement last year have been working at peak level and further extensions to this department have been put in hand this year. There have been shortages of materials for the manufacture of cycle lamps and torch cases, but arrangements have now been made to overcome these during the coming year. Sales to overseas markets also exceeded all previous records.

RECORD WAGES PAID

The salaries and wages paid to the company's staff and workpeople have also exceeded all previous figures by a considerable margin, although the total number of employees has not materially altered. The company is fortunate in having a loyal and efficient staff to whom I pay my tribute for the industry and efficiency which has been shown in all departments during the past year and it was with great pleasure that on behalf of the company I recently presented a further twenty-five gold watches to long-service employees. This brings the total of employees who have served the company for twenty-five years or more to 208. The company has done and will do all in its powers to increase productivity by means of more efficient processes and improved plant and machinery and I am sure I can count on all the staff and workpeople to co-operate to the full, thus enabling us to maintain a first-class product at fair and attractive prices.

STRONG FINANCIAL POSITION

The consolidated balance sheet shows that the company's financial position has again been further strengthened during the year. The surplus of current assets over current and deferred liabilities (including the deferred liability for future taxation) has increased from £630,897 to £1,128,804. Stock-in-trade has increased from £1,285,545 to £1,538,953 partly due to increased prices of raw materials and partly due to greater production, and trade debtors have increased from £700,426 to £825,745 due to higher turnover. Trade creditors show little change and tax reserve certificates and cash at bank have risen slightly from £981,053 to £1,008,652.

We have again paid off a further large instalment of the deferred liability for obligations to employees' pension funds in respect of past service. The liability is now reduced to £89,140 compared with £226,108 last year.

During the year considerable progress has been made by our subsidiary companies in Germany which have experienced a good year's trading. There are, however, still a number of accounting and exchange difficulties which have made impossible the consolidation of their accounts with our own. We have made plans to deal with these difficulties and providing we can obtain the necessary consents of the German government departments we hope to be able to consolidate the accounts of these companies next year.

DRY BATTERIES AND TRANSISTORS

We are continually seeking for new outlets for our products and there is no doubt that the use of electronic devices of many types has created and will create additional demands for the portable form of electricity which we manufacture. We are equipping new electronic development laboratories to investigate all possibilities of extending the use of the company's dry batteries.

The most important recent development in the electronic industry is the transistor, that tiny rival to the thermionic valve. The transistor, with its small size and greatly increased efficiency, removes most of the obstacles to portability in electronic devices. For many years the most rugged, dependable, convenient and economical source of portable electric power has been dry batteries. Therefore, as more and more electronic devices become portable, more and more dry batteries may be expected to power them.

Transistor hearing-aid instruments are already in use in this country and elsewhere, and dry battery-operated radio receivers incorporating transistors are in an advanced stage of development. I anticipate that transistors will be extensively used in many electronic devices, and the natural source of power for these instruments is the dry battery.

CONFIDENT OUTLOOK

I am glad to be able to tell you that the current year's trading has started well, sales to date being in excess of those of the corresponding period last year. I am, however, concerned about the increasing prices of many of our raw materials as well as increases in wage rates and in the costs of the many services necessary to operate our business.

As I have informed you previously, it has always been the opinion of your directors that high prices for our products, however justified by high costs, operate to the disadvantage of our business and tend to restrict its development. It is clear, therefore, that the continuing prosperity of our business must depend upon increased productivity and increased turnover.

CROWN MINES LIMITED,

A MAJOR UNIT IN GOLD MINING INDUSTRY

At the fifty-ninth annual meeting of shareholders held in Johannesburg on May 10, 1955, Mr P. H. Anderson, the chairman, in the course of his remarks said:

In spite of the fact that milling has been in progress for 57 years Crown Mines is still one of the major units in the South African gold mining industry, the tonnage milled in 1954 being the highest in the industry and gold production being the fourth highest.

Quite clearly it is in the common interest that every effort should be made to prolong the profitable life of such an important unit in the country's economy.

The chances of survival must of course depend upon two main factors: firstly on the physical extent and nature of the ore body remaining to be mined, and secondly on the economic conditions under which such mining will take place.

The physical nature of the ore body has deteriorated with depth, but while this is so, the effects of this deterioration have been aggravated by other considerations. One of

these has been a physical one, namely, the so-called Vierfontein Dyke.

As a result of the presence in the Central and Eastern Sections of the mine of this 400-foot wide dyke and the accompanying 500-foot vertical displacement of the ore body, it would be necessary to carry out an extensive and costly modification of the existing system of incline shafts in order to (a) re-establish contact with the Main Reef Leader on the 9,500 foot horizon, (b) permit the exploration of the reef below this depth and (c) exploit it. Probing of the area by means of underground boreholes and winzing has been carried out, but, judging from the results of this limited amount of work and the marginal values to the north of the dyke, there would appear to be but little encouragement, if any, to incur the heavy expenditure necessary to permit even a reasonably thorough exploration of this area of doubtful payability—at least under present economic conditions and trends.

EVER-INCREASING PRODUCTION COSTS

The other factor which has aggravated the effects of the physical deterioration of the ore body at depth is an economic one, namely the ever-increasing costs of production. Part of this increase in working costs is attributable to increased depth itself. Higher rock temperatures call for increased cooling and ventilation, greater pressure calls for increased support, and a shorter working shift results from increased travelling time—to mention but a few of the contributory factors. Strenuous efforts have been made—and with no little success—to combat rising costs by increasing efficiency through mechanisation and improved techniques.

The only real hope for any improvement in the future would, in the absence of an increase in the price of gold, therefore appear to lie in a reduction of costs, and as this cannot be done unilaterally by the gold-mining industry, let alone by one unit in that industry, such a move can only spring from a concerted effort on the part of the country as a whole.

The report and accounts were adopted.

Bayerische Hypotheken-und Wechsel-Bank

HEAD OFFICE **MUNICH**

Foreign Trade Bank

At the ordinary General Meeting on April 28th, 1955, it was agreed upon that for the business year 1954 a **dividend of 9% will be distributed** on the common shares in the total of nom. DM 26,985,000, and a dividend of 4½% on the common shares totalling nom. DM 13,015,000 issued in the course of the 1954 capital increases and participating in dividend payments beginning July 1st, 1955.

Balance-Sheet Total:

As at December 31st, 1954:	app. DM 2,102,990,000
As at February 28th, 1955:	app. DM 2,157,580,000

Principal Items of the Annual Balance Sheet per December 31st, 1954:

Capital Stock	DM	40,010,000.00
Reserve Funds	DM	14,201,500.00
Pension Funds	DM	49,773,355.00
Deposits	DM	1,143,738,917.74
including Savings Bank Deposits	DM	301,164,266.22
Debtors	DM	653,721,839.71
Long-Term Loans extended by the Mortgage Department	DM	464,856,275.98
Debentures	DM	687,620,670.03

Besides the **Munich Head Office,** the following Branch Offices are licensed **Foreign Trade Banks:**

Augsburg, Nuremberg, Ludwigshafen, a.Rh., Aschaffenburg, Bamberg, Frankenthal, Grünstadt, Hof (Saale), Kaiserslautern, Kaufbeuren, Kempten (Allgäu), Kitzingen, Kusel, Lindau (Bodensee), Lindenberg (Allgäu), Mannheim, Neustadt a.d. Weinstrasse, Neu-Ulm (Donau), Regensburg, Schweinfurt, Selb, Weiden (Oberpfalz), Würzburg, and our Grossmarkthalle Branch Office in Munich.

Munich, April 1955.

THE BOARD OF MANAGEMENT

NORTH BRITISH & MERCANTILE INSURANCE

CHAIRMAN'S VISIT TO OVERSEAS BRANCHES

LORD BRAND'S SPEECH

The one hundred and forty-fifth Annual General Meeting of the North British & Mercantile Insurance Company Limited, was held on May 12, 1955, at the registered office, 64 Princes Street, Edinburgh.

The Right Honourable Lord Brand, CMG, DCL (Chairman of the General Court of Directors) presided.

The Chairman said: I should like, as I have done for the last few years, to add at this Meeting a few remarks to what you have already read in my statement.

Since the statement was circulated to you, we have heard with deep sorrow of the death of our colleague and friend Mr Charles Morley. He was appointed a director in 1912 at the age of 27 years and had been associated with the Company for over 43 years. He was also on the Board of the Railway Passengers Assurance Company, which he joined in 1934.

As you will have seen from the report, Mr Dickson, on medical advice, has indicated his wish to retire from the General Court after the Annual General Meeting. We are sorry that he has had to take this step but are very pleased that he is able to be with us today, and we thank him for the help which he has always given us.

Mr Harman, who, as you know, succeeded Mr Lansdowne in the position of General Manager at the end of June last year, is unfortunately unable to be present with us today. He is now paying a visit to the United States and Canada in connection with our very important interests there. However, we are glad to have with us Mr Aitken, our Deputy General Manager.

You may have seen recent references in the press to an offer we have made to purchase the entire capital stock of the Central Surety and Insurance Corporation of Kansas City, Missouri. The cost of this investment would be financed out of the existing resources of our Group. As you know we do not at present transact casualty business in the United States and completion of this purchase would enable us to add casualty insurance to the facilities we offer in that territory.

CHAIRMAN'S OVERSEAS VISIT

During the first three months of this year I took the opportunity of visiting our branches in India and Australia and had a very interesting and informative trip. Unfortunately, through unforeseen circumstances, my time in India had to be curtailed, but both Mr Middleton and Mr Cole, our Local Managers at Calcutta and Bombay, respectively, ensured that the time at my disposal was turned to best account and I was able to meet some of our agents and friends there. I then went on to Australia, where Mr Wark, our Manager for Australia and New Zealand, in whose capable hands responsibility for our business in those territories rests, made admirable arrangements for my stay, and accompanied me throughout it. I was able to see at first hand the details of our organisation and to meet our branch managers, officers and staff to whom I should like to express my appreciation of all that they did for me.

I spent most of my time in the great cities of Melbourne and Sydney, from which centres a large part of our business originates. I was impressed by the efficiency of our management, and by the possibilities of growth which Australia offers.

I would also refer with pleasure to the opportunity which my visit gave me of meeting and conferring with my colleagues on our Board of Directors, in Melbourne, and on the board of our associated company, the Insurance Office of Australia and also the Directors of our Local Boards. Unfortunately circumstances prevented me from visiting New Zealand, as I had originally intended.

EFFECT OF WINDSTORM DISASTERS

You will have seen from the report and accounts that the profit transferred from our fire underwriting account unfortunately shows a considerable reduction when compared with the figures that we have been able to produce over the past few years. As I have mentioned in my statement this is due to the magnitude of the Windstorm disasters which afflicted the eastern seaboard of the United States of America last year. I said that our group alone dealt with over 22,000 claims arising from these storms. This was an early estimate of the number of such claims, and the final total is, in fact, no less than 43,000, for which claims we have made full provision in the accounts now before you. In view of the very large volume of business we transact in the area concerned, it is not surprising that these Windstorm losses have so greatly affected our fire results for the year.

THE CURRENT YEAR

I hope and believe we may look forward to a successful year in 1955. The country is prosperous and production continues to increase. It is quite clear, however, that though our exports continue to grow, our imports have expanded to a volume which is beyond our present means to pay for. We must assume that, whatever party obtains a majority in the General Election, the Government will take all necessary steps to see that we live sufficiently within our means to maintain and indeed increase our reserves and to play worthily our part as bankers to other countries in the sterling area.

On the motion of the chairman, seconded by The Honourable Arthur O. Crichton, the report and accounts were approved and adopted. Following the reelection of the directors, extraordinary and ordinary, and the adoption of the resolution regarding the fees and expenses of the auditors, Messrs. Lindsay, Jamieson and Haldane, CA, which was proposed by Mr Walter G. Scott and seconded by Mr J. H. Eddison, the proceedings terminated with a cordial vote of thanks to the Chairman and Directors, proposed by Mr Charles R. Munro, CA.

At the extraordinary general meeting held thereafter the special resolution altering the articles of association dealing with the allocation of bonuses on with profits policies was duly passed.

At a meeting of the General Court of directors held subsequently it was decided that the rate of Bonus to be paid on participating "North British & Mercantile" policies becoming claims on or after January 1, 1955, shall until further notice be at the rate of £2 per cent per annum.

AUTOMATIC TELEPHONE & ELECTRIC COMPANY

The annual general meeting of the Automatic Telephone and Electric Company, Limited, will be held on June 15th, in London.

The following is an extract from the circulated statement of the chairman, Sir Alexander Roger, KCIE: Group profit for the year 1954 is £1,440,400.

Sales of telephone equipment to the Post Office in 1954 were again limited by Treasury restriction, but it is satisfactory to record that increased capital expenditure will be available to the Post Office enabling planning to take place to satisfy the large demands for telephone service, which show no sign of abating.

Certainly the future prospects for the disheartened applicants for telephones is much brighter.

In overseas markets, which accounted for over 70 per cent of our sales, we more than maintained our position and the forward outlook is encouraging in spite of strong international competition. Telephone development the world over is growing at a rapid pace.

Our exports go to 69 countries and embrace telecommunication and signalling systems of various forms. Whilst telephone switching is still the major export, much progress continues to be made in the field of multi-channel line and radio equipment, a division which is expanding rapidly.

We are spending a very substantial sum of money on research and development. In our view it is absolutely vital that a company such as ours must remain in the forefront of developments in the type of equipment at which we at present excel.

ENGINEERING COMPONENTS LIMITED

CONTINUED TRADING IMPROVEMENT

The twentieth annual general meeting was held on May 19th in London, Mr C. C. Griffith, MC (the chairman), presiding.

The following is an extract from his circulated statement:

The improvement in trade mentioned in my last statement continued during the latter months of the year, with the result that the serious increases that have taken place in wages and overheads generally have been absorbed by greater production, and the final result is a group profit of £508,240 for the year 1954. Taxation takes £275,325, leaving a net profit of £232,915.

The consolidated balance sheet discloses current assets of £1,727,671 against current liabilities of £587,928.

With the exception of a small loss made by our latest Australian associated company, all the other companies in which we hold share interests have made satisfactory profits.

During the year we have seen the demand for our products increase month by month in step with the increased production of the automobile industry, and this has enabled us to maintain our prices at a fairly stable level.

Our close ties with the automobile industry mean that any forecast on our future prospects depends largely on the fortunes of that industry. We shall make every endeavour, in our small way, to help them meet the ever-increasing competition that is coming from overseas, and I hope that their efforts will be rewarded—and ours, in turn.

The report was adopted.

JOSIAH PARKES AND SONS LIMITED

(Manufacturers of Union Locks and Brassfoundry)

A RECORD YEAR

The ordinary annual general meeting of Josiah Parkes and Sons Limited was held on May 16th at Willenhall, Staffordshire, Mr Cyril W. Parkes, JP, chairman and joint managing director, presiding.

The following are extracts from his circulated review for the year 1954:

I am pleased to be able to report a record year for turnover both by the parent company and the subsidiary company in 1954. Demands for Union locks and brassfoundry have been greater than ever before. The high level of business activity at the end of 1953 was maintained throughout 1954, and the main problems of the year were concerned with increases in productivity and in output in face of a shortage of labour and mounting difficulties of material supplies. The results exceeded all our expectations.

The net profit before tax was £198,848 against £136,638 in the previous year, an increase of 45 per cent. With the abolition of EPL the incidence of taxation is reduced, so that the more important figure of profit after tax at £96,992 (against £59,378) shows an even greater increase.

The balance sheet shows the usual strong position, with total fixed assets standing at £359,426 and net current assets at £376,166. In view of the results of the year we are recommending a final dividend of 10 per cent making a total of 15 per cent for the year on the capital as increased which is covered nearly four times over by the earnings.

The prices of our main raw materials increased sharply in the latter part of the year, especially copper, but average selling prices were increased only slightly. We have tried to absorb as much of the higher costs as we could because of the possible effects on export business, and having in mind the keen competition. This year material prices have continued to rise, whilst we have also had to provide for another advance in wages, and to cover these I am afraid some rise in selling prices is inevitable.

TEN YEARS' PROGRESS

It is now ten years since the end of the second world war and I think you may be interested in the following summary of the progress of the company during that period:

	£
Expended on new buildings	164,153
Expended on new plant	250,639
Total additions to fixed assets ...	414,792
Increase in net current assets	286,830
	£701,622
Provided by :—	
Additional capital subscribed ..	95,000
Depreciation provisions	165,742
Profits retained in the business	440,880
	£701,622

During this time the net amount of dividend paid out to shareholders was equal to 25 per cent of the profits earned, and it is most interesting to see that 75 per cent of the profits has thus been ploughed back.

The prospects for the current year appear to be very good.

The report and accounts were adopted.

DARWINS

CURRENT TRADING IMPROVEMENT

The twenty-sixth annual general meeting of Darwins Limited was held on May 17th at Sheffield, Mr F. Thompson-Schwab (the chairman) presiding

The following is an extract from his circulated review:

During the course of the company's financial year which ended on December 31, 1954, your company, in common with others, was faced once more with rising costs in labour, materials and services. As I pointed out last year, there must always be a time-lag before the prices of the finished articles can be raised to meet these increased costs. I also pointed out that there had been a downward trend of demand for the company's products.

It was only in the closing months of last year that there was an overall increase in the demand for the group's products; this has continued, and I am happy to be able to tell you that during the first three months of the current year output and deliveries from all departments have considerably exceeded the corresponding figures for the same months in 1954. It would appear that the present demand and volume may well continue throughout this year. Already we are receiving orders for delivery in 1956.

So far as we can foresee, the financial resources of the group, augmented as they will be by retentions out of profits, will be sufficient to deal with our capital requirements over the immediate foreseeable future, but I cannot entirely exclude the possibility of having to raise fresh permanent capital later.

The report was adopted.

ILLUSTRATED NEWSPAPERS

NEW ACQUISITIONS

The twenty-ninth annual general meeting of Illustrated Newspapers Limited was held on May 17th in London.

Major H. Davenport Price, MC, JP (the Chairman) presided, and in the course of his speech said:

The Group trading profit for the year brought into the Consolidated Profit and Loss Account is £500,401, a decrease of £43,085 compared with the previous year. Taxation takes £272,766, owing partly to adjustments necessary on the acquisition of a subsidiary company. The net profit for the year attributable to Illustrated Newspapers Limited amounts to £171,643.

The excess of Current Assets over Current Liabilities amounts to £1,204,434, which reflects a strong liquid position.

In order to widen the field of activities a financial interest has been taken in the well-known firm of Michael Joseph Limited, the Book Publishers, and a small Process Engraving Company has been purchased by one of our Printing Companies. In addition, following an offer by our Subsidiary The Illustrated London News and Sketch Limited to outstanding Shareholders of a Subsidiary of that Company, a considerably increased holding has been secured in that Subsidiary. Results already show that these purchases will add materially to our resources.

Our trade papers, *The Drapers' Record* and *Men's Wear*, go from strength to strength and again have had a record year.

The report was adopted and the Dividend of 3 per cent and Bonus of 1 per cent were approved.

LONDON ELECTRIC WIRE AND SMITHS

ORDERS WELL MAINTAINED

The forty-sixth annual general meeting of this Company was held on May 17th in London.

Mr A. N. Smith (chairman of the company), in the course of his speech, said:

The total Capital employed has now reached the sum of approximately £6½ million. The excess of Current Assets over Current Liabilities is £4,866,723.

The Income-Tax concessions provided in the recent Budget, and particularly the reduction of 6d. in the standard rate of Income Tax, are very welcome and it is hoped that after the General Election it may be found possible to ease the heavy burden of taxation still further.

SALES

With the exception of paper-insulated cables the rising trend of orders, which I mentioned last year continued throughout 1954 and has been well maintained so far this year. This is the natural result of the expansion now taking place in the various branches of the Electrical Industry, and our factories are under constant pressure from our customers to increase production.

In my address last year I expressed the great disappointment of your Directors at the decision of the Government substantially to accept the Monopolies Commission's recommendations for the insulated wire and cable industry.

It is still too early to forecast the eventual effect of this decision upon our industry, particularly as the arrangements include the provision for the Associations to fix minimum selling prices which must give no more than a reasonable profit to the lowest cost producer of each type of wire and cable.

As you are no doubt aware, the Monopolies Commission has also had under consideration for several years an inquiry into the supply and export of semi-manufactures of copper and copper alloys, which are included in the scope of the Associations forming the British Non-Ferrous Metals Federation, and it is expected that their report will be issued in the near future. Until this report is laid before Parliament and simultaneously published, it is not possible for us to have any knowledge as to what it may contain, but it is to be hoped that the outcome will avoid dislocation in an important section of the industry of this country.

THE FUTURE

The scheme for railway electrification and the developments being made in electronic engineering and atomic power will play an important part in the future expansion of the Industry, and this Company must be prepared to meet the demands which will inevitably be made.

Our factories are under constant pressure to increase their output. To meet this pressure we must considerably extend both our buildings and plant, and we must also be prepared to finance the additional production envisaged, which explains the need for the new Capital Issue recently made.

It is too early to forecast any trading results for the current year, especially in view of the uncertainties regarding copper and the outcome of the Monopolies Commission reports. Nevertheless I do think we can look forward with quiet optimism.

The report and accounts were unanimously adopted and a final dividend of 8½ per cent, making 12½ per cent, was approved.

BEYER, PEACOCK & COMPANY LIMITED

(Locomotive Builders and General Engineers)

SATISFACTORY RESULT

MR HAROLD WILMOT'S REVIEW

The annual general meeting of Beyer, Peacock & Company Limited, was held on May 18th, in London, Mr Harold Wilmot, CBE (chairman and managing director), presiding.

The following is the chairman's circulated review:

The consolidated balance sheet shows a liquid balance of £2,259,868 as compared with £2,108,476 at the end of the previous year. Revenue reserves which were £1,377,741 at December 31, 1953, increased (by £154,585) to £1,532,326 as at the end of 1954.

The group profit before tax was £578,142, a slight increase over the record results of 1953. Under the conditions of the period this result is considered to be satisfactory. It will be appreciated that the operations of the subsidiary companies made a significant contribution to the total.

Metropolitan-Vickers — Beyer, Peacock Ltd., also made a reasonable profit, but no dividend has been declared as yet—it being considered of importance to build up reserves in the early years of this company.

A number of new products have been designed in the group and it is confidently hoped that they will be well received in their respective markets and that turnover and profits will be thereby increased.

Experiment and research are proceeding in a number of fields—we believe that a further expansion of total sales including some additional items and with possibly further reduction in percentage profits on turnover is the logical approach to present world conditions. So far as can be estimated the results of trading for the current year should be reasonable.

It will be noted that at the end of 1954 there were outstanding commitments for capital expenditure amounting in total to approximately £100,000.

In the latter part of 1954 a new design of Beyer-Garratt, the 20th class, was delivered to the Rhodesia Railway. These locomotives, the most powerful ever supplied to Rhodesia, were specially designed for the 80-lb. rail sections and were the first on these railways to have mechanical stokers fitted. We are glad to report that they are now in service and are successfully hauling record tonnages. Since the beginning of this year we have been delivering to East Africa a new class of Beyer-Garratt locomotives—the 59th, to be named after various tribes. These are the most powerful locomotives ever built anywhere in the world for the metre gauge track.

The fifteen-year plan for the modernisation and re-equipment of British Railways is an event of major importance to the locomotive industry. It may well be that a new form of collaboration between the industry and the railways will have a far-reaching influence to the advantage of the railways as well as to our own exporting industry.

The report and accounts were adopted and the proposed final dividend of 3½ per cent plus a bonus of 8½ per cent, making 16 per cent, less tax, for the year was approved.

UNITED PREMIER OIL AND CAKE COMPANY

SIR ERIC MIEVILLE ON MODERNISATION PROGRESS

The thirty-sixth annual general meeting of United Premier Oil and Cake Company, Limited, was held on May 18th in London, Sir Eric Mieville, GCIE, KCVO, CSI, CMG (the chairman), presiding.

The following is an extract from his circulated statement:

The group's gross profit on trading for the year ended December 31, 1954, amounted to over £570,000, compared with £640,000 in the previous year. We consider that this result reflects credit on the management, because during the year the price of most of the commodities which we handle tended to fall, in some cases sharply. It has always been our policy to avoid large open positions from which we might suffer substantial stock losses, consequently in times of falling prices we shorten sail and are content with a smaller turnover and thus a reduced profit. Nevertheless, I hope you will agree that the results for 1954 are not unsatisfactory. The group's net profit after taxation and after carrying to reserve the benefit of investment allowances has come out only slightly less than in the previous year, due to the extinction of the Excess Profits Levy. For the current year it is most difficult to forecast any results, since commodity prices have not yet stabilised, but we shall proceed with energy and caution.

We now recommend a final dividend on the ordinary share capital of the company of 9d. per stock unit (less tax) as forecast at this time last year, when certain reserves were capitalised. This dividend, together with the interim dividend of 3d. per stock unit (less tax) represents a payment of 20 per cent for the year on the ordinary share capital.

FIXED ASSET EXPENDITURE

During 1954 we expended over £300,000 on additional fixed assets. The greater part of this sum was covered by those profits earned in 1954, which we propose should be retained in the business in the form of depreciation and additions to reserves. The erection of the continuous extraction plant at "Isis" Mill was unfortunately further delayed, but we expect it to be in operation during the early summer. We have on order a new low-pressure expeller plant for use in connection with the continuous extraction plant; also a duplication of the fractionisation distillation plant and a new glycerine evaporation plant for use at the Universal Oil Company, where there is considerable scope for expansion of output. Approximately half the amount spent on fixed assets within the group has been expended in the last six years, and so it can be seen that we are well on our way to bringing our factories fully up to date.

Referring to the review of the company's progress since 1948 published with the accounts, the chairman stated: Within that period we have spent over £1 million on the reconstruction of our works and plant. This amount has been found out of profits earned during the period, but we have felt justified in making modest increases in the ordinary dividend distribution. We hope that shareholders will be pleased with the group's progress and that trading conditions in the future will enable us to proceed further in the same direction.

The report was adopted.

LUNUVA (CEYLON) TEA AND RUBBER ESTATES, LIMITED

MR H. W. HORNER'S STATEMENT

The annual general meeting of this company will be held on June 9th in London.

The following is an extract from the circulated statement by the chairman, Mr H. W. Horner:

The board had looked forward to presenting the accounts for the year 1954 with much satisfaction since, owing to the improvement in tea prices, they show a remarkable figure of profit, but prevailing conditions in the tea market are disappointing.

The present situation is unhappy, but one may feel sure that, with avoidance by governments of attempts to make political capital out of the present disturbed market conditions, the producing industry—with its resources reinforced as they have been by the prices realised for tea during the past 18 months—will be able to see the storm through. However, the emphasis is on husbanding all resources, not only to be able to finance without embarrassment the unexpected responsibilities of carrying stocks which would normally have been realised, but also as a measure of protection against still unforseeable contingencies.

The year's profit before taxation is £728,892 and, after providing £375,326 (51¼ per cent) for taxes, upon profit in their various forms, we are left with a net balance of £353,566 on the year's working. The board recommend a final dividend of 17 per cent, making a total of 25 per cent for the year.

The general outlook for the company is good, provided governments will cease attempts to fetter the tea producing industry and to exact unwarranted and inequitable taxation from it. The company's estates are in excellent order and competently run, and a loyal and efficient staff is an invaluable asset.

NOTICES

LEADING firm of Stockbrokers require Statistician capable of taking charge of Gilt-Edged Department. Previous experience of Gilt-Edged Statistical work essential.—Write, giving full details, to Box "V.Y.," c/o J. W. Vickers & Company, Limited, 7-8 Great Winchester Street, E.C.2.

SALES MANAGER, 36, seeks permanent career with progressive concern. Experienced modern methods marketing, advertising, sales, budgeting—industrial and consumer products. Good appreciation of general management and financial problems. London or West.—Box 957.

VERBATIM REPORTING (Stenotype).—Personal service by Mrs Sheila Ward. Accuracy and intelligence guaranteed. Commissions undertaken at short notice.—Ring PAR 9106 or write Box 959.

MANUFACTURERS' AGENTS required for sale of new Plastic and Wood article, mainly to shopfitters. Firms which cover London only or whole country or special provincial areas with good connections in the above field and preferably with contacts also with kitchen and occasional furniture manufacturers, building contractors and caravan makers, please write, giving full particulars of type of business, connections and available organisation, to Box 962.

ECONOMICS Graduate, several years' experience Market Research, seeks position as economist with manufacturing company operating or developing a market research department.—Box 947.

KEESINGS—3 Vols., July, 1948, to December, 1954, complete, £15 or offers for separate volumes.—Box 961.

FOR SALE.—*The Economist* from 1946. Vols. 150-170 Bound. 171-173 Unbound.—Box [illegible]

MAKERERE COLLEGE, THE UNIVERSITY COLLEGE OF EAST AFRICA

EAST AFRICAN INSTITUTE OF SOCIAL RESEARCH

Applications are invited for the post of *Senior Research Fellow* in *Statistics*. *Candidates* with experience of or keen interest in social survey work preferred. Interest in *demography and vital statistics* also an asset. Duties include formulation and conduct of research and *assistance to other research fellows* (mainly anthropologists) in statistical matters. Salary between £960 and £1,350 p.a., *plus* 10 per cent cost of living *allowance*. Family allowance. FSSU. Accommodation at low rent. Passages provided. Contract two and a half years (two years in Africa) with possibility of renewal. Applications (six copies), stating qualifications and research interests and naming three *referees*, to be received by June 25, 1955, by Secretary, Inter-University Council *for Higher Education Overseas*, 1 *Gordon Square*, *London*, W.C.1, from whom further information may be obtained.

UNIVERSITY COLLEGE OF THE GOLD COAST

Applications are invited for *Research* Fellowship in *Economics*, tenable for one year, for research in any local economic problem. Salary £950 x £50—£1,600 p.a. Outfit allowance £30. Family allowance £100 p.a. per child (maximum £500 p.a.). FSSU. Free passages for appointee, wife and *maximum of five children*. Part-furnished accommodation at rent not exceeding 7.5 per cent of salary.

Applications (10 copies), naming three referees and stating full qualifications and *experience*, to be *received by June* 17, 1955, by Secretary, Inter-University Council for Higher Education Overseas, 1 Gordon Square, London, *W.C.1, from whom further* information may *be obtained*.

GENERAL SALES MANAGER

CHAPPIE LTD.

A General Sales Manager is required by Chappie Limited, manufacturers of Kit-E-Kat, Chappie, *Lassie* and Meet, owing to the tragic *death* of their esteemed Sales Director.

Candidates should be under 45 years of age, and have made a special study of distribution problems, embracing not only the control of sales, but also the wider issues of marketing, advertising and product presentation. *Extensive experience* in the handling of these problems in the field of consumer goods is *essential*.

The post demands wide and *responsible experience in the Sales* field, with understanding of Wholesale and Retail outlets. The General Sales Manager co-operates with the heads of the other four Divisions of the Company and is directly responsible to the General Manager.

The Company is concerned to obtain a *General Sales Manager* who will become an Executive Director within twelve months of the appointment, and is more concerned with finding the right man than with a particular *level of commencing salary*. The initial salary, however, will be commensurate with experience and with a top level post in Chappie Limited, but, in any case, will be not *less than £6,000 per annum*. There is also a non-contributory Pension, Life Assurance and Sickness Scheme planned on generous lines.

Applications, which will be treated in strictest confidence, should state age, education and full *details of career*, and be addressed to Mr A. M. Brown, Personnel Director, Chappie Limited, Melton Mowbray, Leicestershire. Please endorse envelopes clearly : "General Sales Manager."

THE WORKING MEN'S COLLEGE, Crowndale Road, London, N.W.1, which is a hundred-year-old *independent* evening institution providing at low cost a *liberal education* in a wide range of subjects for men from the age of 16 upwards, requires a full-time paid Secretary to take up *duties on* September 1, 1955. Candidates, who should preferably be graduates of a British University and be between the ages of 35 and 45, should have administrative experience *and some knowledge of accounts*. They should be *interested in adult* education and in the social activities of college life, and should be prepared to accept *substantial responsibilities*. The successful applicant will, to begin with, work side by side with the present Secretary with a view to taking over *full responsibility on the latter's* retirement in the summer of 1956. The hours, at which he will normally be required to attend, are from 9.30 a.m. to 12.30 p.m. and from 5.30 p.m. to 11 p.m. on five days a week with occasional duties on Saturdays. The initial salary offered is £750 p.a. with allowances and, *on the retirement of the present secretary, a salary of £900 p.a.* (with pension rights) together with an adjacent family flat rent free.

Applications, with three *references, should* be sent to the Vice-Principal, Working Men's College, not later than June 1, 1955.

AN INTERESTING POST is offered to a graduate with an honours degree in psychology, together with experience in the field of Industry or Commerce. It is envisaged that the post will involve:

1. *Applying* psychological techniques to research, which will throw light on people's attitudes and behaviour with respect to their buying and using of everyday consumer goods.
2. Acting in a consultative capacity in the application of the findings to commercial problems.

Applicants should be between the ages of 28 and 40. The salary envisaged is in the region of £1,000 per annum, but could, of course, vary according to the qualifications and experience of the applicant. —Apply Box 958.

RICHARD THOMAS & BALDWINS LIMITED require for their Head Office in London a male assistant for work on *market* investigations and economic problems relating to the steel industry. Practical experience in this kind of work and/or experience in the steel industry is desirable. An aptitude for figures is essential. Age 24-30. Salary according to age and experience.—Please apply to The Central Staffing *Department*, *RTSC House*, Park Street, London, W.1.

SALES MANAGER REQUIRED by expanding *small* company in East Midlands, selling branded goods in competitive market to retail furnishers, department *stores*, *hospitals*, *hotels*, *shipping lines*. Complete charge of sales department ; responsible for sales planning, office organisation, market research, advertising. *Experience* of export an advantage. Good opportunity for advancement for young man who has reached assistant executive level in large company. Initial salary £1,750, with bonus. Car. House available.—Write, with details of education and experience, to Managing Director, Box 964.

LEADING FIRM OF STOCKBROKERS requires Assistant for Statistical Department. Age below 30. Background of accountancy, *economics* or actuarial work, preferably but not necessarily having some investment experience. *Interesting appointment with prospects*.—Write Box E 421, c/o 191, *Gresham House*, E.C.2.

COLEG PRIFYSGOL CYMRU
UNIVERSITY COLLEGE OF WALES, ABERYSTWYTH

RESEARCH STUDENTSHIPS IN THE SOCIAL SCIENCES

Applications are invited from graduates of any British or Commonwealth University for two Research Studentships in the *social sciences*. The Studentships (of an annual value of £300-£400) will be awarded for one year in the first instance, but will *normally be renewed for a second year*. *Applicants* should state their proposed subject of research, which should be within the fields covered by Economics (including Agricultural Economics), *Economic* and Social History (including Welsh History), Human *Geography* and Anthropology, International Politics, Political Philosophy and *Law.—Applications*, giving the names of two *referees* and addressed to the Registrar, should be received not later than July 23rd.

UNIVERSITY COLLEGE, LONDON (Gower Street, W.C.1), requires *Research* Assistant in Department of Political Economy for *research* into relationship of monopoly and competition to innovation in British industry. Salary £550 per annum. Appointment *tenable for one year from October 1, 1955.—Applications*, to be received by June 8, should be sent to the Secretary, from whom further particulars may be *obtained*.

MINISTRY OF AGRICULTURE AND FISHERIES: PRINCIPAL AGRICULTURAL ECONOMIST.—The Civil Service Commissioners invite applications for a permanent appointment in London. Age at least 31 on March 1, 1955. Candidates should normally have a first or second class honours degree in agriculture, economics or *related subject*. If no honours course, a pass degree with equivalent standard will be considered. Exceptionally, a candidate without these qualifications may be considered. Every candidate must have had at least three years' employment or post-graduate study in agricultural economics or allied subject.

London remuneration, including extra duty allowance where payable: men, £1,279-£1,620; women, £1,144-£1,430 (to be increased under equal pay scheme). Exceptionally, a starting salary above the minimum may be granted.

Particulars and application forms from Civil Service Commission, 6 Burlington Gardens, London, W.1, quoting No. 4419A/55. *Application forms* to be returned by June 3, 1955.

A MANAGEMENT REORGANISATION, now under consideration, will open up a line of very rapid advancement to the highest executive level in the administration of a very large, heavy *manufacturing company*.

Men of suitable technical qualifications, proved administrative ability, of outstanding *personality* and *address*, *well experienced* in general, i.e., practical as well as commercial management of very large-scale heavy industrial operations, are requested to seek interview.

This is a Board appointment to immediate substantial responsibility and a correspondingly substantial salary is *offered*. Early election to the Board of Directors of the Company is intended. There are *quite exceptional* prospects within the near future to a man of the requisite general attainment.

Letters, briefly outlining education and career, will be dealt with *personally and confidentially* by, and should be addressed to, "Chairman of the Board," to Box 955.

A MANAGING DIRECTOR is required for the subsidiary company in Calcutta of a British firm of engineers to the dairy, food and chemical industries, selling the products both of the *UK factory* and *of its own works*. The *successful* applicant, of either Indian or British nationality, will be in the age group *35-40*, and will have engineering qualifications and experience which will fit him *for all* aspects of the management of an *engineering concern employing* 150 persons. It is necessary that the change of management should take *place not later than six months hence*, subsequent to a *period of* training in the UK.—Apply with fullest particulars to Box 956.

A LARGE PUBLIC COMPANY with a number of subsidiaries, operating in many districts of England, is *looking for an experienced* co-ordinator to initiate and direct various schemes of development which would lead to important economies in the management of the existing industries, and to the extension of their operations to other lines which have not previously been within their scope. The selected candidate will be *required to work out schemes* with the object of simplifying and cheapening methods of production, and will be paid a salary commensurate with his experience. Some knowledge of engineering is desirable. A seat on the Central Board is also available to a suitably qualified man, *either immediately or in due course*. *The senior employees* of the advertiser are aware of this advertisement.—Write Box E.439, c/o 191 Gresham House, E.C.2.

A GENERAL MANAGER is required for one of the *manufacturing* divisions of HAMWORTHY ENGINEERING LIMITED, POOLE, DORSET. *This is a responsible post* for which the *commencing* salary will not be less than £2,000/annum, in addition to which a bonus will be paid.

The ideal person would:

(a) Possess an engineering degree or comparable professional *qualification*.
(b) Have had experience of either pumps, compressors or oil-burning equipment.
(c) Be *now* in a *position of similar* responsibility.
(d) Be aged between *30 and 40*.

The successful candidate will be provided with a car and, if necessary, given assistance with housing. A pension scheme is in operation.

Please send written applications, marked "Private and Confidential," *to the Managing Director. Each application will be treated in* confidence and a reply sent.

KENT.—ABSOLUTE TRANQUILLITY within easy daily reach. A most outstanding old cottage, unique and beautiful situation, rare period perfection and modernisation. Four large bedrooms, two large and one small reception, built-in garage, picturesque outbuildings, exquisite half-acre garden entirely enclosed by stream and wall. R.V. £36, price much below valuation, substantial mortgage.—BM/ABE, W.C.1.

OTHER NOTICES APPEAR ON PAGE 729

THE GOLD COAST COCOA MARKETING BOARD

Applications are invited from suitably qualified Gold Coast Africans for the post of CHIEF ACCOUNTANT in the offices of the Gold Coast Cocoa Marketing Board, *Accra*. *The salary attached to the post is* £1,200 to £1,500 per annum, dependent on qualifications.

DUTIES: The Chief Accountant is the Executive Head of the Finance Department of the Board and is responsible among other matters for advising the Board on all matters relating to finance. He is also responsible for keeping *adequate* accounts and records covering all aspects of the Board's business and other transactions, *preparing financial statements*, reports and statistics, and annual accounts for presentation to the Board.

QUALIFICATIONS : *Applicants* must be members of a recognised body of professional Accountants (Chartered, Incorporated or Certified) and must have had at least three years' accountancy experience *with a commercial* firm or with a firm of practising accountants. They must have organising ability and initiative and be able to control staff.

Apply immediately to the *General Manager*, Gold Coast Cocoa Marketing Board, P.O. Box 933, Accra, giving full personal details, together with full details of qualifications and experience.

Closing date for applications, May 30, 1955.

METEOROLOGICAL OFFICE, SCIENTIFIC OFFICERS. The *Civil Service Commissioners* invite applications for permanent posts. Early application is advised. The duties include research in atmospheric physics, covering the study of cloud structure, synoptic and *dynamical meteorology*, large and small scale diffusion and turbulence, climatology, and development of instruments. There is a limited number of posts for forecasting work at the more important centres. Successful candidates will be given a course in meteorology before being assigned to a research or forecasting establishment for further training and experience. In some instances candidates with National Service obligations can be commissioned in the R.A.F. for forecasting duties at R.A.F. stations. Further information may be obtained from the Director, Meteorological Office (M.O.10), Air Ministry, Kingsway, London, W.C.2.

Candidates must be between 21 and 28 during 1955 (up to 31 for permanent members of the Experimental Officer class). They must have (or obtain in Summer, 1955) a First or Second Class Honours degree, preferably in *physics or mathematics*. *Salaries* £492 to £885 (London rates for men; somewhat lower in the provinces). Women's *scales are somewhat* lower than men's but subject to improvement under equal pay scheme. Opportunities for promotion to Senior Scientific Officer (£1,010 to £1,185) and higher posts.

Application forms from Civil Service Commission, *Scientific Branch*, 30 Old Burlington Street, London, W.1, quoting No. S52/55, (Met.).

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited, Dept. 99, Lenham, Maidstone, Kent. Harrietsham 381.

DECCA RADAR LIMITED invite enquiries from Science or *Engineering Graduates of proven ability* in other fields who now contemplate a career in Electronics. The Company is expanding rapidly both in size and in scope of its interests ; and it is felt that first-class men, after a period of training at a salary dictated to some extent by their standing in their previous field, could soon command positions of responsibility in the Research Laboratories of the Company. British Nationality is essential. A Pension Scheme is in operation. Letters giving full personal details should be addressed to the Research Director, Decca Radar Limited, 2 Tolworth Rise, Surbiton, *Surrey*, *quoting reference* RLA94.

GORDONSTOUN SCHOOL.—Applications are invited for appointment as *Bursar*. *Administrative capacity*, personality and initiative essential. Knowledge of accountancy and estate *management an* advantage. Candidates should write briefly, in the first instance, outlining their qualifications and experience and mentioning the salary they are looking for. Those who appear to have suitable qualifications will then be sent full particulars and a *detailed* questionnaire.—Replies to Chairman of the Board of Directors, Gordonstoun *School*, *Elgin*, endorsed on the envelope: *Appointments*.

MARKET RESEARCH.—A manufacturing *company of world-wide* importance marketing an extensive range of highly specialised *products invites* applications for a new post within its statistical *organisation*. *Primary* duties will involve control of market surveys on behalf of sales divisions; other duties will be to assist in allied problems in statistical and economy analysis. Essential qualifications—Economics Degree (with statistics). Practical experience in *similar research*, preferably with some knowledge of sampling techniques and retail audit procedures. Age 25-30. *Commencing salary* not less than £650.—Please reply to Box 943.

A *QUALITY CONTROL SUPERVISOR* to develop and take charge of process control. A sound knowledge of statistical methods and the ability to draw up *realistic specifications* is required.

Applicants requiring *further information* about this responsible post (in which initiative is called for) should write—giving details of qualifications and experience—to the Manager, Dartford Paper Mills Limited, Dartford, Kent.

ECONOMICS GRADUATE (female) required by Large Motor Manufacturing Organisation. Analytical mind and good knowledge current economic developments in major countries essential. Duties will cover study of changing conditions and relationship with export trade of UK. Apply, *stating full qualifications, experience* and age.—Box 950

SWISS, 27, with degree of the Graduate Institute of International Studies, Geneva, tri-lingual—English, German, French, seeks interesting position with good possibilities of advancement in industry, commerce or journalism. 1½ yrs.' experience in international publishing house. Prepared to undergo specialist training.—Box 928.

WELL-ESTABLISHED Electric *Cable Manufacturers (non-C.M.A.)* require experienced Sales Manager. Pension scheme.—Box 951.

SPICERS LIMITED require a Qualified Accountant, aged 25/30, to work initially at their paper mill near Cambridge. Commencing salary £750 per annum. Pension scheme.—Apply in own handwriting, giving full details of experience and present salary, to Personnel Adviser, Spicers Limited, 19, New Bridge Street, E.C.4.

THE UNIVERSITY OF BIRMINGHAM

Applications are invited for a Lectureship or Assistant Lectureship in Statistics tenable in the Faculty of Commerce and Social Science. Applications for the Assistant Lectureship will be accepted from candidates expecting to graduate this year. Salary will depend on age, experience and qualifications (Assistant Lecturer £550 x £25 to £600, or, if over 26 years of age on appointment, £600 x £25 to £650; Lecturers £650 x £50 to £1,350, with efficiency bar at £900), together with F.S.S.U. and Children's Allowances in each case.

Three copies of applications, accompanied by the names of two *referees*, should be submitted to the Registrar by June 1, 1955.

Further particulars of the appointment may be obtained from the undersigned.

The University, Edgbaston, Birmingham, 15. May, 1955.

G. L. BARNES, Secretary.

UNIVERSITY COLLEGE OF THE GOLD COAST

Applications are invited from graduates with administrative experience, preferably in a University, for appointment as (1) Senior Assistant Registrar or (2) Assistant Registrar. For senior appointment financial experience is essential. *Salary scales*, according to qualifications and experience: (1) £1,700 x £75 to £2,000 p.a., (2) £850 x £50 to £950 x £50 to £1,600 p.a. Appointment five years initially. *Family* allowance £100 p.a. per child (maximum £500 p.a.). Outfit allowance £60 on first appointment. F.S.S.U. Free passages for appointee, wife and *maximum* of five children. Part furnished accommodation at rent not exceeding 7.5 per cent of salary.

Applications (10 copies), naming three referees and stating full qualifications and experience, to be received by *June 10*, 1955, by Secretary, Inter-University Council for Higher Education Overseas, 1 Gordon *Square*, *London*, W.C.1, *from* whom further information may be obtained.

SENIOR BRANCH OF THE FOREIGN SERVICE. The Civil Service Commissioners invite applications for about six posts in Grade 8/9 (Second/Third Secretary) of the Senior Branch of the Foreign Service. Age at least 26 and under 32 on August 1, 1955. University honours graduates, and other candidates with suitable qualifications and experience will be considered. Sound knowledge required of international problems. Evidence of a capacity to learn languages is essential, and there may be an oral test in a modern language.

Salary scales including extra duty allowance, where payable:
Grade 9: £531 to £718 (men); £713 to £793 (women). At the end of two years' actual service, or on completion of probation, if later, a special increase of £50 is payable within the maximum of the scale.
Grade 8: £778 to £955 (men); £749 to £858 (women).

Women's scales are being improved under equal pay scheme.

For further particulars (including prospects) and *application forms*, write to the Secretary, Civil Service Commission, Burlington Gardens, London, W.1, *quoting No. 4459/55*. *Completed applications* must be received by June 17, 1955.

CHIEF ACCOUNTANT: Departmental stores group (5,000 employees) invites applications for this senior executive appointment at its head office in Liverpool. Candidates should be about 35 years of age, *professionally* qualified, and have a minimum of 10 years' experience in industry. The company seeks a man who has wide experience of the introduction and application of budgetary control ; he should also be conversant with the *most modern* accounting and statistical methods. In addition he must have an enquiring *mind* accustomed to the production of control information, rather than mere figures, for management. The commencing salary will be £2,500 per annum plus pension rights under a contributory scheme. Applications, stating age, education, full details of career and salaries earned, should be made to Cooper Brothers and Co., Chartered Accountants, 14 George Street, Mansion House, London, E.C.4.

A MAJOR manufacturing *organisation has vacancies of various* grades for men of good education (professional qualification, or degree in *engineering*, *economics or commerce preferred*) in the department concerned with the financial planning, appraisal and *control of* an unprecedented capital expenditure programme. The ability to investigate, under broad terms of reference, to report and to make recommendations is essential, whilst successful applicants will probably have had experience either in the control of capital expenditure (or other flow elements, e.g. production) against a forward plan, or of appraising the *operational* effect in financial terms of proposed capital expenditure. Positions are permanent and pensionable with good starting salary.—Please reply Box 926, quoting reference CPH/3.

EXCELLENT OPPORTUNITY FOR JUNIOR ACCOUNTANT—A well-known pharmaceutical company in London, W.1 requires man, aged 25 to 28, to understudy Assistant Accountant, with a view to taking over the position in a few months. Practical knowledge of *machine accountancy is necessary* and applicant should preferably be studying for one of the *recognised accountancy examinations*.—Write The Managing Director, Box 948.

SENIOR EXECUTIVE ENGINEER seeks responsibility for production at board level.—Reply Box M/325, Strand House, W.C.2.

ORIENTAL CARPETS and rugs skilfully restored by craftsmen weavers. Specially reduced terms during summer months.—Yakoubian Bros., Ltd., 7 Milk Street, E.C.2.

BEFORE YOU BUY those shares, see *what the Investors' Chronicle* has to say. It is the best-informed and widest-read financial weekly. Two issues free of charge from 30 *Grocers'* Hall Court, London, E.C.2.

THE *Economists'* Bookshop, 11-12 Clement's Inn Passage, London, W.C.2, *invites you to submit* lists of books on Economics, History and Social Services, you may wish to sell (*periodicals excluded*).

EXPERT POSTAL TUITION

For *Examinations*—B.Sc.Econ., LL.B. and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education etc. Also many non-examination courses in *business subjects*. —Write today for free prospectus and/or advice, mentioning *examination (if any) or subjects in which interested*, to the Secretary (G 9/2)

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

The Economist : Annual Air Subscription Rates

Anglo-Egyptian Sudan : £5.10s.
Australia : £8.5s. (sterling)
Canada : $21.50 or £7.14s.
East Africa : £5.5s
Egypt : £5.5s.
Europe (except Poland) : £4.15s.
Gibraltar, Malta : £3.15s.
Hongkong : £7
India & Ceylon : £6
Iran : £6
Iraq : £6
Israel : £6
Japan : £9
Malaya : £6.15s.
New Zealand : £9 (sterling)
Nigeria, Gold Coast : £5.5s.
Pakistan : £6
Rhodesia (N. & S.) : £5.10s.
S. America and W. Indies : £7.15s.
Union of S. Africa : £5.10s.
U.S.A. : $21.50 or £7.14s.

Printed in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2. Published weekly by THE ECONOMIST NEWSPAPER, LTD., 22 Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2d.; Overseas 2½d.—Saturday, May 21, 1955.

THE HEART OF
INDUSTRIAL EFFICIENCY

At the heart of modern power stations and up-to-date factories you will find

MITCHELL BOILERS

giving impressively reliable service.

High efficiency, low maintenance needs and keen prices ensure a steadily increasing demand for

MITCHELL INSTALLATIONS

in new industrial building programmes.

Although many Mitchell boilers are specially designed for specific loads, the standard range covers all normal steam-producing needs.

MITCHELL

WRITE TO MITCHELL ENGINEERING LIMITED, 1 BEDFORD SQUARE, LONDON, WC1

The Economist

FOUNDED 1843

ONE SHILLING

SECRETARIAT LIBRARY
4-JUL 1955
28 JUN 1955

The Nation's Verdict

Perspectives for Germany

Inquiry Into Canadian Prosperity

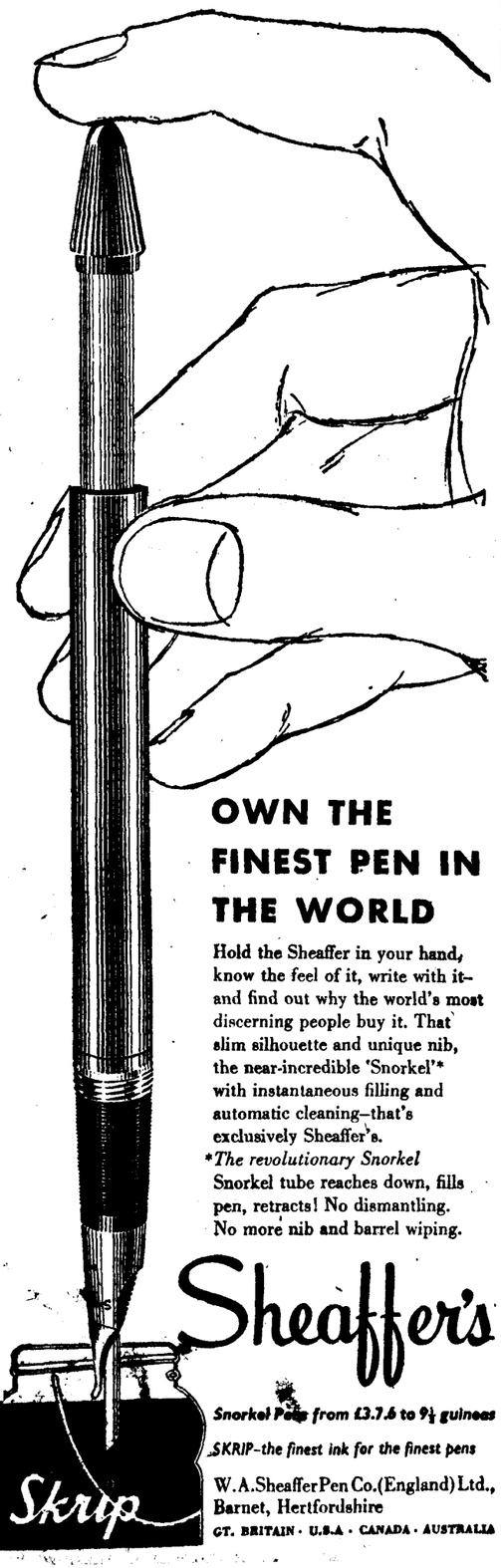
The Law's Delay

Chemical Engineers Accepted

Money From Green Fingers

AMERICAN SURVEY: Shot in the Democrats' Arm
THE WORLD OVERSEAS: Australia's Defence Programme
BOOKS: Holstein and Bismarck

Annual Postal Subscriptions: by ordinary mail £3; by air see page 827
THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1
VOLUME CLXXV · NUMBER 5831



OWN THE FINEST PEN IN THE WORLD

Hold the Sheaffer in your hand, know the feel of it, write with it—and find out why the world's most discerning people buy it. That slim silhouette and unique nib, the near-incredible 'Snorkel'* with instantaneous filling and automatic cleaning—that's exclusively Sheaffer's.

**The revolutionary Snorkel*
Snorkel tube reaches down, fills pen, retracts! No dismantling. No more nib and barrel wiping.

Sheaffer's

Snorkel Pens from £3.7.6 to 9½ guineas

SKRIP—the finest ink for the finest pens

W. A. Sheaffer Pen Co. (England) Ltd., Barnet, Hertfordshire

GT. BRITAIN · U.S.A. · CANADA · AUSTRALIA

To exhibit at Charleroi . . .

is to reach to the very heart of one of Belgium's most important industrial regions.

2nd INTERNATIONAL TECHNICAL AND INDUSTRIAL EXHIBITION

World Market for products of highest technical values



17th September—2nd October 1955

Mines and Quarries . Iron & Steel and Metallurgical Industries Mechanical & Metallic Constructions . Electricity—Electronics . Glass Industry . Chemical Industries . Ceramics Production and Distribution of Energy

Information and Documentation:
W. H. Wadmore, 56 Victoria Street, LONDON

PALAIS DES EXPOSITIONS CHARLEROI (Belgium)

BY APPOINTMENT
MERCERS OF WOOLLEN CLOTH TO THE LATE KING GEORGE VI

JOHN G HARDY LTD.

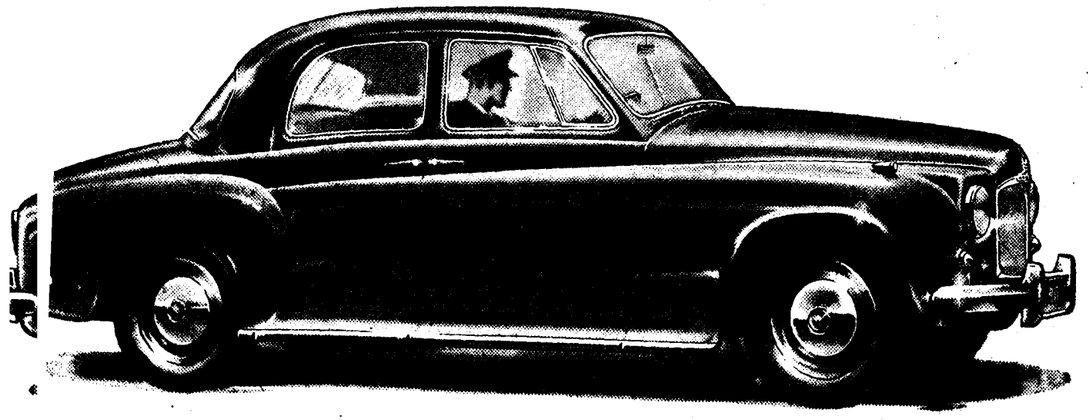
The Big Six

The well-dressed man spends time as well as money on his clothes. For him, time spent in looking through the six John G. Hardy speciality cloths is a pleasure—as well as a sartorial duty. He wants to compare the rugged pure wool tweed of **'Hardithorn'** and **'Hardilaine'** with the silky luxury of **'Sheltie'**. He wants also to feel for himself the resilient strength and toughness of the famous **'Alsport'**. Perhaps he'll decide finally on the popular new **'Hardiwear'** worsted, but almost certainly he'll have a second look at the **Irish Homespuns**.

Ask to see these fine cloths (they're known as the John G. Hardy 'Big Six') at our showrooms or on extra-large bunches at your own tailors.

JOHN G. HARDY LTD., 4 NEW BURLINGTON ST., LONDON, W.1.
TELEPHONE: REGENT 1313.

By Appointment to the late King George VI
Manufacturers of Land-Rovers
The Rover Co. Ltd.



It's revealing to drive a ROVER . . .

You'll be astonished at the way the car takes rough surfaces smoothly in its stride. Ruts and potholes seem almost non-existent as the car glides over them.

The Rover co-ordinated suspension system allows plenty of vertical road wheel movement, while spring tensions and shock absorber settings ensure a smooth ride. The central bearing to the propeller shaft checks 'whip' and vibration.

You'll enjoy having both pace *and quiet* at your command. Even at high speeds, engine and transmission noise has been reduced almost to vanishing point.

The special cylinder head design of Rover engines sets the Rover pace, whilst the extensive use of rubber pads and mountings, spraying with sound-absorbing material and heavy carpeting make the naturally quiet engine almost inaudible.

You'll appreciate the infinite care and thought that have been paid to the comfort of driver and passengers.

All passengers sit well within the wheelbase, with front seat adjustable for height and rake and wide centre arm rests front and rear. Heating, demisting, ventilating and draught-proofing are exceptionally efficient.

You'll feel confident even in the thickest and trickiest traffic, because a Rover is such a well-bred, obedient car to handle.

Direct central gear change with synchromesh on 2nd, 3rd and top, controlled free wheel for clutchless changes and well-planned dashboard layout make clumsy handling of a Rover practically impossible.

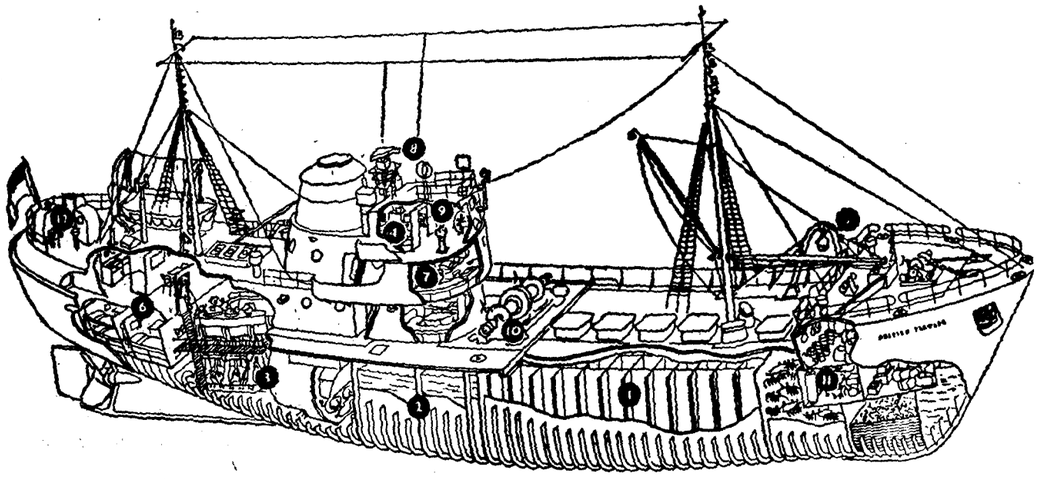
ROVER

Sixty · Seventy-Five · Ninety

Body and chassis are identical throughout the Rover range. However, three different engine sizes give motorists a made-to-measure service in which design and workmanship are uniformly high. New features common to all 1955 models include re-shaped luggage boot, larger rear window and flashing type direction indicators.

Let's go Fishing

IT ONLY COSTS £200,000 A SHIP, AND £6,000 A VOYAGE





Building and fitting out a Distant Water trawler today costs at least six times more than it did before the war. In 1939 the price of a Distant Water ship was £30,000. This year, a brand new vessel like the one above costs £185,000, and with full gear and equipment the cost is around £200,000. On top of that, crew wages, fuel, trawling gear, and operating expenses come to around £6,000 for every trip. A ship makes an average of 14 trips a year, so that she has to earn £85,000 before she even starts to show a profit.

Yet, in spite of the spectacular leap in costs, dockside fish prices have risen *much less than those of any other basic food*—only six per cent since 1951.

About half the fish eaten in Britain is caught by our Distant Water Fleet of 268 ships. All too frequently the catch fetches less than the cost of catching it! Last year, for instance, an official survey of 80 big ships sailing out of Hull and Grimsby showed that they operated at a loss for more than half the year.

Trawlers today cost more to build because they are larger. They are larger in capacity, larger in length and breadth. The one shown above is 200 feet overall. They are powered by larger engines which give them greater range. Their crews now have accommodation equal to that on the world's biggest ships. A modern British trawler is the most efficient fishing machine, and the best sea ship ever designed—but she does cost money—£200,000.

All the money for building, replacing and equipping this efficient Distant Water Fleet comes from the industry itself—no Government subsidy. It's a gigantic British investment, and one that has never let the country down. This fleet is founded upon the hard work, enterprise and experience of the trawler companies, skippers, and crews. They take the risks, and they bring home the fish — and get the smallest profit-margin of all home produced first-class food. Neither ships nor catch is subsidised. They're on their own, and proud of it.

Think of these facts the next time you buy a fresh cod fillet at 1/8d. a lb.

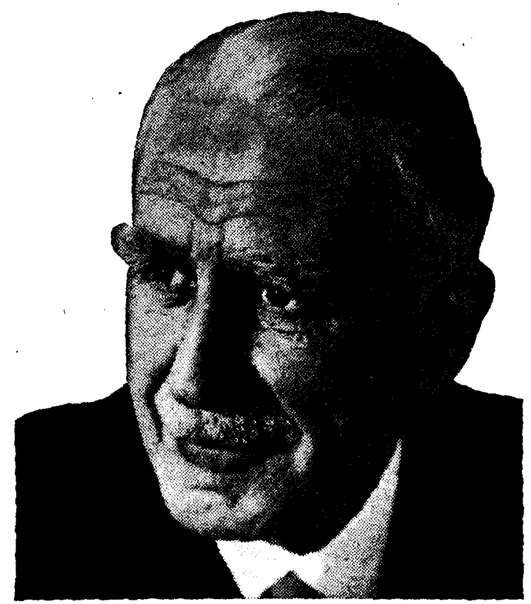
SOME IMPORTANT FEATURES OF A MODERN BRITISH TRAWLER

1. FISH HOLD: Approximate capacity — 16,000 cubic feet. The insulated hold is chilled by a refrigerating plant. Fish hold is divided into compartments forming shelves on which the fish is laid out over *layers* of ice.
2. OIL FUEL BUNKERS: These hold 300 tons of fuel oil. This is sufficient for a voyage of one month with an average range of 280 — 290 miles a day. Most trips last about 21 days.
3. BOILER AND ENGINE ROOM: triple expansion super-heated steam engine of about 1,250 h.p., auxiliary engines for dynamos, pumps, etc. The furnaces are oil fired.
4. W/T ROOM: Radio and radar equipment is as good as that of the largest liners. Includes radar radio locator, radio telephone with Morse transmitter, two radio receivers, two direction finders and two echo sounders.
5. "GALLOWS": for the trawl lines which pass over the ship's side through this pulley and block.
6. CREW SPACE: includes double-berth cabins, mess-room, and galley. Each bunk is fitted with a reading lamp.
7. SKIPPER'S QUARTERS: the Captain's suite is panelled and includes bedroom, day-room and bath-room. Below are the Mate's and Boatswain's cabins with the officer's mess-room adjoining.
8. RADAR SCANNER: the revolving scanner is connected to a screen in the W/T Room.
9. WHEELHOUSE AND CHART ROOM: The wheelhouse is the nerve-centre of the ship. Fish is found by echo sounders and the skipper directs operations by "Loud Hailer" and engine-room telegraph.
10. STEAM TRAWL WINCH: the powerful winch, carrying 750 fathoms of ¾" wire on each drum, can haul up the heavy trawl from 2,000 feet below the surface.
11. FISHROOM COOLING PLANT: this latest type of refrigerating machinery maintains the correct temperature in the fish hold to keep the fish in perfect condition. Next door is the net store where the trawl is stowed when not fishing.
12. COD LIVER OIL PLANT: Cod Liver Oil is extracted soon after the fish are caught. The livers are cooked in jets of steam which separates the oil. The oil is then stored in tanks from which it is pumped out immediately the vessel docks.

BRITISH TRAWLERS Hull / Grimsby / Fleetwood

THE BRITISH TRAWLERS'

The nine lives of Major Guy Peverille-Peake



GUY PEVERILLE-PEAKE is not a man to make the headlines in the great national dailies; but it's surprising how frequently you come across his name in the local weekly and in certain professional quarterlies. Leading nine lives has much to do with this, for Peverille-Peake is a man to be reckoned with—locally.

He runs a market garden on his seven acres out Taunton way, so he's employer to a few souls in the village. He's Chairman of the Parish Council and a Church-Warden. He is active in local T.A. circles, canvasses diligently for his party at election times, holds a trusteeship for the Village Hall (he's a stock character in the productions of the Amateur Dramatic Society) and—perhaps this is a little surprising—he's an acknowledged authority in the county on Saxon Somerset.

Peverille-Peake, nine lives and all, is not an unusual phenomenon. There are thousands like him who individually and collectively exert a tremendous influence on others. As local leaders they are listened to with deference. Their tastes, decisions, prejudices and enthusiasms affect what others do and think.

It is the Peverille-Peakes of this world who form the backbone of the readership of THE LISTENER—the national weekly with unique influence among well informed people of divers interests.

THE LISTENER offers unrivalled coverage of topics of national and international importance—politics, government, religion, science and the arts—by the most eminent and distinguished authorities. What THE LISTENER says today is part of the thinking of the Peverille-Peakes tomorrow and of their local audiences the day after.

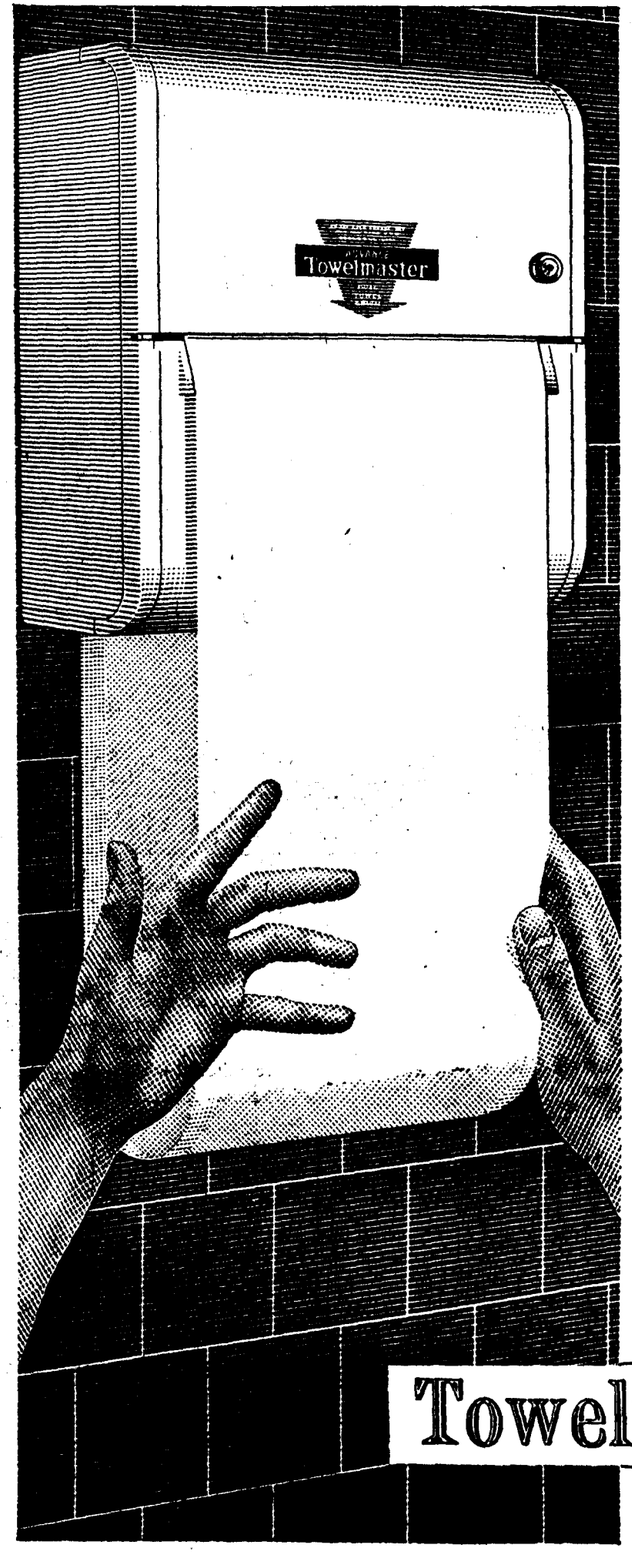
Advertisers who wish to appeal directly and economically to a selective market of better-off people of influence and discrimination will find no better medium than the advertisement columns of THE LISTENER. No other publication can present a more forceful or persuasive appeal to this particular group of people. Products advertised in THE LISTENER enjoy immeasurable advantages in terms of prestige and goodwill—presented, as they are, in close association with unique and authoritative editorial matter.

Average Weekly Net Sales (ABC) Jan. – Dec. 1954, 137,826



The Listener

Carries influence with influential people



A clean soft dry towel for every pair of hands

How does the Towelmaster work? A pull. Here's a length of laundry-fresh towel, enough and to spare for a really good dry. And as you pull, the used portion automatically winds into a separate compartment of the gleaming white Towelmaster cabinet. Nothing more efficient. Nothing more hygienic.

How much does the Towelmaster cost? 5/- per roll of towelling. Minimum usage only one roll per cabinet per week. Installation is free. Maintenance is free (two or more cabinets). No replacement charges. In fact there are no other charges whatsoever.

How much is the Towelmaster worth? Those few shillings give 180 pairs of hands an honest-to-goodness dry. Benefit staff and visitors alike. Give you 45 yards of *goodwill*. And what an infinitesimal price to pay for a clean bill of health!

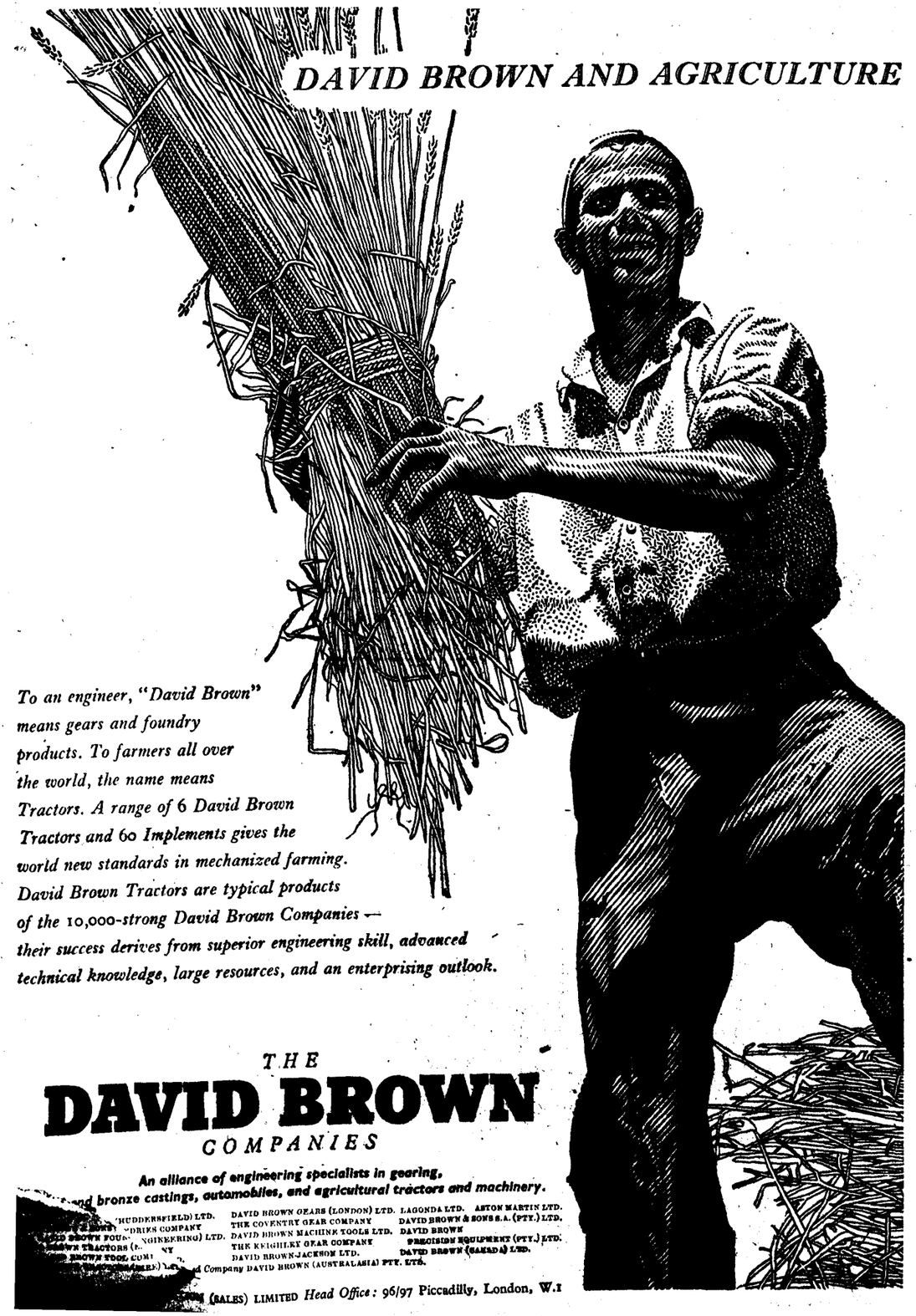
What are your particular needs? We'll be glad to discuss them—without obligation.

ADVANCE

Towelmaster

Advance Linen Services Ltd. (Dept. T15), Stratton House, Piccadilly, London, W.1. Telephone: Mayfair 8886

DAVID BROWN AND AGRICULTURE



To an engineer, "David Brown" means gears and foundry products. To farmers all over the world, the name means Tractors. A range of 6 David Brown Tractors and 60 Implements gives the world new standards in mechanized farming. David Brown Tractors are typical products of the 10,000-strong David Brown Companies — their success derives from superior engineering skill, advanced technical knowledge, large resources, and an enterprising outlook.

THE
DAVID BROWN
COMPANIES

An alliance of engineering specialists in gearing, bronze castings, automobiles, and agricultural tractors and machinery.

HUDDERSFIELD) LTD. DAVID BROWN GEARS (LONDON) LTD. LAGONDA LTD. ASTON MARTIN LTD.
...DRIES COMPANY THE COVENTRY GEAR COMPANY DAVID BROWN & SONS S.A. (PTY.) LTD.
...NGINEERING) LTD. DAVID BROWN MACHINE TOOLS LTD. DAVID BROWN
...TY THE KEIGHLEY GEAR COMPANY PRECISION EQUIPMENT (PTY.) LTD.
DAVID BROWN-JACKSON LTD. DAVID BROWN (CANADA) LTD.
...Company DAVID BROWN (AUSTRALASIA) PTY. LTD.

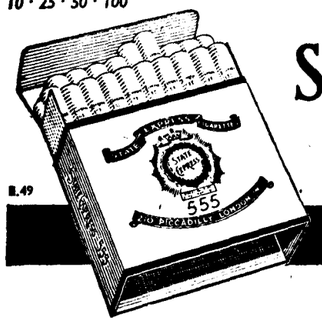
(SALES) LIMITED *Head Office:* 96/97 Piccadilly, London, W.1

CHANGING VIEWPOINT



As a man progresses in his career,
his standard of living insensibly increases
with his income and responsibilities. At some stage
in this progress he realises that the margin
is trivial between an ordinary smoke and
the best cigarettes in the world—

3/11 FOR 20
also in packings of
10 · 25 · 50 · 100



STATE EXPRESS 555

The Best Cigarettes in the World

THE HOUSE OF STATE EXPRESS 210, PICCADILLY, LONDON, W.1



The rewards of experience

He's motored nearly a million miles. He's sat behind many wheels in many weathers, travelled many roads on many tyres. He *knows* motoring. That is why he chooses Dunlop. For his own car he demands the unparalleled safety and strength and long life of Dunlop Fort—first with, and now without the tube. For his wife's car, naturally, the choice is Dunlop White Sidewall. For anyone who seeks the benefit of experience his recommendation is the same—Dunlop.



DUNLOP

makes the tyre you wa... ...ept.T13), London, W.1.

SM/102

On taking din with your dinner

MANY PEOPLE will admit to a preference for the soft lights/sweet music type of atmosphere for their own meals. But consider what goes on in the works canteen. There, the scrape of the chairs, the clatter of cutlery, the tintinnabulation of trays make their own noisy contribution to the lunch-time chatter. A lot of factory canteens are —let's face it—just a bit makeshift, so far as construction goes. A partition here, a little hardboard there and a corner is labelled "Works Canteen". Well, space is limited and such things must be, but the noise takes its toll in tempers and digestion, and edgy nerves affect productive efficiency. Ask the Works Doctor.

There are, however, answers, and simple ones at that. It's fairly easy to absorb much of the surplus noise by the application of acoustic insulating materials to walls and ceilings, thereby preventing the reflection of unwanted sound. Newalls (*Reg'd Brand*) Paxtiles for instance, are one of the most widely used acoustic tiles available for this purpose and, what's more, they are decorative and easily fixed—normally without any interruption of the daily use of the area concerned. For irregular surfaces Newalls Sprayed 'Limpet' (*Reg'd*) Asbestos, which is applied by spray gun, adheres on impact and is, therefore, free to follow the shape of any surface to be treated.

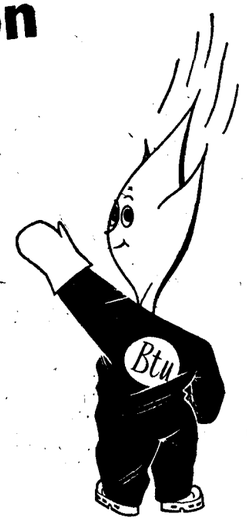
Listen to the din in your canteen today and get in touch with us about making your works a less noisy place. You can expect economy-conscious suggestions to put matters right. *Consultation is gladly offered and will cost you nothing.*

NEWALLS INSULATION CO. LTD · Washington · Co. Durham

A member of the TURNER & NEWALL ORGANISATION

Offices and Depots at LONDON, GLASGOW, MANCHESTER, NEWCASTLE UPON TYNE, BIRMINGHAM, BELFAST, BRISTOL AND CARDIFF. AGENTS AND VENDORS IN MOST MARKETS ABROAD.

Money Making Proposition



"I can save you thousands of pounds" says Private Btu (the British Thermal Unit) *"Even though fuel costs may be only a small fraction of your costs of production."*

FUEL EFFICIENCY PAYS *For example*—A company in Cambridgeshire using a Lancashire Boiler installed a superheater and achieved a coal saving of approximately two tons worth £8 a week. The equipment cost £350 so it was paid for in the first year. Allowing it fifteen years of life this was a most profitable investment.

Superheater Manufacturers' Association 7 Norfolk Street Manchester 2 has many other examples of the advantages of superheated steam and will be pleased to put you into touch with the manufacturers concerned.

Issued by **N·I·F·E·S** *National Industrial Fuel Efficiency Service*

71 Grosvenor Street London W1 Telephone: Hyde Park 9706



NO RIVER TOO LONG .....

WHEREVER THE DRILL GOES .....

.... SCHLUMBERGER GOES!

The Economist

FOUNDED 1843

MAY 28, 1955

ONE SHILLING

The Nation's Verdict 743
Perspectives for Germany 744
Inquiry Into Canadian Prosperity . 745
The Law's Delay 747

NOTES OF THE WEEK

Railwayman's Roundabout ; Damp Squib at the Docks ? ; First Hush on Formosa ? ; Tough at the Top ; Last Stages ; Television in the Election ; Haste or Speed ? ; Russians in Belgrade ; Ho's Small Mercies ; Robbing Peter to Pay Perón ; The Thinking Socialist's Guide ; Equivocal Annulment ; Russo-Japanese Talks in London ; Manœuvres Before Messina ; Scotland's Schools ; It was not Cricket ; Shorter Notes. 749

BOOKS 759
LETTERS TO THE EDITOR . . . 762

AMERICAN SURVEY

Shot in the Democrats' Arm . . . 765

Will They Run ? ; Control of the Sky ; Postage Due ; Royal Road to Panama ; Box Offices at Home ; Reactors Start Competing ; Evasion by Authority ; Shorter Notes.

THE WORLD OVERSEAS

Australia's Defence Programme . . 773

Crisis at The Hague ; Indian Communists Becalmed ; Setback in Eastern Nigeria ; Soviet Industry Under Fire ; Uneven Scales of French Justice ; Denmark's Progress in the Air.

THE BUSINESS WORLD

Chemical Engineers Accepted . . . 783
Money From Green Fingers . . . 785

BUSINESS NOTES

Blue-coloured Spectacles ; Sterling on Tenterhooks ; Settling Steel Prices ; Britain's Real Advantage ; Pay for Footplate Staff ; Transport : a User's View ; April Trade Winds ; P & O in a New Light ; The Free Scrip Issue ; Business in Cotton Textiles ; Further Expansion for Bowater ; New Export Duty on Rubber ; Competitive Cigarettes ; Leyland Bids for Scammell ; Standard Adds Frills ; Shorter Notes. 787

COMPANY NOTES AND SECURITY
[illegible]RICES 800
[illegible]CS 803

[illegible]spaper. Entered as Second Class Mail [illegible]ork, N.Y., Post Office. Authorised [illegible] Post Office Dept., Ottawa.

The Nation's Verdict

THE early results on Thursday night suggested a swing to the right. It was not as substantial, nor as all-embracing, a swing as the Conservatives would have liked ; their performance in office has not brought any mass conversions. But the swing certainly seemed enough to bring them back to power, and probably with a moderately increased majority.

This result carries an important message to both sides. The message to the Conservatives is to remember why they have won. It was because they took time out for courageous statesmanship just after the last election that they have had the elbow room for alluring politicking just before this one. Today the country moves again from a pre-election to a post-election phase. The Conservatives, who have enjoyed the pre-election phase immensely, may have a tendency to forget this. Their temptation may be to ignore any sticks of political dynamite that are still lying about—Formosa, freer trade, industrial unrest—and concentrate instead upon building all those new houses and hospitals in the sunshine. They may want to try to enjoy a continuing harvest festival, without facing the necessity for another round of hard ploughing. If they do this, the unresolved issues are likely to keep on exploding in their faces all through this Parliament ; and the second instalment of the new Tory democracy will have a much less happy ending than the first.

The lesson of last Thursday for Labour is starker. The party may be inclined to comfort itself with the partial containment of a Tory sweep, with the thought that it has not done so badly after all. But this will not be the verdict of history. There has been only one previous occasion, since the great Reform Bill started Britain on the road towards democratic elections one hundred and twenty years ago, when a party which was returned as the principal Opposition at one general election has lost ground at the succeeding one. The Parliamentary Labour Party of 1951-55 today goes down as the second on that list. It is quite clear why it has come to this pass. It has done so because its leaders have again and again been willing, for the sake of "party unity," to compromise with policies in which neither they nor the country believe. The electorate is in no mood to entrust the management of its affairs to a party whose only recipe for avoiding splits over personalities appears to be to do the splits over policy.

This second successive defeat comes at a critical moment for the Parliamentary Labour Party. Mr Attlee is now 72, and it is to be presumed that this will be his last Parliament. There is natural curiosity about who will be his successor as party leader at the next election, and there should be even greater curiosity about what sort of party he will have behind him. It is important that any emerging leader from the right should draw the correct conclusion from Thursday's failure. To put party unity above principle may be the right way to win applause in a riven Parliamentary party. But it is the wrong way to win votes from the country at large.

Perspectives for Germany

THE clarification of American views on the future of Europe that Mr Dulles provided on Tuesday, was urgently needed. The Secretary of State pointed out how unrealistic is any idea that a country as large as Germany can play a neutral role in the heart of Europe, and added that its reunification would not change this aspect of affairs. He related talk of a "neutral belt" to the East European satellites' unjust subjection and to the new hopes that the evacuation of Austria and the apotheosis of Marshal Tito might rouse among the satellite peoples. And, gently brushing *Pravda* aside, he reaffirmed that the talks at the "summit," must be essentially a starting point for negotiations that would continue at various levels and for some considerable time. This last point is familiar and common ground in the West, where nobody is attracted by the concept, long dear to Mr Molotov, of the great powers deciding the fate of the rest of the world over its head. But Mr Dulles's other remarks had been impatiently awaited, ever since the President, during his press conference of the previous week, had answered a question about the idea of a "neutral belt" by saying that this thought "seems to be developing."

An astonishing edifice of speculation was built up on Mr Eisenhower's brief, vague, and unconsidered remark, which, as the full record shows, was intended largely as an evasion of the question. The German press, and some newspapers in other countries, leapt to the conclusion that the United States had been converted to the Communist idea of a neutral belt across Europe that would embrace Germany. Dr. Adenauer summoned his envoys from the western capitals to hear their reports on this supposed shift in American policy. The alacrity with which Mr Eisenhower's words were pounced on and misinterpreted was, admittedly, partly justified by the attention lately paid to neutrality in some columns of the American press, and partly by the current discussion of all manner of possible perspectives for Europe among United States officials. Yet this merely illustrated the danger that American concern to show an open mind is apt to look, in European eyes, accustomed to less frank debate in official quarters, like a definite shift in policy. Last week's interpretation was as false as the one that will now doubtless be derived from Mr Dulles's statements, which are bound to be hailed in some quarters as a new retreat to rigidity.

But what in fact are the possible perspectives for Germany, and where has Mr Dulles done more than state them in realistic terms? Most of Dr Adenauer's critics in the Federal Republic now claim to share the Chancellor's insistence that Germany must hold fast to the western partnership; but where he interprets that straightforwardly as meaning full loyalty to the Atlantic alliance, they concoct tortuous "third solutions" under which Germany would, they claim, achieve a special position permitting it to be reunited with the agreement of the Russians. Herr Ollenhauer, the Social-Democrat leader, rejects neutralisation but insists on *Bündnislosigkeit* (freedom from alliances), a subtle variant of neutrality which would leave Germans free to follow an "active policy"—presumably, to play off East against West. Others argue that the Americans and British must, of course, retire, but only from German soil, being morally bound to protect Germany from other bases in Europe. As the leading military expert of the Free Democrat Party puts it:

> America has taken on the responsibility of defending freedom in Europe. We cannot and will not release it from this responsibility.

Meanwhile the German public quietly continues to vote Dr Adenauer's party into power in *Land* elections, the Social-Democrats seeming unable to win more than a third of the votes, and the smaller parties losing ground.

*

This apparent confusion reflects the simple fact that many Germans share the universal human desire to have one's cake and eat it too. Their longing for reunion is genuine, but at the same time they do not want to imperil their present prosperity and political liberty. They would like to keep out of any major conflict between East and West, but they also want to retain American military protection. They want to be of the West but to get a foothold in the East; while rejecting Communism, they are confident that they can get the better of the Russians in negotiation and profit from trade with them. They seem blind to the harsh lesson of experience, that people who try to have their cake and eat it tend to find both their stomachs and their plates empty.

To restore clarity to thinking on these issues, some order of priorities must be recognised; and the first priority is self-evidently to prevent the disruption of the Atlantic alliance and the withdrawal of American forces from a Europe which would be wholly dominated by the Red Army as soon as they had gone. The Russians clearly understand that this is the fundamental issue, and for many months their tactics have shown how high they are prepared to bid for an American evacuation. There ought to be the same lucidity of thought on the western side. No settlement can be accepted which is based on the illusion that the American forces will be able to draw back merely from Western Germany into France and the Low Countries. Once the backward movement begins, it will not end on this side of the Atlantic. The western price for any settlement that sends the Americans back across the ocean has to be set a great deal higher than the mere withdrawal of the Russians from Elbe to Oder. The Russians themselves, indeed, have already hinted that they might withdraw not only from Eastern Germany but from Poland too. Yet it would be small comfort to either Germans, or Poles, or western Europeans as a whole, if a Communist Polish army headed by Marshal Rokossovsky became Moscow's military spearhead.

An American evacuation would only be made tolerable by a much more radical change in the balance of power in Europe. That would involve not merely the pulling back of the Red Army but the restoration to Poland and Czechoslovakia of the political liberty that was promised them at Yalta. The removal of Soviet troops would be of little importance if the strings of Communist authority still ran from Moscow to Warsaw and Prague. And, indeed, if American and British evacuation and German reunion took place without the freeing of Poland, the next logical step would be an alliance between Russians and Germans based on the return of the Oder-Neisse territories to Germany and involving a fresh catastrophe for the Poles. Nor would that be all. A "neutral" Germany, with one flank pressed against the Communist sphere and the other resting on a power vacuum, would be under mounting pressure to move over into the Soviet-led "camp of peace and democracy," not only in hope of regaining the Oder-Neisse lands but as a result of internal pressure from the Communist apparatus it would inherit from the Ulbricht regime in the "German Democratic Republic." The Russians would undoubtedly weight the scales in any peace treaty to ensure that a reunited Germany had its hands tied in resisting internal Communism, and was economically dependent on Soviet goodwill (a reunited Germany would need massive external aid to protect its neutrality with arms, and to restore the limping economy of the Soviet zone, and it would hardly get this from America if it had abandoned its new allies). The perspective was fairly frankly revealed by the chief of the East German "People's police," Karl Maron, earlier this month:

> The German people's future is secure only if it retains the friendship of the Soviet Union, protecting it as the apple of its eye, and is firmly associated with the other countries of peace, democracy and socialism.

To say all these things is not to argue that western policy should pay no attention to the German desire for reunion. On the contrary, the partition of Germany, as long as it lasts, will be a standing menace to the peace of Europe and it must be a primary objective of policy to bring it to an end. This would be so even if Germany's wishes, now that the Federal Republic is a full member of Nato, did not deserve as much consideration as those of the other members of the alliance. But the western partners, who have assumed obligations towards the Germans, have the right to remind the Germans that they, too, have accepted obligations, of which the chief are patience, circumspection and loyalty. It would be a calamity, having come so far with the policy of firmness (which is Dr Adenauer's policy as much as anyone's), to throw its fruits away through too much impatience. The western allies can ask this with the more assurance because, for all the clamour in the German press, it is what the German people appear to want. In election after election, Dr Adenauer continues to get their votes, and it is his voice that should be listened to. It is a voice that pleads for unity—but not at the price of a specious and unworkable "neutrality" which would be simply a trap for the unwary.

Inquiry Into Canadian Prosperity

From Our Ottawa Correspondent

THE Canadian government is trying to find members and staff for a Royal Commission which is to inquire into the future economic prospects of the country. The decision to launch such an inquiry was announced in the budget speech by Mr Walter Harris, the new finance minister. It was not universally welcomed even by his Cabinet colleagues, but it has had a good reception from the public which is perhaps a little bemused by the successive years of unprecedented expansion which Canada enjoyed up to 1954. The pause in the pace of expansion during 1954 brought to the surface a certain uneasiness which, in spite of the optimistic survey of Canada's economic future made on Wednesday by the Minister of Trade, Mr Howe, still lurks in most people's minds.

By the time the Royal Commission reports—which may be two years hence—no one can tell what the situation may be; but as it starts on its task, the basic question on which Canadians want to be reassured seems to be this: Can this country continue to lean as heavily as it now does on extractive industries and go on finding employment for its rapidly increasing population? Reliance on the extractive industries means heavy dependence on foreign markets and suggests a second question: Must Canada remain dependent on exports for its prosperity, or can it gradually grow into a more self-contained economy?

The prewar years, when agricultural exports (primarily wheat) dominated the Canadian scene, have tended to be forgotten by many Canadians, except those

from the prairie provinces. Since the war, attention has been focused on the development of other resources, and especially on minerals. Iron ore, non-ferrous metals and oil have led the parade. These mineral developments, like wheat, look to foreign markets, but unlike wheat, overwhelmingly to the United States. The heavy preponderance of American capital in many of them, and especially in oil, underlines this. It also follows that Canadian mineral resources are shipped across the border in a pretty crude state. Mineral developments are producers of wealth, rather than of direct employment. An immediate and drastic drop in employment is characteristic of the production stage of a new project. It took hundreds of men to build the iron-ore railway into Labrador, or the aluminium smelters at Kitimat; but their continuing operation is so highly mechanised that labour requirements are reduced to a minimum.

The orthodox answer to this dilemma is that the successful operation of new mines and smelters and oil wells spreads prosperity throughout the economy. To some extent this has been demonstrated by Canadian experience in the last eighteen months, when the expansion of the service industries has been the main balance to under-employment in other sectors. But there remains an uneasy feeling that this may not be a complete answer. People want to see some of this prosperity shared by the secondary manufacturing industries, which are better employers of labour than either the mines or the farms.

★

It is precisely at this point that the present weakness of the Canadian economy is most apparent. General manufacturing, though taking far less capital than the development of resources, has expanded substantially in the postwar years. In relation to capital invested it has provided far more employment. But it rose to some extent on the backlog of demand in the first years after the war, and it was obviously helped by the weakness of the competition from countries still recovering from wartime devastation.

This is the sector where last year's slackness was most felt. With some exceptions, Canadian manufacturing is largely dependent on the domestic market. The American tariff remains a fearsome deterrent to the sale of manufactured goods south of the border. Exports overseas have been limited, first, by dollar shortages and consequent import restrictions; and, as these subside, by the relative cost levels for many goods with a high labour content. Many Canadian manufacturers will also say that they are not allowed to enjoy even the small Canadian market because of increasing import competition both from the United States and from overseas. The Canadian tariff has been kept low, and reduced moderately at successive Gatt negotiations, mainly on the ground that this country depends on its export trade and, therefore, on liberal import policies on the part of its customers. In the case especially of the United Kingdom, other Commonwealth countries and Europe, Canadians have widely accepted the thesis that they could not hope to sell their goods unless they also provided dollar exchange by purchasing from the soft currency areas.

★

Throughout last year this policy appeared to be paying off handsomely, as the United Kingdom and other Commonwealth and European countries increased their imports from Canada and helped to offset the reduction in American purchases. The percentage increase in purchases by the United Kingdom of such Canadian staples as lumber, aluminium and non-ferrous metals has been remarkable. In the first quarter of 1955 the Commonwealth as a whole bought 37 per cent more goods from Canada than in the first quarter of 1954. The United States, which is also now recovering as a market, showed an increase of only 8 per cent in the same comparison. But in absolute terms the United States plays such a dominant role in Canada's export trade—it took 60 per cent last year, compared with Britain's 17 per cent—that the prosperity of both mines and forests may almost be held to depend on the American demand.

In any case, this is to beg the question which is now presenting itself for serious examination here. The development of resources which has been the main spark of these recent years of expansion is losing a little of its glamour as it becomes apparent that this is not itself a great provider of employment or of a humane life. Some Canadians are beginning to feel that the growth of extractive industry will not compensate for slackness in secondary industry.

★

An unusually provocative speech, for a central banker, was given the other day by Mr J. E. Coyne, who succeeded Mr Graham Towers as governor of the Bank of Canada at the beginning of this year. Peering ahead to 1975, in a manner which again is unusual for a banker, Mr Coyne predicted that Canada would be very much less dependent on its export trades, much more highly developed in its secondary and tertiary industries; that it would have repatriated much of the ownership of basic industries now held in the United States; and that the process of the next twenty years would be increasing "Canadianisation" rather than "Continentalisation." (The words are Mr Coyne's.) Most Canadians would like to believe this prophecy. But it is noted that Mr Coyne threw it well into the future. For the next five or even ten years the process is not so easy to detect. And the shorter period is what most people are thinking about.

The Law's Delay

WHEN the new Parliament assembles, some of its time will presumably be taken up in handling non-controversial legislation which was killed by the demise of the old one. Among the bills that will almost certainly be sent round again is the County Courts Bill, which sought to raise the maximum jurisdiction of county courts from £200 to £400, and which—it was hoped—would transfer to them about 1,300 cases a year that are now heard in the High Court. The general aim of the old Bill was to make justice more speedy, less expensive, but no less just. This may be a good moment to try to assess how far it would have succeeded in these objects, and whether there are any changes that should be made, or that should be resisted, when the new Government comes to draw up a fresh measure.

First, as to speed. As a rough generalisation, a case can now often be heard in a county court within six weeks of the summons being issued. The delay in the High Court is usually very much longer. In London and at the larger assize towns, a case set down today may not be heard much before the end of the year, although the proposed establishment in Liverpool and Manchester of new criminal courts may ease the pressure. The situation at the smaller assize towns is easier; but the difficulty in some places is that if a case is not reached it may have to wait as much as six months for the next assize.

This congestion of the lists, however, is not the only reason why many cases heard during the last three months have dealt with accidents that happened two, three, four and even more years ago. Time has to be allowed for investigation, for negotiations to take place and to break down, for busy counsel to be instructed to settle the pleadings. A Bill may help to remove one of these causes of delay if—as is suggested later—it helps to bring more barristers into active service. But no Bill can do very much about the others. On this score, too much should not be expected from any new measure.

★

There should also be caution about supposing that any Bill can make justice very much cheaper. Generalisations about legal costs are always dangerous and often misleading, but it is fair to say, within a wide margin of error, that a plaintiff's costs in an action for personal injuries might be about £150 in the High Court and about £60 in the county court. The difference between these broad comparative figures is accounted for partly by what may be much larger fees to counsel (10 guineas is the county court maximum); partly by solicitors' costs in preparing the case for trial; and partly by allowances to medical and other expert witnesses. In addition, county court judges do not expect such profusion in the provision of copies of documents, photographs and plans as their seniors in the High Court; the Lord Chancellor disclosed during the committee stage of the old Bill that a case in the High Court takes roughly two and a half times as long to hear as a case in the county court.

The offsetting factor, however, is that scale charges will almost certainly have to be increased if solicitors are to be attracted to take up new county court cases. At present one county court case may bring a solicitor about £30 in profits. For conveying a house worth £2,500, the title to which is registered, he receives the same sum and does far less work. In the last twenty years conveyancing fees, which are calculated on the value of the property conveyed, have risen in proportion to the change in the value of money. Fees for litigation have not. If, therefore, a large number of cases are to be transferred to the county courts, the lawyers can reasonably ask for a new scale of costs somewhat higher than the present highest county court scale, though lower than the High Court scale. The gap between the two is now very wide; and the public will not have much grounds for complaint if—at the same time as a new measure is introduced—it is announced that the gap is to be narrowed.

★

Thirdly, is there any reason to fear that a fairly large-scale transfer of cases to the county courts could have an adverse effect upon the quality of justice itself? Figures for appeals do not suggest that there is much reason to worry about this. In 1953 the Court of Appeal heard 581 appeals from the High Court and reversed or varied the decisions in 173; it also heard 207 appeals from county courts and reversed or varied 38. It is true that the grounds of appeal from the High Court are wider and extend to questions of fact as well as of law, and that the small sums at issue in the county courts induce potential appellants to cut their losses; nevertheless, the figures do not suggest that the quality of justice dispensed in the county courts is low. There may be more appeals from the county courts as a result of the proposed reform; the Bill before the old Parliament provided that where between £200 and £400 is recovered in the county court the extent of the grounds for appeal should be the same as in the High Court. Some people have expressed the fear that this might force county courts to keep longer and more expensive records; in practice, however, the difference would be likely to be slight. It is very rare for the Court of Appeal to upset the trial judge on a question of fact.

A more potent reason for fearing that injustice could flow from the Bill is that it is proposed that legal aid

should now become available in the county courts ; and it has been suggested that this might lead to a flood of litigation, particularly small suits for damages and actions under the Rent Restriction Acts. It is doubtful how large any such flood could be. (One difficulty will be to find enough lawyers who understand the Rent Acts.) Quite obviously, however, the reform could extend the danger that some people may have to face frivolous actions—financed by the taxpayer—and then have to pay their own costs even after they have won. The argument for compensating these people out of public funds is immeasurably strengthened by the proposed reform. The sum involved would not be large.

★

This question of compensation is the first important change in the proposed system that should be urged upon the new Government. But there is another change for which some people have lobbied but which the new Government should not accept. In order to effect the transfer of cases to the county courts the Bill in the old Parliament did not only seek to extend the number of cases which can be heard there ; it also sought to introduce stronger measures to deter plaintiffs from exercising their undoubted right to choose to take proceedings higher. This requires some explanation. Under the present law, if a plaintiff chooses to start an action for damages in tort in the High Court and recovers less than £50, he will probably be penalised for not bringing his action in the county court by being awarded costs on the lower county court scale only ; he may well get £100 less than he has to pay to his solicitor and counsel. If he recovers more than £50, however, his costs will be on the High Court scale. This gap between £50 and the £200 that is the maximum which county courts can now award, is known to lawyers as the "cushion" ; between those figures actions may be started in the High Court or in the county court without fear of being penalised in costs. The tendency at present, therefore, is for a large number of cases in which £100 or thereabouts is expected to be recovered to be begun in the High Court ; and the Lord Chancellor has admitted that the effort made in 1938 to bring more cases into the county courts, by raising their upper limit of jurisdiction to £200, failed because the "cushion" was enlarged.

For this reason the Government made it clear earlier this year that it wanted to abolish the "cushion" altogether. Originally the County Courts Bill in the last Parliament provided that no plaintiff in the High Court who recovered less than the new county court limit of £400 would be entitled to High Court costs. Solicitors and counsel protested that it was unfair to expect them to make such nice calculations as whether their client should recover £375 or £425. It was because of their dissatisfaction that the Lord Chancellor decided to give judges an enlarged discretion ; he announced that they would be allowed to award High Court costs if they adjudged that it was reasonable for the plaintiff to expect that more than £400 might have been recoverable, even if the actual sum awarded were less. Solicitors reply, however, that a judge who has just awarded a plaintiff £350 might be pardoned for hesitating to declare that there was reasonable ground for expecting that he might have given £400. They therefore want their cushion back, even if it is not so large and soft as the present one. There were reports that the Lord Chancellor in the old Government might give way sufficiently to concede a cushion of £100. If too much is given away, however, the whole purpose of the Bill could be endangered. The new Government would be wise to stand fast against this pressure.

A final question concerns the effect of the proposed reform on the legal profession. Solicitors have the right of audience in the county courts, but not in the High Court ; one effect of the reform could therefore be to transfer work from the Bar to solicitors. This is unlikely on any large scale. Except in the more remote areas far from a local Bar—where there is not much High Court litigation and where the percentage of cases which solicitor-advocates will snatch out of the mouths of barristers must therefore be low—most solicitors already prefer to brief counsel in cases of substance in the county courts ; they find it more profitable to do so than to spend the time in court themselves.

For this reason, although not everybody at the Bar seems to have accepted the fact, the proposed reform could benefit barristers—at a time in their careers when they most need benefits. Unless a new county court scale gives considerable increases to counsel, which would partly defeat its purpose, busy juniors should find it convenient to allow more of the county court work to gravitate to the younger men. Solicitors have an understandable tendency to stick to the same juniors until they take silk ; more county court work could give young men earlier opportunities of building up a practice. Leading counsel are not likely to be affected by the Bill, since in few cases worth less than £400 is it justifiable to take in a leader.

In broad summary, therefore, the defunct County Courts Bill was modest in ambition and practical in approach ; if it is reintroduced in the new Parliament, it will be of strictly limited though probably of real benefit. One of the chief obstacles to constructive reform of legal practice is that laymen underrate the practical difficulties and lawyers exaggerate them. Between the two it is hardly surprising that things continue much as they are. The Bill that died with the old Parliament, however, seemed a worthwhile attempt to make them just a little bit better. With arrangements for compensating people who at present have to pay their own costs against frivolous and tax-supported claimants, and with determination to stand fast against lawyers' appeals for an excessive cushion, the new Government would be wise to enter the Bill in the lists again.

Notes of the Week

Railwaymen's Roundabout

ONCE again the country is threatened with a railway strike ; once again, as with all the previous false alarms, it is extraordinarily difficult to see how the struggle is to be averted. The Associated Society of Locomotive Engineers and Firemen has re-issued strike notices without even discussing the new offer of the British Transport Commission. The commission would not concede the 5s. 6d. extra a week which the ASLEF is still demanding for engine drivers on the top rate. But it did offer 5s. more to the drivers of important trains and 2s. 6d. to drivers of other trains ; it also proposed new mileage allowances, of 3d. for drivers and 2½d. for firemen, for each ten miles above 80 and up to 140. The drivers of expresses, who are the people who appear to the public to be underpaid (partly, admittedly—as a note on page 791 suggests—because it is not generally realised how much they can earn with mileage allowances, overtime and week-end working), would keep, but not increase, their allowances for mileage above 140. Thus the new allowances would have given train crews on less exalted duties an incentive to do greater mileage. But the proposals do not suit the ASLEF, even though some engine drivers, under the new proposals, would earn more than their union is asking.

The two features of the proposals which the union finds unacceptable are the refusal to offer anything to those engaged on shunting ; and the proposed classification of trains into two grades of importance with two rates of pay. The ASLEF says that the same qualifications are required to shunt an engine or drive a suburban train as to drive an express ; and that the people who get expresses usually do so by luck rather than by any exceptional skill. But it has clearly argued itself into an impasse. The union is all for differentials between its members and the grades which it does not represent, but is against increasing differentials within its own ranks. It is therefore no longer true to say that—if a railway strike has to be withstood some time—it would be better to make that stand against the NUR than against the engine drivers' union.

Damp Squib at the Docks?

THE strike started on Monday by the National Amalgamated Stevedores and Dockers has been a great disappointment to its organisers, and a triumph for the cause of common sense at the docks. The instructions of Transport and General Workers' Union to its members that they should stay at work have been heeded by a vast majority. The NASD claims 17,000 members, and only 18,000 dockers in all are on strike. Even allowing for some exaggeration in the first figure, it is clear that few of the TGWU's dockers have followed the stevedores' lead.

There have been several reasons for this heartening responsible attitude of the big union's members. First, most disaffected dockers will have joined the NASD by this time in any case. Second, the men lost eleven weeks' pay as a result of following Mr Barrett's lead last autumn and gained by it precisely nothing. Third, the TGWU's public relations policy—under its new acting general secretary, Mr Tiffin—has at long last been a model of efficiency. The union's statement to its members was prompt and firm, and Mr Tiffin himself has been enthusiastically writing letters to the press. Fourth—and less comforting—the Communist agitators for once are not at work. Officially the party line is that it is better to work for control of the TGWU, with its vast power and tentacles in every industry, than to disrupt it ; unofficially, the Communists may have decided that they would be wise to keep out of a venture that they felt was likely to fail.

It seems therefore that the NASD's strike is doomed, for the ports can limp along for some time if, as now, less than a third of the ships in British ports are idle. The NASD leaders are clearly looking to the TUC to find them a formula by which they can call off the strike without openly admitting defeat. It is to be hoped that neither the TUC nor anybody else will oblige. Last October the NASD lost everything except face ; this time it is important that it should lose face as well.

First Hush on Formosa?

AS the aeroplanes bear the peacemakers to and from Peking, the noise of their comings and goings is all the more audible because of the hush that seems to have fallen over the Formosa straits. It would be one of history's more pleasant minor ironies if a *de facto* cease-fire between the Chinese Nationalists and Communists were to be established while the diplomats were trying to arrange for discussions that would provide for one *de jure*. Mr Chou En-lai does not seem to be in any hurry to elucidate what he said at Bandoeng about his willingness to enter into direct negotiations with the United States. It is now about three weeks since he told the British *chargé d'affaires* in Peking that he would give him an explanation "in due course," and so far as is known nothing has yet emerged. Nor does Mr Krishna Menon seem to have fared much better, to judge from the subdued comments he made at Hongkong on leaving China last weekend. Other Asian

mediators who try their hand in the future will probably also discover that Chou still wants to undertake negotiations only on conditions, involving the abandonment of the Nationalists, that are quite unacceptable to the Americans.

Meanwhile, however, a lull has descended over the islands and the water that are the cause of all the diplomatic activity. The bombardment of Quemoy and Matsu has practically died away, and the visit of Admiral Radford and Mr Robertson seems to have persuaded Chiang Kai-shek to restrict his aircraft to defensive operations. It now appears that the airfields designed as bases for jets on the Communist mainland opposite Formosa are far from ready, and the alarm they roused last month in some Washington breasts was therefore premature. By the autumn, when work on them will be nearer completion, the crisis may sharpen again, but the present developments are an encouraging step towards the kind of practical truce which is the prerequisite of a settlement.

Tough at the Top

THERE were some positively encouraging elements in *Pravda's* Sunday diatribe against the western approach to the "summit." Admittedly, it was curious that the official Party organ should catalogue at such length the supposed flaws in the western concept before the Soviet government had even replied to the invitation sent to it over a fortnight ago. The Russians, indeed, had done their best to drown the news of the invitation when it came; now they are evidently constrained to present the conference to their public as an imminent and important event, but they still hope to depict the West as obstructing rather than sponsoring it. They are even making an issue of the location and timetable suggested. It is fairly clear why they would prefer to meet in Vienna; if the statesmen met there, the atmosphere would probably be, as it was during the ambassadors' talks on the Austrian treaty, favourable to the Russians in that the Viennese are still naturally nervous about any signs that the powers cannot reach quick agreement. Western negotiators are susceptible to such anxieties, and liable to be rushed into giving way; the Russians are not. Yet *Pravda*, by revealing how sticky the Soviet attitude is going to be, has in fact done something to help dispel the dangerous illusions still widespread in the free world about the possibilities of reaching swift and sweeping agreement at the "summit"; and for that one should be grateful.

Significant, too, was the way the Moscow paper chose to distort the words used by Mr Dulles and Mr Eisenhower about the restoration of freedom to Eastern Europe. *Pravda* presented this to its readers quite flatly as a proposal for the "re-establishment of the old regimes." The trick is an obvious one; apart from the Czechs, few of the satellite peoples would welcome a return to prewar conditions. It is also a transparent trick, for it can be taken for granted that nobody in the West is proposing to restore the rule of the Horthys and Becks in Eastern Europe. By making such a crude distortion, *Pravda* reveals how much the Communists fear the attraction that the prospect of recovering the genuine democratic liberties promised at Yalta and in the peace treaties has for East Europeans in general.

Last Stages

THE election campaign died away in a frenzy of organisation, but without any new scare issues. The *Daily Mirror* found a superbly clever slogan to fill its front pages in the last week: "Vote Labour to keep the Tories tame. Will you be smiling if the Tories come back with a big majority?" The *Daily Sketch* countered by kindly informing Mr Attlee, and what it hoped was a terrified public, that there was a secret plot among a majority of Labour candidates in winnable seats to vote for "Prime Minister Bevan" if they were elected. It seems probable that both campaigns were of some advantage to Labour.

Labour's own electioneering in the last few days seemed to consist largely in saying that the other side's electioneering was unfair. One group of Labour ex-MPs have issued a writ against a Tory candidate who is alleged to have said that they did not trust Mr Attlee; another Labour candidate sought to obtain an injunction against the issue of mock ration cards in his constituency; and Mr Attlee himself said that these cards were "the dirtiest trick of all." Lord Woolton urged Liberals to vote Tory, and the Liberals and Mr Herbert Morrison both said that this advice was insulting. The Stationery Office's instructions on the mechanics of voting—"suppose that the candidates are called Alpha and Beta"—caused intolerable chaos at Widnes, where the Conservative candidate is called Mrs Beata Brookes; they were withdrawn in favour of instructions about two hypothetical candidates called Alpha and Omega. An Anarchist Group told its members to write "Vote for Joe Soap" across their ballot papers; and some eminent Liberals appear to have given much the same advice. But, aside from these flurries, candidates and agents in all areas spent the last stages of this campaign staring over the shoulders of two question marks: whether Labour's organisation—which brightened up as usual across the whole country in the last few days of the campaign—would succeed in bringing out its apparently apathetic mass vote; and whether the usual swing against authority could this time be turned back by a Government fighting almost entirely on its own record.

Television in the Election

THERE seems to be general agreement that this has not, after all, been a television election; and certainly no party made as effective use of the medium as the planning behind the programmes should have ensured. The best vote-catchers were probably Sir Anthony Eden in his final solo appearance and Dr Edith Summerskill in Labour's cost-of-living programme; the most obvious vote-repeller, because she had no idea of when to stop talking, was Lady Megan Lloyd George. The interesting feature of this judgment, which seems to be confirmed by public opinion surveys, is that—before the event—many experienced political observers had expected the two ladies concerned to end at precisely the opposite ends of the poll. Another lesson of the public opinion polls is that, contrary to the



LEARN WHAT LUSTREX* IS!

SEE WHAT IT CAN DO!

Here is a unique opportunity for designers, engineers, and everyone interested in faster, better, more economical production.

An hour at Monsanto's stand today will demonstrate to you the remarkable possibilities of Monsanto's remarkable plastic—Lustrex.

You will see Lustrex in all its forms. General Purpose. Heat Resistant. Toughened. And Hi-Flow 55. You will be *amazed* at its versatility and its economy in use. You will be *surprised* at what has already been done with Lustrex.

And *we* shall be disappointed if you do not leave with some new ideas of your own!

*Registered Trade Mark

Also on display will be: Plastics raw materials; Polyester Resins raw materials; and Aroclors plasticizers. Monsanto will be glad to help you with technical service on plastics applications.

The British Plastics Exhibition is being held at Olympia from June 1st—11th.

MONSANTO PLASTICS LIMITED

168 Victoria Station House, Victoria Street, London, S.W.1
and at Royal Exchange, Manchester, 2

In association with: Monsanto Chemical Company, St. Louis, U.S.A. Monsanto Canada Ltd., Montreal. Monsanto Chemicals (Australia) Ltd., Melbourne. Monsanto Chemicals of India Ltd., Bombay. Representatives in the world's principal cities.

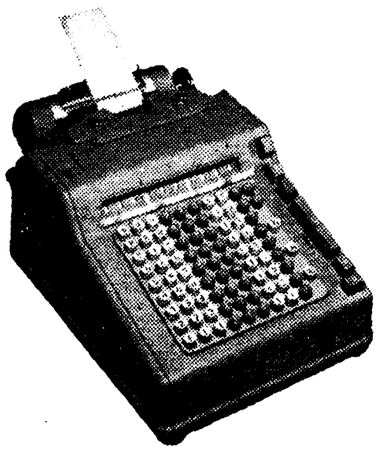
MONSANTO

Regd.

Introducing **2** *more*

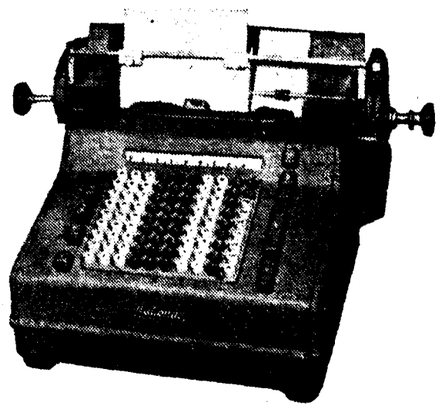
entirely NEW OFFICE PACEMAKERS

THE ENTIRELY *NEW*
Live Keyboard
Adding-Lister



Unique — every amount key its own motor bar. Absolutely no unproductive hand-motion. Greatest ever *speed*. Greatest ever *ease* (1 or 2 totals). The first radical development in adding machine design since the introduction of electric operation.

THE ENTIRELY *NEW*
Multi-purpose '158'
Bookkeeper



A versatile, highly automatic general-purpose bookkeeping machine designed *specifically* to bring the benefits of fully integrated machine accounting well within the financial compass of small businesses. In all respects, a remarkable production.

National

BUSINESS EFFICIENCY EXHIBITION Stand no. 72 105

THE NATIONAL CASH REGISTER COMPANY LTD. 206-216 Marylebone Road, London, N.W.1. PAD 7070.

impression that has been fostered by all those aerials over the council houses, the television audience contains more of the better-off than of the manual working class. Labour therefore has a more critical audience for its programmes, but also the opportunity to reach more potential converts.

Partly as a result of the failure of the television programmes, the suggestion has been propagated from some quarters—and it may find dangerous favour among the parties—that there should be smaller rations of television time at the next election. The assumptions seem to be that restrictions upon television would bring about a march back to the hustings, and that the cause of intelligent democracy would necessarily be served thereby. One suspects that anybody who thinks this cannot have visited the hustings during this campaign. Perhaps the most depressing feature of the new style of "statistical electioneering" is that many candidates—on both sides—have been quoting the most extraordinary, and imaginary, figures and attributions from their local platforms, and they have necessarily met with little knowledge and no contradiction. Any fiddling with the facts over the mass media meets with swift rebuke, and this is an advantage of centralised electioneering which is not be despised. The campaign against the role of television in this election springs from two sources: the disappointment of politicians who have done surprisingly badly on it, and the aesthetic Luddism of far too many intellectuals towards this important—if baffling—box. It is a campaign that needs to be resisted.

Haste or Speed?

THE first task of the new Government will be the strictly practical one of drafting a Queen's Speech. The intervention of Whitsun gives a breathing space; the new MPs will not meet until June 7th, and then only to elect a Speaker and get themselves sworn in. The Queen will not open Parliament until June 14th, so Ministers have a fortnight in which to decide on their legislative programme. They will also have to make up their minds about how long they want the first session of the Parliament to run.

The custom in recent years has been to end one session in late October, and to open the next session in early November. There is nothing sacrosanct about this arrangement, and time was when MPs used to finish one session in time to slaughter the grouse and not begin the next one until after the Christmas pudding. Nowadays, however, Parliament needs to be more continuously in session; and the new Government will have to decide whether it wants an unusually short session, ending this October, or an unusually long one, stretching into July or October of next year.

A short session would be much the wiser choice for either party. There will have to be a full week's debate on the Queen's Speech; and the remaining time could easily be devoted to clearing away the non-partisan Bills axed by the election—particularly the Road Traffic Bill, the County Courts Bill and the Food and Drugs (Scotland) Bill, on all of which a certain amount of work has already been done. There were also several smaller measures, all quite uncontroversial, which were published but on which no progress could be made in the last Parliament. By confining itself to a short, uncontroversial programme, the Government would give itself time to prepare a sounder one for the first full session; and it would leave the Prime Minister freer to concentrate on international developments. The trouble is that after an election both the new House of Commons and the new Government usually feel that they must appear to burn with some of the reforming zeal they displayed on the hustings. The tendency is always to incorporate some of the victorious party's election manifesto into a Queen's Speech with as much haste—and as little study—as possible. It is to be hoped therefore that the Prime Minister—whichever he may be—will remember the tangle that marked the first months of the late Government, and regard it as an awful example.

Russians in Belgrade

THE very high-powered Soviet delegation that is now talking to the Jugoslavs in Belgrade has gone there "with an open soul and a pure heart." This surprising assurance was given in Moscow last week by the leader of the delegation, Mr Khrushchev, himself. Its extravagant terms add one more touch of fantasy to an event which must be causing all honest Communists to rub their eyes in utter amazement. They are accustomed to watching their leaders perform smart about-turns, but not to see them eat humble-pie into the bargain; and that, in effect, is what the Russian leaders have forced themselves to do.

The Jugoslavs, however, have tactfully forborne to parade their triumph. Indeed, they have tended to play down the talks, although Marshal Tito himself has no doubts about their importance. In his speech at Pula, last week, he emphasised not only that an effort would be made to reach lasting solutions of all outstanding problems between the two countries, but also that an agreed approach to the wider problems of international co-operation in general would be worked out. (This sounds remarkably like a Khrushchev-Tito version of the famous five principles of Mr Nehru and Chou En-lai.) Marshal Tito believes that in this way he can make a real contribution towards easing international tension and he has solemnly assured the western powers that in the process he has no intention of weakening his ties with them. There is no reason to doubt either his sincerity or his assurances—he himself has recently acknowledged the value of western, particularly of American, economic aid; but it is legitimate to point out the dangers and complications of his position.

These arise out of the fact that Marshal Tito has reached the conclusion, independently of any Russian influences, that the proper policy for Jugoslavia is one of "active co-existence" between the eastern and western blocs; and that this policy, with its corollary of playing down Jugoslavia's military commitments in the Balkans, happens to fit in well with Moscow's policies, and has apparently led it to calculate that Marshal Tito can be persuaded to help forward its plans for disrupting the Balkan alliance. If the Russians' calculations prove to be wrong, they may at any rate hope so to compromise Tito in western eyes that he forfeits western support. They will certainly hope to

expedite this process by coming to Belgrade bearing gifts —offers of more trade, for instance, and of help with Jugoslavia's atomic energy development. But Marshal Tito, with his great experience of the ways of the Kremlin, hardly needs to be warned that he should regard these gifts, like those of the ancient Greeks, with some suspicion.

Ho's Small Mercies

THE Viet Minh offer to extend the deadline for the evacuation of anti-Communist refugees from northern Vietnam by one month is satisfactory so far as it goes, but it must be recognised that it does not go very far. Now that the French are out of Haiphong, no further facilities for large-scale evacuation exist and it would be quixotic to expect the Viet Minh to provide them. In the circumstances, one month, although it can be made to sound generous in newspapers and radio emissions, is all too little. When the British Government suggested an extension to the Russians, as co-chairmen of the Geneva conference, they did not specify a definite period; but it is believed that they hoped the Communists would offer three months. When the month now offered expires it is to be hoped that the Communists will consent to a further extension if, as seems probable, the international supervisory commission again reports that the provision of the Geneva agreement for the movement of refugees has still not been fulfilled.

The outlook for any further refugees who may make their painful way to the south is unfortunately far from bright. Their predecessors have suffered gravely from neglect and violence during the recent troubles. The only silver lining in the clouds that hang over them is the requisitioning by the Diem government of one hundred houses formerly owned by the rebellious Binh Xuyen gang, for use as reception centres for refugees.

Otherwise, the general picture in the south could scarcely be more attractive to Ho Chi Minh. Spurred on by his equivocal "revolutionary committee," Mr Diem is indulging in arbitrary arrests and has just closed down yet another nationalist newspaper expressing views incompatible with his rigid paternalism. In Cochin-China hostilities are starting up again between General Bacut's Hoa Hao forces and the national army, while General Le Van Vien, the defeated Binh Xuyen leader, has announced the beginning of guerrilla operations against Mr Diem's loyalists. It is small wonder that General Ely, who is now evacuating all but 5,000 of the French Union troops in Saigon-Cholon, should ask to be relieved of his post as French commissioner-general.

Robbing Peter to Pay Perón

ROMAN CATHOLICISM has been Argentina's state religion since the country won independence in 1810, and both the presidents and vice-presidents have had to be Catholics. Last week, the Argentine Senate approved two bills disestablishing the Catholic Church and making all its properties liable to ordinary taxation. Only twelve Radical deputies—who have traditionally followed anti-clerical policies—had the courage to vote against them. The disestablishment bill calls for a referendum on the issue through a constituent assembly to be elected within the next 180 days. President Perón has shrewdly chosen to leave the decision to the country as a whole and has denied that his personal feelings are involved. In fact, however, the prestige of his regime is at stake and a defeat at the polls might have formidable political consequences. Too many Catholics have been arrested and too many clashes have already taken place for this election to be seen as anything but a full test of strength between Peronismo and the last organised body of rival doctrine in Argentina.

It is not easy to predict the outcome of the voting, even if one is prepared to believe that the elections will, on the whole, be held freely. Many Catholics in Argentina feel that their Church can progress outside the political status formerly assigned to it, but, on the other hand, many Catholics—particularly women—will be reluctant to vote against the wishes of their priests. The Socialists—who only count in Buenos Aires and a few other centres—will probably abstain out of an equal distaste for both sides. The Conservatives, who, like the Socialists, are not represented in Congress, but who command considerable support in the country, are expected to back the Church. The Radicals are left in a real quandary. To them the issue is Peronismo against the Rest, and it is a special irony that it is the Church to which they should have to look as the spearhead of opposition. The very fact that General Perón should be ready to risk this test of his regime tends to support the view that he will emerge the winner.

The Thinking Socialist's Guide

PROFESSOR ARTHUR LEWIS is perhaps the most eminent economist who is still a paid-up member of the British Labour Party; and in the latest issue of that much-improved monthly, *Socialist Commentary*, he publishes an article which all of Labour's new MPs should read. He starts with a careful description of the particular form of egalitarianism that is the foundation of his faith:

> We do not believe that all men have the same characteristics, or that all men should have the same income. We do believe that all children should have equal opportunities for equal talents; in other words, we believe in a classless society. We also believe that wide differences of property and income are bad . . .

He then examines Labour's traditional tools for bringing this form of society into being. Progressive taxation, he suggests, must be near its limits; indeed "we are in danger of destroying the incentive to take risks." Physical controls, which Labour inherited from the war and perhaps made the mistake of liking, "put the whole population at the mercy of Government clerks." They are therefore not only inefficient but "fundamentally anti-Socialist. Ours is a libertarian movement, fundamentally anti-government and pro the liberty of the individual." Ideas about the tool of nationalisation are in ferment, partly because of problems of labour relations. Moreover, none of these traditional weapons has been shaped to meet two newer problems of the British economy. Because of the balance of payments problems, money wages must not rise faster than productivity; and because of the need for more investment, Socialists must "rejoice when profits are high" in British industry. At this stage of the argument, says Professor Lewis, "it is traditional in our party to burst a blood vessel."

It is also at this stage that so many other modern economists have shied away from the British Labour party altogether. Professor Lewis refuses to imitate this desertion. Instead he calls for a new Socialist economic policy. He thinks that his party should direct its main attack at property rather than at income; that it should concentrate upon reforms in the educational system, and on "humanising large undertakings, public and private"; that it should recognise that indirect taxation on the rich is a more Socialist weapon than progressive income tax; and that it should use only those controls which "keep the economy on an even keel without subjecting individuals to petty tyranny." Above all, Labour needs a policy that is relevant to the "problems of our times," and must try to convert those party members who "keep on demanding the old mixture as if we were back in the good old days of 1900." He finds it especially strange that these traditionalists should be called the progressives in the party, and that they should be the intellectuals rather than the trade union members. This is strong meat for those intellectuals on this particular week-end.

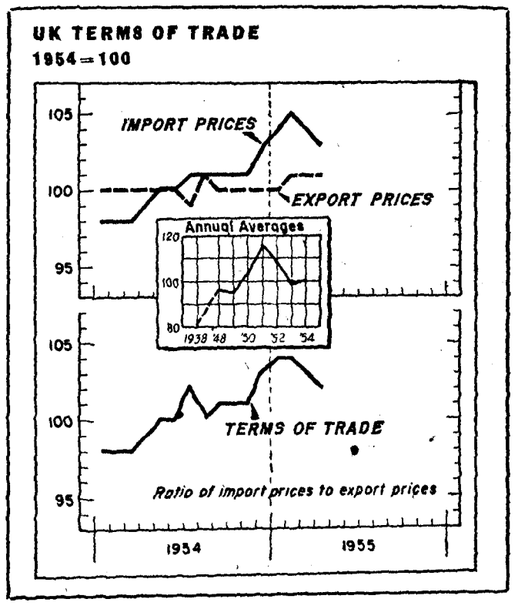
Equivocal Annulment

THE report of the Church of England Commission on the law of nullity of marriage seems to be a rather equivocal document, at a time when equivocation on this subject is a pity. Between 550 and 650 marriages have been annulled annually in recent years, compared with the granting of about 30,000 divorces a year; the Act of 1950 extended some of the grounds on which decrees of nullity can be granted. The Church Commission—though it criticised some recent legal decisions—now proposes that all but one of these additional grounds should be incorporated into Canon law; the important exception is "wilful refusal" to consummate marriage, which it considers should be taken off the statute book. It calls, instead, for a distinction between wilful refusal that is in fact simply the result of physical incapacity, and wilful refusal that carries the full meaning of the words. The first would be grounds of nullity, and the commission suggests that courts should have discretionary power to infer physical incapacity from "wilful" refusal. Otherwise it would exclude wilful refusal, on the grounds that a subsequent action cannot invalidate a marriage admittedly valid at the time of celebration; this view is based on the Church's conception of marriage as based primarily on consent. In such cases the aggrieved party must petition for divorce on the grounds of desertion.

This reasoning will not satisfy everybody. It turns on subtle distinctions of what constitutes action before or after the marriage ceremony; and most logicians would surely argue that consent is not consent if it contains private reservations beforehand, however forthright the form of words used at the ceremony itself. The particular reason for regretting this decision by the Church is that the Royal Commission on Marriage and Divorce will soon be issuing its report. In the controversy that will follow that report many laymen are going to join with the theologians in arguing that divorces should, in certain circumstances, be made harder to get; it is at present far too easy for an ordinary husband to bully an ordinary wife into a collusive divorce, and this is adding to the sense of insecurity of too many women and children in the community. But if the law is to add to the penalties and difficulties of seeking a divorce, the question will arise on whom these penalties and difficulties should fall; and to this penalised class the Church Commission now seeks to add a very small band of unhappy people who have been misled, if not tricked, into a marriage which was not according to contract.

Russo-Japanese Talks in London

RUSSIA'S hopes of adding an important new specimen to its collection of neutrals will be put to the test when the Russo-Japanese negotiations open in London within the next few days. An indiscreet remark made recently by Mr Hatoyama, the Japanese premier, suggested that the repeal of the American-Japanese security pact might be the price that the Russians will ask in exchange for the return of former Japanese territory now held by them. But there are signs that the Japanese are approaching the talks more soberly than seemed likely during the election campaign last February, when Mr Hatoyama undertook so blithely to "normalise" relations with the Communist



countries. The prime minister has now promised that all due caution will be shown in inspecting whatever offer the Communists make; and Mr Matsumoto, the head of the Japanese delegation, who is due in London on Monday, has said that the negotiations might well drag on for six months.

The ending of the technical state of war which has existed since 1945, and the restoration of diplomatic relations between the two countries, is only part of what the Japanese hope to gain from the talks. Although it is thought that many of the 375,000 Japanese who fell into Russian hands at the end of the war may now be dead, it is known that some are still alive and have not yet been repatriated by the Russians. In addition, Japanese hopes are fairly high that they will be able to persuade Russia to hand back Shikotan island and the Habomai group. But Mr Hatoyama has also said that Japan will demand the restoration of southern Sakhalin and the Kuriles, which are strategically far more important territories. Russia is certain to impose stiff conditions for such a concession. By declining to see the Japanese foreign minister in Washington last month, Mr Dulles has already made it brusquely clear what the Americans think about Mr Hatoyama's yearnings after neutralism. It is difficult to see how, in the face of American opposition, the Japanese will be able to strike any important bargain with the Russians.

Manœuvres Before Messina

SICILY is not usually thought of as the heart of the Coal and Steel Community. But for a few days next week the foreign ministers of the Six will be discussing in Messina issues which are fundamental to any further development of the Community.

The foreign ministers have two questions before them. The first, in terms of urgency, is the long-overdue decision on the next president of the High Authority. The more important question is whether the time is now ripe for a renewed effort at economic integration and, if so, how much should be attempted. It is unfortunate that from the birth of the Community, personalities and substance have tended to be so intertwined that neither could be considered objectively. M. Monnet contributed to this identification of man with movement by announcing, last November, that he would not stand for re-election as president of the High Authority when his term of office expired in February in order to have a freer hand to work for the development of the Community. He has now made the entanglement more complete by an eleventh-hour letter to the six countries somewhat ambiguously proposing a "new start," and suggesting that the Benelux memorandum puts a different complexion on his resignation. It is difficult to believe this latest manœuvre can do anything except muddy waters that are already inscrutably murky.

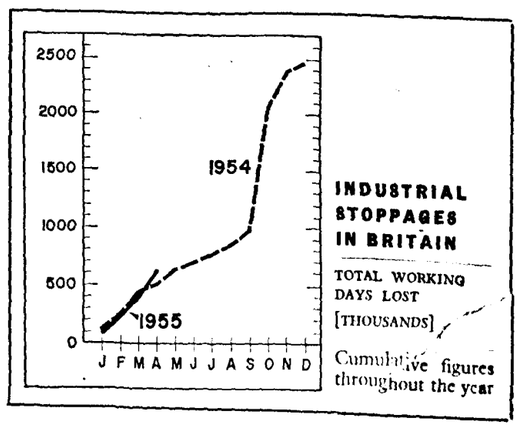
M. Monnet has powerful enemies as well as dedicated followers, and the question of what course it is economic sense for France to follow is too frequently discussed in terms of his role. This happened again on Wednesday. The French cabinet was expected to reach an uneasy compromise and agree to propose M. René Mayer as the next president of the High Authority. In the light of M. Monnet's withdrawal this move would undoubtedly have been supported by all the "European" factions. M. Mayer has consistently supported a "European" approach but is not identified with "supra-nationalism." M. Monnet's supporters, for their part, could have taken comfort in the thought that he would be free to "mastermind" the next stage in the process of "making Europe," if the foreign ministers decide there is to be a next stage.

M. Monnet's letter has now not only put M. Mayer in an ambiguous position, but has emphasised the gulf dividing those who believe that the "supra-national" approach is the only right one and those who would be prepared to endorse economic integration as a goal but want to move more slowly and along co-operative, OEEC-type lines. And it has given a new grievance to those who are simply anti-Monnet. The French cabinet hopes to reach some kind of decision by the week-end, but the only thing that seems clear at the moment is that the basis for a strong French lead at Messina does not exist.

Scotland's Schools

SCHOOLS have not been an election issue in Scotland to the same extent that they have been south of the border. There is less anxiety there about the process of selection for secondary education (and consequently less clamour for large comprehensive schools); places in senior schools, offering academic courses, are proportionately more generously provided than in England. But otherwise, as the recent report of the Scottish Education Department showed, the schools in Scotland have much the same problems as in England and Wales. There is a shortage of teachers, especially in rural schools, and especially in mathematics and science. The school population is temporarily swollen by the high birthrate immediately after the war. The building of secondary schools has had less leeway to make up than in England and Wales, but in new housing areas deficiencies have had to be met by transporting children to schools far from their homes, and by using temporary accommodation such as church halls. Too many children embark on a five-year course and leave without finishing it.

If Scotland's educational problems are broadly the same



THE THINGS WE DO FOR YOU - 3

You, sir, may not care a row of beans about us, but what we do for our living may nevertheless touch your own life at a good many points.

For example, you need

only think of your food

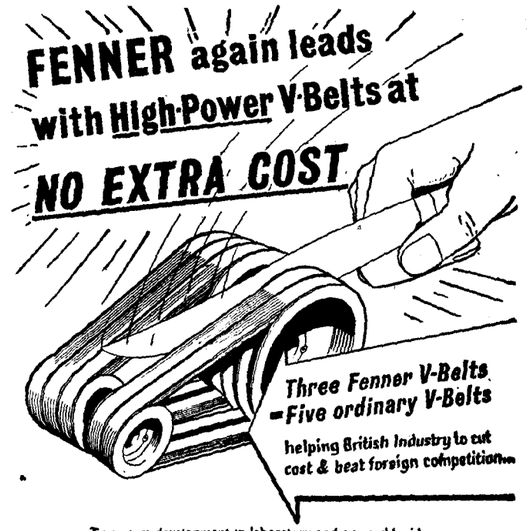
Your bread and biscuits are made of flour which was probably milled in a Simon-built flour mill (Henry Simon build most of the mills in the British Isles) and some of the wheat was very likely handled, stored, shipped and unloaded by Simon granaries and port installations on both sides of an ocean (there are Simon handling plants at every grain-receiving port in the Kingdom). Your eggs and bacon, your meat and milk, come from livestock which may be fed on the balanced rations made in some Simon-equipped provender mill. And if your wife has an electric kitchen, will you remind her that not a few of Britain's great power stations have boilers built by Simon-Carves?

coal washeries . coke ovens . power stations . heavy chemical and gasworks plants . metallurgical plants . materials handling plants . industrial gears . flour and provender mills and many other specialities.

SIMON ENGINEERING GROUP

SIMON-CARVES LTD
SIMON HANDLING ENGINEERS LTD
HENRY SIMON LTD
TURBINE GEARS LTD
HUNTINGTON, HEBERLEIN & CO LTD
CHEMICAL ENGINEERING WILTONS LTD
THOS. ASHEAD & SON LTD
SANDHOLME IRON CO LTD
SIMON ENGINEERING (MIDLANDS) LTD
DUDLEY FOUNDRY CO LTD
METAL LAUNDRIES LTD
TYRESOLES (OVERSEAS) LTD

FENNER again leads with High-Power V-Belts at NO EXTRA COST



Two years development in laboratory and on world-wide field trials enable these higher powers to be offered.
Fenner Taper-Lock pulleys should be used on high-power V-Belt drives for SAFETY.

*Every Fenner V-Belt is ALREADY of the HIGH-POWER Type and is in STOCK at all branches and authorised distributors

Full information from

J. H. FENNER & CO. LTD. HULL

MUST WE BE HEROES?

And fight the Fire Fiend without NU-SWIFT? But why? Even the Royal Navy don't do that. Please send us details of your wonderfully rapid and reliable Fire Extinguishers—BEFORE IT IS TOO LATE!

Name.....

Address.....

Post NOW to Nu-Swift Ltd. 25 Piccadilly W.1.

In Every Ship of the Royal Navy

as those south of the border, methods of dealing with them, and indeed the school system itself, are somewhat different. Children usually stay at the primary schools until they are twelve, instead of eleven as in England and Wales. Then they may go to junior secondary schools, offering three-year courses up to the school-leaving age of fifteen, or to senior secondary schools offering five-year courses. These roughly correspond to modern and grammar schools respectively. There are also omnibus schools, which combine both junior and senior streams and often primary departments as well.

At the end of the five-year course children take the Scottish leaving certificate, which is run by the Department of Education itself. Like the General Certificate, it is taken in individual subjects, and there are two levels—a lower, which the Scots think is rather higher than the ordinary level of the GCE, and a higher level which is thought to be rather lower than the advanced GCE. It never appears in the curriculum of the junior secondary schools, as the GCE does to an increasing extent in the best modern schools south of the border. To that extent the division, and the difference in prestige, between senior and junior schools is more marked than between grammar and modern schools; but there is less danger that children who could have profited by an advanced course will be denied it.

Congested Statute Book

We pride ourselves on being a practical people. We abhor systems. Our books are all desultory rather than systematic and logical. We look at the need of the hour, and do the work of the hour. We do one thing at one time. Whatever foresight the people may act on in private life . . . in all public affairs, though action in these more expressly concerns the future than the present, we never have acted and never do act with systematic forethought. We endeavour to remedy each evil as it arises, to meet each contingency as it comes forward; and it is our boast that we thus have a practical working constitution, elastic in its nature, which at all times takes the imprint of the national circumstances and the national will. It is our boast that our constitution was not struck off at a heat, nor built symmetrically for one narrow and specific purpose like a Grecian temple, but, like one of our Gothic palaces, has been added to, piece after piece, room after room, according to the wants of society. Now a watchtower, then a fortress, next a library, afterwards a music hall, then a picture gallery, then a hospital, have all been clustered round the great dining hall or barn that was first erected, till the whole has become as inconvenient and cumbrous, occupying threefold the space of a modern mansion of equal utility, as it is unsightly. We all love and venerate this kind of constitution. We have inherited these sentiments from our forefathers, and have long adhered steadfastly, not to say stubbornly, to the practice of providing only for the evil of the hour. The consequences of this proceeding now begin to appal us. We have a statute book that no study can comprehend, and we add statutes to it year after year that are often conflicting and contradictory with one another and with previously existing statutes. Besides these, we have also the common law, customs which it enforces, and prerogatives to which it defers. In every part of our administration all these complicated sources of authority mingle, and make a turbid and confused stream.

The Economist

May 26, 1855

It was not Cricket

FACING Mr Marciano in a sixteen-foot boxing ring is not the easiest way of increasing Britain's dollar earnings. The late Marquess of Queensberry, moreover, would not have been altogether satisfied with the California Boxing Commission's interpretation of the "noble art." Mr Marciano uses his head rather literally when in-fighting and obviously finds it difficult to step back from a crumbling opponent. To that extent, there is justification for the chorus of indignant lamentation on behalf of Mr Cockell. But an objective look at the newsreels makes it perfectly clear that Mr Cockell landed only a few good blows and was dead on his feet before the final controversial punch ever struck him. It is both silly and ungracious, therefore, for the press to pretend that defeat was due to foul play. It is doubly ungracious in view of Mr Marciano's tactful remark that Mr Cockell had done very nicely in standing up for nearly nine rounds.

But the point at issue is a larger one. If a country wishes to compete in top-flight international sports, particularly on the professional level, it should not go into a hysteria of admiration for itself—or of indignation with other people—when the not-quite-top-flight athletes it sends out do not succeed in winning. The Dunkirk attitude, the "lighting of England's beacons", because a boxer stands helplessly on his feet longer than had been expected, breeds the most petty nationalism when applied to sports. This country invented the very words "fair play," and that should be remembered even when the Russians win at Henley, the Americans at St Andrews and the Portuguese at Oporto. And, as Mr Cockell so aptly put it, being a bad winner is usually more rewarding than being a good loser.

SHORTER NOTES

Talks with the leaders of Mau Mau terrorists in Kenya have broken down, and it now seems that once again hopes of mass surrenders and a quick end to large-scale operations have been frustrated. The most fanatical section of the Mau Mau command has evidently decided to hang on; and though its forces have been disorganised, the terrain in which it operates inevitably pins down large numbers of the security forces, now making another sweep in the mountains. Immediate relief is postponed; but evidence grows that Mau Mau is slowly breaking up.

★

It was announced this week that Simpkin Marshall Ltd.—the firm of wholesale booksellers whose financial failure was discussed in *The Economist* of April 30th and which has since been compulsorily wound up—has been bought by Hatchards, the Piccadilly booksellers. The firm will continue to provide, under its old name, the single copy service to booksellers that both they and publishers consider essential to the book trade. Unlike the old Simpkins, however, the new Simpkins will not carry large stocks; or rather, the size of its stock will depend upon the publishers' willingness to deposit books with it on a sale or return basis, the books thus remaining the publishers' property.

Books & Publications

Holstein and Bismarck

THE HOLSTEIN PAPERS, 1837-1909: *Vol. I. Memoirs and Political Observations.* Edited by Norman Rich and M. H. Fisher. *Cambridge University Press.* 242 pages. 25s.

THE Holstein Papers have had a chequered career. Holstein himself gave them to a certain Frau von Lebbin, who, in her turn, gave them to the banker, Paul von Schwabach, on condition that no part of them should be published. It was not until 1930 that Schwabach allowed Frau von Lebbin's nephew access to the papers; at the same time Thimme, the chief official editor of the *Grosse Politik*, was also permitted to work on them and probably removed some of the correspondence with Hatzfeldt. In 1935 the Gestapo confiscated the papers in Schwabach's possession, surrendering them to the German Foreign Office in 1939. There, but for the fortunes of war, they might have remained. The present editors have now endeavoured to make public all that can interest the historical student; they state that they have searched the German Foreign Office archives for Holstein letters, "but owing to the enormous mass of material cannot be sure that all of them have been found." This first volume of memoirs is an important and fascinating introduction to the diaries and correspondence that are to be published subsequently.

Even when allowance is made for the favourable light in which most people manage to present themselves, Holstein's memoirs make clear that he was not the sinister psychopath we have hitherto been led to believe. Indeed one gains the impression of someone a good deal less pathological than Bismarck. His criticism of the Chancellor's "political bigamy" in making the Reinsurance Treaty with Russia in 1887 seems unexceptionable. His account of the sending of the Kruger telegram and its effect is shrewd. He saw both Bismarck and Wilhelm II as they really were, and it is interesting to find that the blame for Bismarck's dismissal rests upon Bismarck himself. But, as the editors of this volume point out, it has hitherto been convenient to make Holstein, a detached and solitary figure, of impeccable patriotism, the scapegoat for other people's folly.

At the present moment, when the Germans are clamouring to have their archives restored together with West German sovereignty, it is a melancholy reflection that few of these comments of Holstein's would have been published, if not by the Allies. The aspersions cast upon Schlieffen or Keudell, for instance, will be unwelcome in Germany; more so will be the aspersions cast, only too justifiably it would seem, upon Bismarck. For, in spite of the efforts of historians like Professor Schnabel to reassess his reputation, the German public will scarcely welcome the evidence supplied by Holstein that Bismarck could lie as unscrupulously as Hitler: for instance, his gross repudiation of what he had said to Blowitz and what Holstein calls the "monstrous and contemptible lie originating either with Busch or, more probably, with Bismarck" that the Kaiser wished to break with Russia in 1890. It is only since the German state papers have been in Britain that evidence has been found of Thimme's views about the need to suppress embarrassing material; there is a fresh example here where Thimme is found saying that the editors of the *Grosse Politik* "went to the limits of what is desirable in view of present political interests . . . in their choice of documentary material on German policy in the Far East, particularly as regards the acquisition of Kiaochau."

The Holstein Papers are well edited and beautifully produced. It is regrettable only that the English text has retained a few unnecessary germanisms and that the subject index omits—precisely—Kiaochau.

New Economic Commentary

AN ECONOMIC HISTORY OF ENGLAND: *Volume I, The Eighteenth Century.* By T. S. Ashton. *Methuen.* 257 pages. 18s.

"A COMMENTARY, with a stress on trends of development rather than on forms of organisation or economic legislation"—the publisher's introduction to this new series, edited by Professor Ashton, fairly aptly summarises the structure of his own first volume. There is little of the conventional narration of events in it. Each of the seven chapters surveys a number of aspects of a major branch of the economy, illustrating the critical analysis with a wealth of judiciously chosen contemporary detail which the reader will find a constant delight. One rejoices to learn, for instance, that the only good employment statistics for the century come from the accounts of the Receiver of Sixpences for Greenwich Hospital.

The true strength of the book lies in the three central chapters on communications, manufactures and finance, and in the final chapter on labour, where the author again draws up a formidable array of evidence against the "horror school" of historians of the Industrial Revolution. Only here and there does inspiration seem to have run dry; the treatment of the growth of population is a little dull compared with other recent studies, and the section on foreign trade, which is in the form almost of a list of goods and areas, fails to convey the nature, timing and significance of the several vital changes that came about.

The method of approach has its disadvantages. The commentary is directed at economic sectors rather than at the economy as a whole. We are told that the book is mainly interested in answering the questions economists ask of the past, and in detail they will certainly find much to excite their interest and arouse their admiration: the discussion of the cost reducing factors in innovations, with the emphasis on saving high labour costs rather than high wages; the remarkable *tour de force* on the foreign exchanges; a fascinating if slightly amoral account of the economics of counterfeiting; and above all the frequent references to the rate of interest. Here the argument is not entirely convincing; were business men really so lacking in ingenuity as to be unable to get round the legal rate, and is it not possible that the correlation between investment outlays and the rate of interest was due to the latter playing its part as an indicator rather than as a determinant of activity?

From a wider viewpoint, however, economists may feel that Mr Ashton hardly succeeds in drawing the separate strands into a clear exposition of the factors of economic expansion. What really was the role of the growth of population? Again, one feels the need for a more extended examination of what Professor Lewis has called the central problem of economic development—how did the community raise its rate of saving if in fact it raised it at all? The lack of a discussion of economic thought and motives also makes it hard to answer another basic question—why did a greater proportion of savings flow into productive channels?

Perhaps some of these questions really belong to Dr John's volume on the next seventy years; perhaps economists are asking too much of the past. If so, they must swallow their disappointment and revel in the good things remaining, sparing a kind thought for Professor Ashton's colleagues, who must try to maintain the same high level of scholarship in this valuable series.

Popular Politician

JAMES MAXTON: *The Beloved Rebel.* By John McNair. *Allen and Unwin.* 347 pages. 12s. 6d.

IT is easy to find fault with this book. It contains many mis-statements of fact, due to mere ignorance or carelessness. A singular collection of these

schoolboy howlers will be found on page 38. Surely someone might have been employed to remove these and others before publication. A reader who finds such mistakes over facts familiar to him may feel mistrustful of the author's accuracy on matters that he cannot check; but such mistrust may well be groundless. Mr McNair probably knows all about the intestinal disorders of the Independent Labour Party.

A more serious charge is prejudice. "The Tories, who have, during the whole course of British history, shown themselves the most violent of all in defence of their interests. . . ." That would do for a third-rate politician in the middle of an election, but it is poor stuff to find in a book that purports to be history. But "the Tories" are not the only villains. Miss Bondfield was Minister of Labour in the second Labour Government, and we read that "her callousness affected all her department," and there is a cheap gibe that, when she visited Glasgow, she travelled down in a first-class carriage. In fact, everyone is out of step except our Jimmy.

And yet one cannot help liking the book and its author. The outstanding fact about Maxton is that everyone liked him and very many loved him. The author was one of Maxton's most devoted helpers in the latter part of his career, when his health was already failing, and his loyalty and love shine through every page of the book.

Son of a Glasgow elementary schoolteacher, and a teacher himself, Maxton entered the House of Commons in 1922, one of the redoubtable band of Clydesiders who secured the leadership of the party for MacDonald and thenceforth proceeded to rebel against him. He died in 1946, having accomplished nothing, but leaving behind him a very fragrant memory. He looked like a poet; he was a saint. He was no thinker, or rather his thought was of the kind that seems most tedious and unprofitable today: all about "capitalism," which is a hell ruled by devils, and "socialism," a never-never land where we could all be happy, if only we could overthrow the capitalists. He understood the facts of life about as much as Rousseau. Nevertheless, he was a memorable man.

A few years before Maxton entered Parliament Bertrand Russell wrote an essay in which he showed why revolutionary agitators are bound to be warped, embittered and unpleasant people. He proved his case and then came Jimmy Maxton and proved him wrong. He was truly "the beloved rebel."

Justice in Kenya

THE TRIAL OF JOMO KENYATTA.
By Montagu Slater.
Secker and Warburg. 255 pages. 18s.

IN England anyone charged with an offence for which the maximum penalty is more than three months imprisonment has, with negligible exceptions, the right to be tried by a jury. If he elects to be dealt with summarily he may, if convicted, appeal and have the whole case reheard. Jomo Kenyatta, with other men, was tried and convicted in Kenya by a single magistrate sitting without a jury, and was sentenced to seven years' imprisonment with hard labour. He appealed to the Supreme Court of Kenya and applied unsuccessfully for leave to appeal to the Judicial Committee of the Privy Council, but he had no right at any stage to demand a rehearing.

It would be wrong, from Mr Montagu Slater's account of the trial, to try to draw any conclusion about the merits of the case, but certain facts clearly emerge. The first is that the magistrate, Mr Thacker, conducted the trial under very trying conditions with admirable tact, patience and ability. His only error of judgment on the procedural side (whether his decision in substance was right or wrong) was his accusation that counsel for the defence, Mr D. N. Pritt, QC, was guilty of contempt of court in sending a telegram to some British Labour MPs. In this he was not upheld by the Supreme Court of Kenya.

The second fact is that, in charges of such gravity and complexity, the absence of a preliminary hearing places an intolerable burden on the defence. As Mr Pritt remarked at one point,

> Never has any man in the whole course of history stood his trial in England in a single criminal court on a charge involving a sentence of seven years' penal servitude, without every line and tittle of the evidence that is to be given against him on his trial being given beforehand in committal proceedings in police courts, with the express intention that he shall know, as the Government of Kenya is determined I shall not know, that he shall know the case before him in time for him to answer.

To which Mr Thacker observed:

> I think the answer to that is that Kenya is unfortunately suffering at the present time from an emergency.

It is equally clear that the decision of the Government of Kenya to hold the trial in a remote place is difficult to justify, whatever may have been the excellent motives, and it is hard to excuse the placing of obstacles in the way of the defendants instructing counsel of their own choice, whatever may have been the political objections to the gentlemen concerned.

On the other hand, Mr Slater lays insufficient stress on the fact that two judges of the Supreme Court of Kenya heard and dismissed all the appeals but one, and four Law Lords sitting as members of the Judicial Committee of the Privy Council held, without calling on the Crown, that there was no ground for giving leave to appeal. Where the issues are of fact, as in this case with the exception of occasional legal arguments they were, it is difficult for any superior court to supplant the court which actually saw and heard the witnesses, and impossible for the readers of a summary to substitute their judgment for that of the magistrate who heard the case. What the book does underline is how unwise it is to deal with serious offences by summary trial and what an intolerable burden it places on the shoulders of the one man who has to decide all issues of fact.

Comparative Federalism

FEDERALISM, FINANCE AND SOCIAL LEGISLATION IN CANADA, AUSTRALIA AND THE UNITED STATES.
By A. H. Birch.
Oxford University Press. 328 pages. 35s.

MOST Englishmen know little about federalism. Those who do know something about it do not usually like it. It is something to be recommended to awkward colonials but not for home consumption. On the whole, then, Dr Birch's painstaking study of federal finance and social legislation will not be likely to prove very popular in this country, except amongst academic political scientists and those mysterious persons who draw up constitutions for colonies approaching self-government. But it should be a great help to those politicians and civil servants who are grappling with the problems of such countries as Nigeria and the West Indies.

The author's avowed method is to construct a "model" federation which, by a fortunate chance, approximates to the position in the three countries he is concerned with. The purpose of the model is to overcome the objections of those pedants who say there can be no such subject as Comparative Government. In fact, however, Dr Birch does not return to it often, and most of his book is a factual survey of the difficulties of distributing resources between the governments in each of the three federations, and of providing for social legislation which was not envisaged when their three constitutions were drawn up. He shows how basic to a federation the power to tax has become, and deals adequately with the way these three countries have distributed tax proceeds; he gives special attention to the financial problems of the poorer rural states. (However, he does give the impression that "finance" is largely taxation, whereas in the federations more attention is given to loan policy and central bank policy than he suggests.) He shows how hard it has proved to organise nationwide systems of unemployment and health insurance in countries whose "pioneering" traditions have taken unkindly to them, and whose constitutions offer ample opportunities for confusion and procrastination.

Dr Birch shares with many other writers on federalism a lack of sympathy towards the states and provinces. He tends to brush aside state claims as "inadmissible" and state differences as existing in the minds of state politicians rather than in social reality. This view is common enough in federations and even more common among those who have been brought up under a unitary system. It is misleading because, if admitted, it leaves no significant reason why federalism should persist at all. In fact, it is clear in each of the three federations dealt with in this book that state sentiment is a powerful and vigorous factor in shaping the pattern of politics. Students of federalism should guard themselves against the automatic assumption that a central government knows what is best for all its citizens.

There are occasional slips, mostly in connection with Australia: Tasmanians will be surprised to see their island referred to repeatedly as one of the western states," when nearly all of it lies east of Melbourne; Lord Bruce will be even more surprised to learn that the Labour Party was in office in the Federal Parliament in 1927. Dr Birch would have difficulty in identifying the second of the two Independent Country Party members elected in 1940, and in proving that the Labour Party was out of office in Queensland between 1917 and 1925. On the whole, however, this is an extremely useful book.

A Splendid Failure

[illegible]VAGE MOUNTAIN.
By [illegible]on and Robert Bates.
Collin[illegible]he [illegible]. 25s.

AMON[illegible]ss justifu[illegible] of the Karakoram Range[illegible]m. Becau[illegible]nt Godwin-Austen as it [illegible]ngled, it now [illegible]ditions. In 1902 a par[illegible]e and impish Austrians, and one Swiss mau[illegible] opposit attack on the mountain and were [illegible]itself. back by bad weather, having ex[illegible]he c enced 41 days of snowstorms out of [illegible] the Subsequently, Italian and America[illegible] publ expeditions made unsuccessful attempts. "K2, The Savage Mountain" records the exploits of the 1953 American expedition, which had to abandon its attempt when about 3,000 feet from the summit.

Dr Charles Houston, the leader of the expedition, and Mr Robert Bates share the narrative of how, without using porters above the Base Camp, they established a series of camps until finally the whole party was assembled at Camp VIII at a height of about 25,500 feet. Up till this time the expedition's luck had held; thereafter a series of catastrophes beset them. First they were snowbound in their tents at Camp VIII for a week, in the course of which one member of the expedition, Gilkey, was found to be mortally ill; they were forced to abandon the camp in a blizzard so as to get the sick man down to a level where he might have had a chance of survival. While lowering Gilkey down an ice-slope, one member slipped and pulled off most of his colleagues after him; fortunately nobody was killed, but most of the party were injured. Finally, the dying Gilkey was carried away by an avalanche and killed.

The account of how the remainder of the party, weakened by frost-bite, exposure and exhaustion, made their way [illegible]own the mountain, the stronger helping [illegible]aker, is as gripping a story as one [illegible]h to read. Bates, who describes the w[illegible] the adventure, has a simple could wi[illegible] this part of [illegible]

economical style, free from clichés or sensationalism, that is particularly suited to the gallant story he has to tell.

"K2, The Savage Mountain," is a story of failure at a time when others were achieving success in the same year Sir John Hunt's party succeeded on Everest and the Germans on Nanga Parbat; and on K2, the Italians succeeded in 1954 where the Americans failed in 1953—but it is a story of splendid failure. To what extent the failure was inevitable, on account of the modest scale of the expedition and of the tactics employed on the assault, is a question that needs to be studied by leaders of mountaineering expeditions. Dr Houston's party may have lacked resources and good judgment, but they certainly did not lack courage or the spirit of self-sacrifice and loyalty to one another.

Two criticisms of this book should be mentioned: the quality of the photographs is lower than the standard to which we have become accustomed; and, even in these days, the price seems high for a book of under 200 pages and with only sixteen illustrations.

Illogical Positivism

POWER OF WORDS.
By Stuart Chase.
Phoenix House. 308 pages. 18s.

"POWER of Words" forms, as it were, a sequel to Mr Chase's "The Tyranny of Words" (1938). Whereas in the latter he dealt mainly with the misuse of words and the destructive aspects of language, in the other he deals also with the constructive use of words and the constructive uses of language. In both works he tries to publicise semantics, the science —in part at least, the art—of meaning in general and of meanings in particular; in "Power of Words" he concerns himself additionally with the complex problem of communication. This problem is exercising some of the best minds on either side of the Atlantic: those of industrialists as well as of academics; those of the manual professions (engineers, for instance) as well as of education. As a publicist of semantics and as a stalwart in the cause of better communication, Mr Chase deserves well of the public. "Power of Words" should be widely read.

Yes; widely read, even though many will disagree with him, less perhaps on specific points than on broad principles. His greatest value is that of an irritant: by moving numerous people to violent expostulation, he may succeed in causing a high proportion of them to think about matters they have, for far too long, taken for granted. Mr Chase is, one feels, often wrong but he is wrong in the right way. Almost as often he is right in the wrong way—that is, for reasons either erroneous or, at best, inadequate. He is healthily informative about such things as mechanical brains and amazing computators, and even about the underlying principles (the new science of cybernetics); about the language of science; elementary semantics; "economese" and propaganda and political rhetoric; *gobbledygook*—the American version of what we call *officialese* or, in Mr Ivor Brown's brilliant coinage, *barnacular*; medical jargon and "educational talk." But he lacks the aesthetic, the scientific, the philosophical and the linguistic equipment to treat satisfactorily of "the enchanted loom" (human brain)—"the significance of *the culture concept*" (*sic*)—"super-linguistics" (*sic*)—"the mass media"—and especially "the unused potential."

He would have written a better book if he had confined himself within the range of his own competence, which, it must be added, is not inconsiderable. Of philosophy, religion, art, literature, music, he prudently says little; yet they have their importance. He has succumbed to the meretricious, very parochial charms of the so-called Logical Positivists, who, pretending and even believing that they are furthering communication, are, in the rather grim fact, doing much to render communication impossible, except on the level of robots.

Shorter Notices

JOHN FREE.
By R. J. Mitchell.
Longmans. 157 pages. 25s.

John Free died in Italy in 1465 when he was about thirty-five. During the last nine years of his life he had been winning a reputation in the humanist circles of Italy, first as a student at Ferrara, then at Padua where he gained the patronage of John Tiptoft, and finally at Rome. Miss Mitchell has taken Free's career as a thread running through and connecting her sketches of Bristol, Oxford and Renaissance scholarship during these few decades. But despite her patient researches the thread remains faint and faded; and the real interest of her book lies elsewhere, in her account of the centres of learning and the scholars, patrons and book-collectors with whom John Free was connected.

All that is known of Free's early life is that he came of a Bristol family, and that in his eleven years at Oxford he took his BA and MA degrees and was elected to a Balliol fellowship. The main evidence for his career in Italy consists of twelve fragmentary letters by Free, some lecture notes and copies of treatises, and two translations from Greek into Latin. Other scraps of evidence show that he wrote some verses, since lost, that he was invited to compose an epitaph in Petrach's honour and that just before his death he was rewarded with a papal provision to the Bishopric of Bath and Wells. Miss Mitchell is scrupulously careful in distinguishing between evidence and conjecture; but she has only been able to maintain her chosen biographical form by supplying assumptions, speculations, guesses and possibilities in irritatingly large quantities. It is unfortunate that the material for an article should thus have been inflated into a book on this plan, for Miss Mitchell has shown that she possesses the scholarship, insight and sympathy to produce a valuable study of Renaissance scholarship and patronage to set beside her earlier biography of Tiptoft.

FIVE VENTURES: *Iraq, Syria, Persia, Madagascar, Dodecanese.*
By Christopher Buckley.
Her Majesty's Stationery Office. 266 pages. 10s. 6d.

This is the sixth of a series of short popular military histories of campaigns in the Second World War. Nearly half the volume is concerned with the unhappy but successful Syrian campaign of 1941. Other chapters deal with Iraq 1941, Persia 1941, and Madagascar 1942, all of which achieved their objectives, and also with the unsuccessful (because from the start impossible) venture in the Dodecanese in 1943. The style and scale of treatment are approximately uniform; the narrative is clear and well arranged, and factual within its limits; and the author has avoided the over-stuffed and ponderous on the one hand, and the sprightly or facetious on the other—both besetting dangers of popular historians. These chapters do not pretend to give the last word on the events narrated. They are specifically a stop-gap till the official histories are ready; they cover only the army, are only lightly (but, nevertheless, suggestively) connected with greater events elsewhere, and they adopt strictly, and acceptably, the viewpoint of the man on the spot. Moreover, the local political background is very sketchily and not very convincingly suggested, and on everything except military operations the author is no guide. But for *any interested British* reader who was not there they serve to answer very adequately the questions, "What sort of show was it? What did it amount to, and how did it go?"

★

EUROPEAN YEARBOOK: *Volume I.* Published under the auspices of the Council of Europe. *Martinus Nijhoff,* The Hague. *Batsford,* London. 609 pages. 57s.

This "European Yearbook," by providing between one set of covers the basic documents of most of the European organisations functioning today, and summaries of much that has already been written about them, has made life considerably easier for all students of postwar European institutions. But it is a pity that the Council of Europe, under whose auspices the yearbook was prepared, had to make up for so much lost time in one bite. The need to squeeze the highlights of six years (1948-1953) into the initial volume necessarily meant that, once the basic documents and compressed descriptions of each of the organisations had been included, there was little space left for description and analysis. The authors have, however, been aware of the need to put more flesh on the bare bones. To provide a general framework for the documents, they have included a number of illuminating introductory articles by prominent Europeans and special articles on each of the principal organisations by the secretary-general or other senior official. Future volumes should have space to provide more background on the political and other pressures that have led to institutions developing in certain directions and becoming stunted in others. And it should also be possible to include enough detail on the day-to-day operations of the institutions to give a sense of the relationship between organisations and events and thus to make the yearbook not only a useful reference book, but itself a living document.

Because of its wider geographic scope, the authors decided to omit Nato from this first volume. But they indicate that this decision is not necessarily final, and it is to be hoped that it will be reversed. The European community and the Atlantic community are not exclusive, but mutually reinforcing concepts, which not only overlap, but mesh together at too many points to be treated separately.

Letters to the Editor

In the Sign of the Balance

SIR—Those of us who have watched, with bated breath, your anxious struggle to decide where to cast your vote rejoice that at last, reluctantly, cautiously (with the admonitory finger raised), but none the less definitely, you have slid stiffly down on the side of the angels.—Yours faithfully,
Oxhey, Herts RICHARD COLLARD

Coldest War

SIR—In an article which appeared in *The Economist* of May 14th the names of countries which, for various reasons, are staking claims in the Antarctic, were listed, but no mention was made of Belgium. Belgium's claims in this part of the world are based on the fact that several territories and islands were discovered by Baron de Gerlache's expedition in 1897-1899. He and his companions were, in fact, the first explorers to spend the winter in the Antarctic. The territories discovered by de Gerlache lie between longitude 61 and 65 W, and border what is now known as the "Gerlache Strait." Many of them bear Belgian names: Antwerp, Ghent, Brabant, Liege, Lemaire, Danco, etc. All the territories were at the time scientifically explored and measured.

We consider that the discoveries and explorations made by the expedition of 1897-1899 gives Belgium the right to take part in any international conference which might be set up to deal with the problem of sovereignty of the Antarctic. The claims of most of the other interested countries are equally based on the rights derived from discovery and exploration.

My country's contribution to the discovery of the Antarctic was once again tacitly acknowledged by the inclusion in the recent issue of stamps by the Falklands of one stamp bearing the picture of the Belgica."—Yours faithfully,
MARQUIS DU PARC LOCMARIA
London, S.W.1 Belgian Ambassador

Delay on Bikes

SIR—The report in your issue of May 14th on the American Tariff Commission's inquiry into the bicycle industry reveals yet another instance of the folly of British manufacturers. If, as you say, the Americans prefer the English bicycle, why don't the manufacturers sell it at the same price as the American bicycle? They will sell just as many; they will earn more dollars and they will have thereby money in hand to advertise their makes. Furthermore, they will not attract the attention of the Tariff Commission. All they have to do is to organise themselves. Even at this late hour, can they not do so and tell the Tariff Commission that they are prepared to raise their prices to American levels as a gesture of friendship—or something?—Yours faithfully,
Karachi JOHN WILBERFORCE

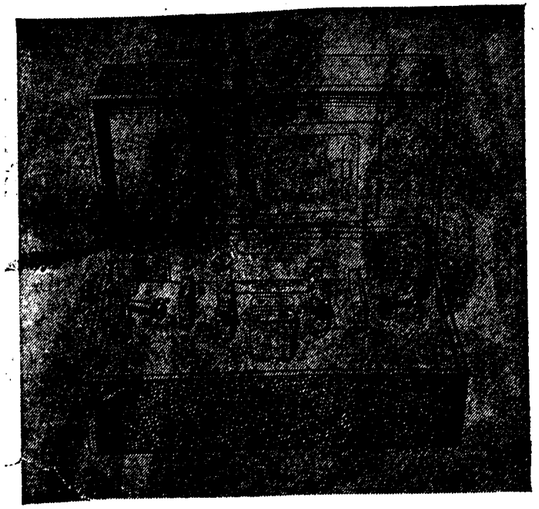
Property After the Rent Act

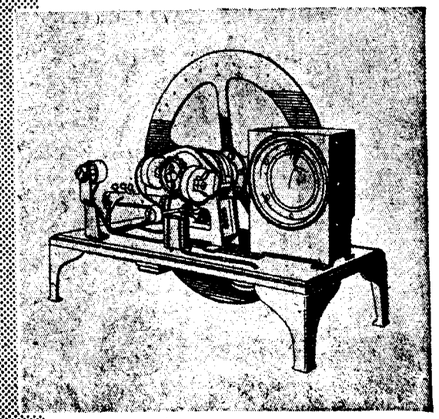
SIR—Your article of [illegible] the[illegible]ems to assume that rent[illegible] avowed meth[illegible]ecessary; but in the s[illegible] controlled "model" federal[illegible]eport that at three[illegible]unate chance, appr[illegible] are selling at three[illegible]sition in the [illegible] it is recalled that [illegible] rent control such houses generally sold at twenty years' purchase, the injustice done to landlords is obvious. The reason advanced for rent control is that weekly tenants cannot afford to pay an economic rent. Whether this is generally true is doubtful. What is certain is that if the state desires that such tenants should be subsidised, the state should bear the cost of the subsidy, not the individuals who happen to have invested their savings in houses instead of in industry.

There is little doubt that the Rent Restriction Acts are one of the most shameless examples of the victimisation of a minority which is too small to protect its interests at the polls.—Yours faithfully,
Edinburgh HENRY MEULEN

India Tackles Social Equality

SIR—Mr Tyson missed my point. The operative word in the sentence he quotes was "deserve." Plenty of people in India work hard, a fair number are thrifty, and the usual proportion are inventive. Certainly, too, they hope to be allowed to keep the rewards of their effort. My point was merely that if that reward happens to be sufficiently large to make them unequal, neither their hard work, nor their thrift, nor their inventiveness will be considered to give them a moral right to keep it untaxed, or lightly taxed. Equality comes first, [illegible] right to keep what one has earned [illegible] very good second.—Yours faithfully,
YOUR CORRESPONDENT





Plessey were concerned with the manufacture of the first mass-produced domestic radio receiver as early as 1921.

The great John Logie Baird entrusted the production of the very first mass-produced television receiver in the world to Plessey.

the pioneers of British radio and television relied on

Plessey

The Plessey Company Limited
Ilford · Essex

electronics · radio and television · mechanics
hydraulics · aircraft equipment

For many years Plessey have been putting ideas into production.

This contribution, in simple terms, has involved the progressing of ideas through to the prototype stage and on to mass-produced reality—cheaply, efficiently, and in time to meet a market. And, in doing so, Plessey engineers have built up a fund of experience which is unique.

This experience, backed by a vast productive capacity, is available to top management in the electronic, electrical and light engineering fields both in industry and Government service. When your new project is already in embryo form and awaits only the impetus of well-informed development and production capacity—you will do well to talk it over with Plessey.



Blindfolded?

In the particular silence that descends when the bar has emptied a quiet voice edged with just a touch of envy said: *"Yours seems to be the name they keep on asking for. Is it true that they can tell you blindfolded?"*

And the White Horse bottle with judicious modesty replied: *"I think that it is extremely possible. Blending, age, reputation, perhaps. But I'm talking far too much."*

The afternoon's sunlit silence remained unbroken until the colonel came in with his lady and said: "Two large White Horse please."

WHITE HORSE
Scotch Whisky

American Survey

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

Shot in the Democrats' Arm

Washington, D.C.

WITH the exception of war, it is hard to think of any public question that could engage popular emotion in the United States so universally as has the opportunity for obtaining immunisation from the annual scourge of poliomyelitis. That the ferment was in substantial degree [illegible]by publicity and promotion does not alter the [illegible]sts. Because it exists, the Eisenhower Administra[illegible]appened to be in charge of the government when the [illegible]ine was proven and publicly offered, had a priceless justifi[illegible]n for an excursion into legitimate welfare-statism. Becau[illegible]the Republican Administration baulked and bungled, it now lives itself on the wrong side of a political issue of a scope and import which even the most imaginative intrigues of the opposition could not have arranged without help from fate itself. The inhibitions of decency, which are felt by all but the crassest politicians, have restrained partisan exploitation of the Administration's errors, but in this case the general public undoubtedly knows what is going on and feels that the government has been remiss. Political opinion is summed up in the grim joke that if the Administration did not manage a shot in the arm for the nation's young, it certainly provided one for the Democrats.

When, on a given day, one-fifth of those parents in New Haven, Connecticut, who had granted their written consent for the vaccination of their children withdrew it, they were registering questions gnawing at parental minds everywhere, and inspiring similar action elsewhere. These questions concerned the inherent safety and effectiveness of the vaccine itself and the quality provided in the first mass production operations. They were coupled with confusion generated by a series of "yes," "no," "yes," "no," "maybe," "wait-and-see" pronouncements from Washington as cases of polio among those vaccinated gave rise to these questions. The questions and confusion exposed the shortcomings of the Washington approach, for which blame is being put on the President himself and on his cabinet officer in charge, Mrs Oveta Culp Hobby, Secretary of Health, Education and Welfare.

*

What the public wanted was a programme promising that the largest possible number of people would be safely immunised before the summer polio season began. The sober necessity was a programme aiming at the widest possible immunisation when, and only when, maximum safety and adequate supplies were assured. The over-riding error of the Administration was to bring the government in too late, when the public demand had got out of hand and considerations of safety and supply could not be dealt with calmly and smoothly. This error sprang from the fixed attitudes and habits of the Administration.

One of the reasons for its plight lies in its peculiar insulation from the emotional life of the people. Mrs Hobby will never be permitted to forget that, in trying to make a case for herself before Congress after the uproar had well begun, she remarked that, the vaccine being unique, no one "could have foreseen the public demand." The National Foundation for Infantile Paralysis had spent the year 1954 building up popular demand for the vaccine, should it prove effective, and in the first three months of 1955 the foundation worked for a climactic announcement of success, timed not to the hour, but to the minute, on April 12th. Much of the emotional content of the public interest goes all the way back, of course, to President Roosevelt's affliction, and the annual collecting drives, connected with his birthday anniversaries, for money to defeat polio. Mrs Hobby must have been almost alone in missing the mounting excitement.

The Administration also made the mistake of maintaining too rigidly its opposition to federal "controls" which it equates with "creeping socialism." This rigidity was reinforced by the relevant circumstance that Mrs Hobby comes from that school of prosperous Texans-for-Eisenhower who make state rights a religion. As a result, the Administration was committed in advance to a voluntary programme for distributing the vaccine and to a minimum of federal intervention.

Praiseworthy as these ideals may be, they did not fit the necessities of the immunisation programme. There has, in fact, been, by law, an extensive intervention by Washington. The mandatory inspection by government biological experts and the imposition of government standards of purity and strength are control. The government had participated in the triple-testing of the vaccine when it was being produced experimentally in laboratories. The "voluntary" pledge of the manufacturers to deliver their commercial output only in accordance with a federally-approved plan for "voluntary" distribution is control, in spite of semantics. The licensing of manufacturers is control. But to the refined perceptions of the Administration, these are benign controls, while it would have been a malign use of federal power (according to this view) to control the production and distribution of the vaccine.

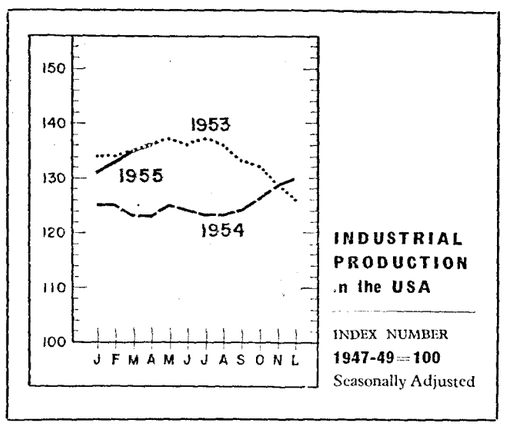
The classic justifications for control under even the freest enterprise, limited supply and almost unlimited demand for a measurable interval of time, were present but were rejected by the Administration on what seemed narrow ideological grounds. It can be conceded that the voluntary distribution system, with priorities recommended by the government, is better now that there is too little time to erect a federal apparatus. But control by a single firm hand, established at the time when all but Mrs Hobby could see the problem, as was done in Canada, could have avoided the errors which seem to be breeding more errors every day, although they could hardly have avoided the basic doubts about the vaccine's safety.

★

The President's own comments during the controversy have brought into the open a rather grave misconception of the role of the government in a world in which science and technology thrust new and difficult problems into politics. To the President, the immunisation programme apparently turns on questions answerable only by "the scientists." On at least two occasions in recent press conferences he rejected without reservation the idea that the "government" might make decisions in such a field, leaving the decisions to "the experts." Perhaps because of his training and experience outside government and politics, Mr Eisenhower's present office has not yet taught him that after the experts have made their technical decisions, the President must make a higher decision for which he alone is properly equipped—a decision based on public policy and drawing upon arts and techniques never mastered in the laboratory.

Of lesser importance, but still significant, is his willingness to delegate responsibility. In his public comments the President has shown a surprisingly broad grasp of the elements of the problem presented by the immunisation programme, but he has made it clear that he wishes the principal responsibility to be borne by Mrs Hobby and her chief subordinate, the harassed Dr Leonard Scheele, the Surgeon-General. Although the President has warmly affirmed his confidence in Mrs Hobby, the vaccine affair has probably had the unexpected and indirect effect of bringing the final breakdown of the experiment in clever politics which made her the "woman member of the Eisenhower cabinet." She is now being referred to as the Secretary of Not-Too-Much Health, Education and Welfare and the fiasco has underscored the fact that she evokes only minimum gallantry from male Democratic critics, little loyalty from her own sex, and that her political support is not visible to the naked eye.

Precise predictions as to when the promise of the immunisation programme will be fulfilled are impossible until the government makes up its mind about methods of production and the release of supplies of the vaccine. In a matter of months, output should be going well. There is every hope that the vaccine is as effective as it has been claimed to be, and that thoroughly satisfactory quality can be attained by mass production. The public anxiety and dissatisfaction may well have disappeared from the surface by the time the next election rolls around, but the memory of the Administration's inadequate performance will hardly have been erased.



Will They Run?

THE present signs that peace may be breaking out add to the overriding and ever-present fear of the Republican party: will Mr Eisenhower run again for the Presidency in 1956? For he was induced to accept a job which he evidently dislikes mainly by his desire to save the world from another war. If it looks to Mr Eisenhower, a year from now, as though he has achieved this, and has thus completed his duty to his country, then the attractions of his Gettysburg farm may be stronger than his duty to his party. This, at least, is being said all the more when influential Republican friends of the President come away from calls at the White House to warn party gatherings that Mr Eisenhower really may not run again.

Such warnings are, of course, a needed stimulant for a party which has given practically no thought to how it will manage, as it must in 1960, even if not before, without the Great White Father who has led it back to power. The warnings may, moreover, remind recalcitrant Republicans of the gratitude and loyalty they owe to Mr Eisenhower. Indeed, the one sure thing is that uncertainty about whether the President will or will not run again is his chief asset in dealing with his party, particularly in Congress; it is an asset which neither he nor his advisers will want to liquidate until the last possible moment. Before that moment comes, the pressure on the President, already formidable, will have grown so heavy that it will have become practically impossible for him to avoid a second term. For the men around him are convinced, not only that he is the sole hope of the Republican party, but also that he is a certain winner in 1956.

Most Democrats share that conviction, but the latest rumours about the President's intentions, following an encouraging visit to Washington from last autumn's promising litter of Democratic State Governors, have made the party's presidential nomination in 1956 seem worth having. Unfortunately there has also been an ominous revival of the old dissention between the northern and southern wings of the party. Spurred on by Governor Shivers of Texas, those conservative leaders who refused to support Mr Stevenson in 1952, and thus made Mr Eisenhower a present of most of the southern states, have announced that they would do the same again in 1956. Mr Stevenson himself helped to nip this party squabble in the bud, or at least to delay its blossoming a little. On his return from his African journey, he agreed that a delegate to a party convention might be forgiven for refusing to abide by the majority decision if his conscience forbade him to do so. Mr Stevenson's own intentions in 1956 are still officially as unknown as are Mr Eisenhower's, but it is just as obvious that he can hardly fail to be a candidate. However, Mr Stevenson, unlike the President, cannot count on his party's nomination falling into his lap if he does not work for it.

Control of the Sky

THE Pentagon has the endearing habit of announcing a spectacular "re-assessment" of Russian military strength whenever Congress is examining the defence budget. Last week's soberly-worded statement by the Defence Department, however, that reports from Russia necessitated a revaluation of Soviet strength seemed to be founded on genuine concern. During fly-pasts preceding the May Day parade in Moscow, American observers noted two formations of the heavy jet aircraft which are capable of delivering atomic bombs at intercontinental range. A prototype of this plane was known to exist, but its entry into service had not been expected so soon. It is the counterpart of the American B-52, an eight-jet, swept-wing giant with an operational range of 6,000 miles. So far, the United States appears to have only some 25 of these aircraft ready, and President Eisenhower admitted that this was less than might be wished.

At the same time, a source in the Defence Department disclosed the fact that the Russian air force now possessed the MIG-17 supersonic fighter in very large quantities, and was putting into production a turbo-prop bomber probably superior to the B-47 medium jet bomber on which the United States has been relying heavily. These appraisals, together with a number of more dramatic statements which were first issued, and later denied, by Air Force generals, touched off a storm in Congress. Senator Symington, who served as Secretary of the Air Force under Mr Truman, was "shocked and astounded" by the Administration's misjudgment of Soviet air might and by the inadequate state of American defence.

The Armed Services Committee of the Senate promptly resolved to inquire into the strength of the Air Force in order to decide whether the target of 137 wings by mid-1957 was sufficient. President Eisenhower said it was "just not true" that the technical superiority of the Air Force had been suddenly lost; nevertheless, it appeared that the Defence Department, and its breezy head, Mr Wilson, had seriously underestimated the pace of Soviet technology. This week, Mr Wilson admitted that Russia was moving ahead towards a long-range bomber force, but insisted that the United States could maintain its lead. But there is no doubt that public opinion has received a jolt.

Postage Due

IN vetoing a Bill providing for an average increase of 8.8 per cent in the pay of some 500,000 postal workers, President Eisenhower was putting fairness and economy before politics. Ever since the Bill was drafted, the President has urged that an annual increase of $178 million in Post Office costs was excessive in view of the unwillingness of Congress to raise postal rates. The President's own proposals would call for an increase of 7.6 per cent in pay, or $129 million a year. But the Administration's principal objection was that the postal pay Bill created unfair distinctions among postal employees: city letter carriers would receive a larger increase than rural mailmen, special delivery messengers would be neglected and the new system would be impossible to administer equitably. In its stead, the President urged Congress to pass a Bill embodying both a change in annual pay and a reclassification of postal service grades. Moreover, the differential in salaries of postmasters and supervisors would be maintained.

The whole issue is intensely political because the National Association of Letter Carriers and the National Federation of Post Office Clerks, together with the other smaller unions representing postal workers, enjoy a very direct access to public opinion. A postman does not always have to ring twice to get a hearing at the front door. In rural areas particularly, mailmen can exercise considerable influence on the potential voter. But although the two big unions agree on the need for a pay increase, the post office clerks are worried about reclassification, and this split has kept the postal "lobby" in Congress from being as effective as it might be.

In order to over-ride the presidential veto, a two-thirds majority is required in both the House of Representatives and the Senate. As *The Economist* goes to press, it is not certain how the vote will go, but it is exceedingly doubtful that the President will be beaten. A compromise Bill, embodying an increase of about 8 per cent in pay and a certain measure of reclassification, seems the most likely outcome. In either case, Congressmen will have managed to give the impression that they are doing their best for the men who carry all those wooing letters to their constituents.

Royal Road to Panama

STRATEGISTS, businessmen and tourists have long dreamt of the day when it would be possible to drive from Canada to the southern tip of Argentina along the 15,714 mile Pan-American Highway. Part of this projected road, known as the Inter-American Highway, follows the ancient Spanish *Camino Real* and is intended to link the five Central American republics and Panama. Up to the present, business and commercial travel between the republics has depended almost exclusively on expensive air transport. Returning from his recent goodwill tour of the Caribbean area, the Vice-President, Mr Nixon, pledged

United States aid for the completion of the Inter-American Highway and pointed out that such a link could contribute significantly to the political stability of Central America.

Early this month, one of the three remaining gaps in the highway was closed. The newly completed ten-mile stretch of road links Penas Blancas with La Cruz on the Costa Rican-Nicaraguan frontier. Thus Costa Rica's isolation from the other republics is ended and the way towards a resumption of normal relations with Nicaragua is open. That this way is, so far, only physical was symbolised by the fact that neither Sr Figueres, the President of Costa Rica, nor General Somoza, President of Nicaragua, attended the ceremony. Their feud is still bitter.



Two further gaps remain in the Mexico to Panama highway: one is a stretch of 35 miles between Ocotal in Guatemala and Huehuetenango on the Mexican border, and the other is a 140-mile breach between San Isidro in south central Costa Rica and the town of David in Panama. Construction on the former is now getting under way, and President Eisenhower has urged Congress to approve a $75 million "crash programme" in order to complete the entire Inter-American Highway over the next three years. Whether this can be accomplished over extremely difficult terrain will depend on the availability of American machinery.

Military experts in Washington consider a safe, all-weather route through Central America of great importance. During the last war, German submarines played havoc with merchant shipping in the Caribbean Sea and there was no overland way of getting reinforcements to the Panama Canal. But of even greater importance are the potential economic consequences of the Inter-American link. The five republics have already met in San Salvador to consider the problem of antiquated restrictions on immigration, and on the free flow of goods and currencies. Once the Guatemalan "road block" is eliminated, moreover, Central America hopes to attract many of the American tourists who are now spending some $200 million annually in Mexico.

Box Offices at Home

New York

SUBSCRIPTION television, popularly called "pay-as-you-see TV," is as controversial a subject in America as commercial television is in Britain. The Federal Communications Commission, which has the power to approve or veto the new system, has therefore invited comments from all interested parties, before making its decision, and viewers in the nation's capital are being offered an opportunity of seeing what it is like on an experimental basis.

Although the politics of subscription television are complicated, the process itself is quite simple. The programmes would be transmitted over existing television channels during certain hours every day, instead of programmes financed by advertisers, and would be received on existing television sets. The point is that they are transmitted and received in an unintelligible "scrambled" form, and can only be viewed with the aid of a special decoding gadget attached to the set. The viewer, if he wants to see the programme, inserts a card into the decoder and presses a button. This completes an electronic circuit, unscrambles the transmission and at the same time records the charge, which is expected to average between 50 cents and $1 a programme. At the end of a month, the viewer returns his card with a cheque, and receives a new one. Programmes, sponsored by advertisers, sent out over the same channel when subscription television is not on the air, would still be received without charge.

Many advantages are claimed for subscription television over the present sponsored telecasts. The most obvious is the freedom from "commercials." But in addition, the proponents of the subscription system argue that it could provide many desirable programmes not now available on sponsored television. Advertisers, who are the sole source of revenue for existing stations, can only spend a limited amount on any one programme if they are to make a profit. Therefore the fees offered by the present television sponsors for first-run films, for example, are not sufficient to counterbalance potential losses at theatre box-offices if the film is shown on television. But if ten million of the thirty-five million owners of sets were prepared to pay $1 each to see a new picture in their own homes, the potential receipts might exceed the earnings of the film's entire life in the theatres. Also supplanted would be closed circuit theatre television, which denied to the public the opportunity of seeing the telecast of last week's Marciano-Cockell boxing match except in one of 83 cinemas, where spectators paid up to $4.50 (about £1 12s.) for the privilege.

★

An important issue in the case for subscription television is the aid promised to the struggling independent television stations—those outside the three big network systems—and especially to the new stations operating in the ultra high frequency wavebands. Less than one tenth of television sets in use today are equipped to receive ultra high frequency signals, and to adapt an ordinary set costs $30 or more. Since they cannot guarantee a mass audience, these UHF stations do not attract the more powerful advertisers who can alone provide the top programmes which, in turn, would make viewers buy an adapter. But with an assured second source of revenue in subscription television, the UHF stations would be less dependent on the support of commercial sponsors and in a better position to compete with the big networks.

The motion picture exhibitors, who fear further box-office losses, are opposed to subscription television. The film producers, anxious to placate their exhibitors, but not blind to the box-office potential of 35 million television users paying $1 each, would like to keep a foot in both camps. But the restaurant owners, shopkeepers, and refreshment sellers, who depend on the cinema trade, and the major television networks, who fear the loss of a large part of their audience to the independents, are all loudly supporting the cinema proprietors. Their most powerful argument is that, if subscription television were successful, it might not, as its proponents say, merely supplement existing sponsored programmes, but might drive them off the air altogether.

...actors Start Competing

New York

PRIVATE American industry, a slow starter in the international atomic power stakes, has finally entered a well-trained string. Five electric utility companies have submitted firm proposals to the Atomic Energy Commission. One of these concerns, the Consolidated Edison Company of New York, which plans to construct a 235,000 kw nuclear power plant at a cost of $55 million, has requested no government financial assistance of any kind. The other four proposals have been submitted under the AEC's "power demonstration reactor programme," in response to the commission's offer of a free loan of the initial charge of fissile material, free research and development facilities in AEC laboratories, and payment for technical and economic data. Of the five original experimental reactors included in the commission's own development programme, only the homogeneous type, which is expected eventually to prove one of the most economic, still has no counterpart in the plans of private industry.

According to a report released by the Atomic Industrial Forum, manufacturers, electric power companies, research institutes and other private organisations expect to spend $390 million of their own money on reactors and nuclear research during the next four years. Meanwhile the AEC intends to expand the scope of its own programme to include two new designs—a liquid-metal fueled reactor and an experimental type using organic compounds as moderator and coolant. But although suppliers are now offering to build certain types of reactors at a surprisingly low cost, the survey suggests that between three and five million of nuclear capacity may have to be developed before costs become competitive with those of conventional electric power undertakings. Only the General Electric Company has, so far, taken a more optimistic view. It has put forward a light-weight reactor design which eliminates a transitional step in the generating process. It is claimed that this type of reactor could soon compete with existing steam plants.

Evasion by Authority

Washington, D.C.

PRESIDENT EISENHOWER'S plans for stimulating school building and highway construction by increased financial help from the federal government are running into trouble in Congress. This is partly because both schemes, in different ways, propose that Washington should make use of a technique developed to enable state and local governments to evade the strict limitations, set by many state constitutions, on the amount of debt that may be incurred. This device is the Public Authority, a hybrid unit of government, whose institutional pedigree is often traced in American textbooks to the Port of London Authority and the BBC. A Public Authority is created by the state legislature, but revolves thereafter on its own axis in virtual independence of the normal political structure.

Plenty of respectable arguments are advanced in support of the Public Authority which have no direct relation to the question of debt. The construction and management of ports, highways, hospitals, sanitary and public housing schemes and, in the South, industrial development projects to lure factories away from other regions, are—it is held—more properly matters of business than of politics. A special corporate body need not conform to inappropriate local boundaries or tiresome governmental procedures. By keeping its project "out of politics," the Public Authority can attract on to its board of trustees the free services of successful business men desiring the prestige of public service without the odium of political life. These are, no doubt, the main motives for such elder brethren as the Port of New York Authority. But the reason for the rabbit-like breeding of these public corporations since the war has been the discovery that, provided the subterfuge is not totally transparent, the courts will agree that the bonds issued by such an Authority to raise funds do not count as part of the state's public debt.

Even enthusiasts for what has been called "the wonder drug authoritycin" admit that a certain sleight of hand is involved. The Public Authority's bonds carry on their face a denial that the "full faith and credit" of the state or municipality is pledged; yet they are considered sufficiently governmental to be tax-exempt. They are serviced with revenue generated by the activity they finance, by an earmarked tax or by a combination of the two. Moreover, the method has been successfully used not merely where the project is genuinely self-liquidating, such as a toll-road or bridge, but where language has to be still further strained. Special corporations are set up to build schools or new offices for leasing to state or city governments; only the rent that is then charged appears on the public accounts. There are some limits to the complicity of the courts; but, generally speaking, a lease by a public corporation to a state or city government or local school district is likely to pass judicial muster provided there is no element of instalment purchase about its wording.

The Eisenhower Administration is now inviting congressional complicity in two ways. The schoolbuilding programme offers a federal incentive to states that set up Authorities to lease buildings to local school districts which have themselves exhausted their debt allowance. The federal government proposes to go halves with the state

government in backing the Authority's bond issue with a reserve fund ; this would reduce the interest rate and, incidentally, would also make more mythical than ever the allegation that the public credit is not involved. In the case of the highway programme, the federal government wants to go into the Public Authority business itself, with a Federal Highway Corporation, whose " non-faith and credit " bonds should be serviced by the federal petrol tax.

★

These proposals have transferred to the Washington scene controversies that are familiar to anyone interested in state and local government. The Authority, as it is now being used, has been attacked by liberals who believe it to be more sensible and honest to change archaic laws rather than to evade them, and by conservatives who deny that the laws are archaic.

There are three especially strong objections to these public corporations. In the first place, while the aim of most political reformers is to unify responsibility within state and local governments with a direct line of command leading down from the governor or mayor, *ad hoc* Authorities increase the already excessive fragmentation of responsibility. While they ignore existing boundaries, they create an extra boundary of their own. By adding to vested interests they push still further into the future the solution of the greatest single problem of American local government—that of bringing cities and their ever-widening suburbs under central governing bodies.

In the second place, the idea of taking more and more of the constructive functions of state and local government "out of politics" is highly questionable. All decisions about the location, type and management of public works are not technical. Such an artificial limitation of the sphere of "politics" encourages the notion that it is a nasty pursuit preoccupied with patronage and polemics, and discourages people of ability and integrity from submitting themselves as candidates.

Finally, on the most material plane, money costs more to borrow when public credit is not pledged. It is argued that the state gets the worst of all worlds. In practice it would be involved up to the hilt if an Authority collapsed (none of them has up to date), but because there is no guarantee, interest rates are anything from ¼ to 1¼ per cent higher than on a normal state or municipal bond.

While these and similar objections have been voiced in Congress about both President Eisenhower's programmes, the more fundamental opposition has been aroused by the Federal Highway Corporation, with its attempted evasion of the statutory limitation on the national debt, and its extension to the federal sphere of the retrograde principle of earmarked taxes that paralyses so much state budgeting. The Comptroller-General, the auditor of the government's financial transactions, has produced a devastating report in the finest traditions of his office. The main practical effect of setting up the corporation, as he points out, would be to remove the highway programme from normal congressional control. Yet the "permanent appropriation" that would provide its only income is wholly chimerical. No Congress can bind its successor (or itself, in a subsequent session) not to lower or abolish the petrol tax. In any case, the petrol tax is a source of Treasury revenue and goes into its general fund, which would be the true source of the Corporation's income.

Except in a few special instances, the Public Authority is an anodyne concealing chronic ills which can only be relieved by radical reforms at the state and local level. Congress is hardly to be blamed for disliking a trick solution that introduces into federal financing, for the first time on an important scale, the reactionary practice of earmarking revenue.

SHORTER NOTES

The President's plan for an enlarged and more effective military reserve received an unexpected and sharp setback in the House of Representatives. An amendment, proposed by a Negro member, was approved forbidding the assignment of men to reserve units where racial segregation is practised, as it still is in southern states. This amendment made it almost certain that the Bill would be defeated by the combined votes of southern Democrats and of those who see in it a device for introducing universal military service. The final vote on the Bill has now been postponed, probably for some weeks, until a compr[illegible] the probe found.

★

The full calculation of the gross [illegible] product for the first quarter of this year shows that, running at an annual rate of $370 billion, it exceeded the previous record, made in the second quarter of 1953, by just $100 million. Gross national product has risen by $14.5 billion since the third quarter of last year, as a result of a sharp increase in spending by consumers. But this year has also seen a slight rise in government spending on national security, which had been declining since the middle of 1953.

★

The House of Representatives has, by a decisive vote, sent back to committee the Bill which would have made the Territories of Hawaii and Alaska *into* full states. It has thus in practice killed almost all hope that Congress will add two more stars to the flag at this session.

★

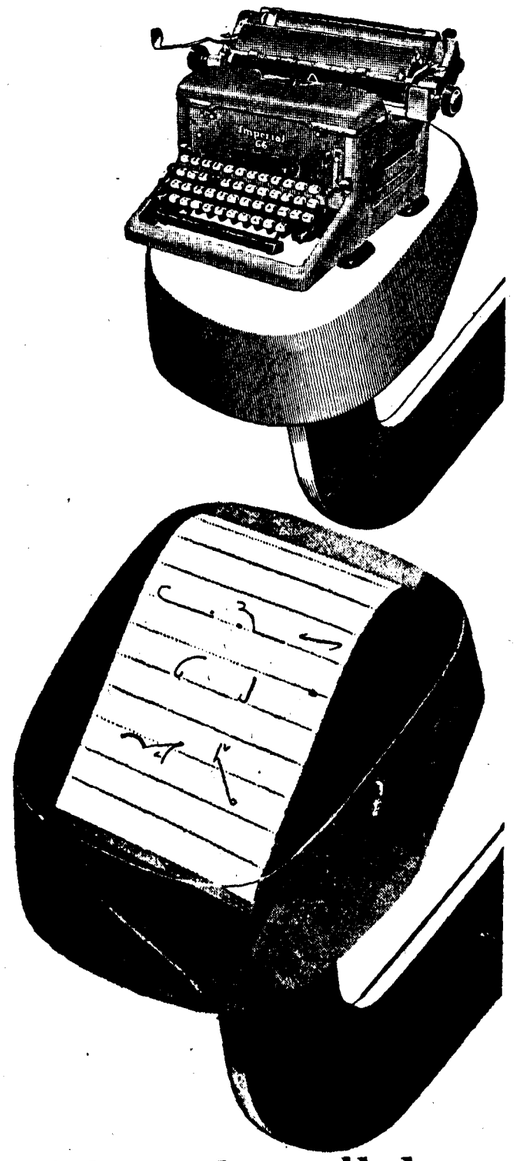
A California company is selling a pill which when dropped into a glass of water will make it fizz. No stirring is needed, and there are six flavours, ranging from orange through cola to wild cherry.

★

Automatic laundries for automobiles are a growing industry in the United States. It takes about two minutes for a car to be steam-cleaned, soaped, washed, rinsed and dried with hot air, and a conveyor belt technique enables 1,000 cars to be handled a day. The industry's own periodical, the *Auto Laundry News*, reports that there are about 2,000 units in operation, charging from $1 [illegible] (7s. to 10s. 6d.) a time.

★

The Celanese Corporation of America is now produc[illegible] its answer to nylon and other "miracle" fibres—Ar[illegible] acetate yarn which is light, washes easily and can be tre[illegible] to retain pleats.



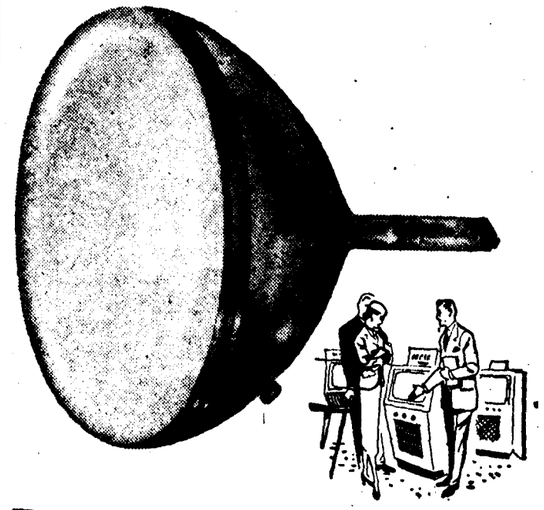
Quick work—well done

Ask a girl who has once used an Imperial '66' what typewriter she would ask for if she had a free choice. A machine that does the work quickly, cleanly, and with good manners : a machine that lets her away on the dot in the evenings. An Imperial '66' in fact.

Imperial Typewriters

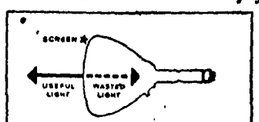
Imperial Typewriter Co. Ltd. Leicester and Hull.

ALUMINIZED TUBES
reduce your
television costs



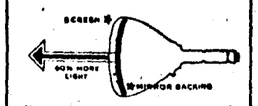
REPLACEMENT costs, particularly of the expensive picture tube, are an important consideration when you buy a Television set. That is why you should choose a set that is fitted with an Ediswan Mazda aluminized picture tube. Ediswan Mazda aluminized tubes give brighter, clearer pictures than ordinary tubes. Thus the set can be operated with the brilliance control at a lower level, and the tube lasts longer.

In addition, ion burn—the cause of ugly brown patches on the screen: and ion bombardment—one of the most frequent causes of tube failure—are largely prevented in an Ediswan Mazda aluminized tube. It is worth your while to insist on an Ediswan Mazda aluminized picture tube—you get better pictures at lower cost.



WITHOUT ALUMINIZING

Without aluminizing, tubes waste half their light.
To counteract this the brilliance must be increased and tube life is shortened.



WITH EDISWAN ALUMINIZING

Ediswan aluminized tubes have a mirror backing to the screen. All the light is thus thrown forwards, giving brighter, clearer pictures and extra life.

EDISWAN
MAZDA
ALUMINIZED
CATHODE RAY TUBES

THE EDISON SWAN ELECTRIC COMPANY LIMITED
155 Charing Cross Road, London, W.C.2
Member of the A.E.I. Group of Companies

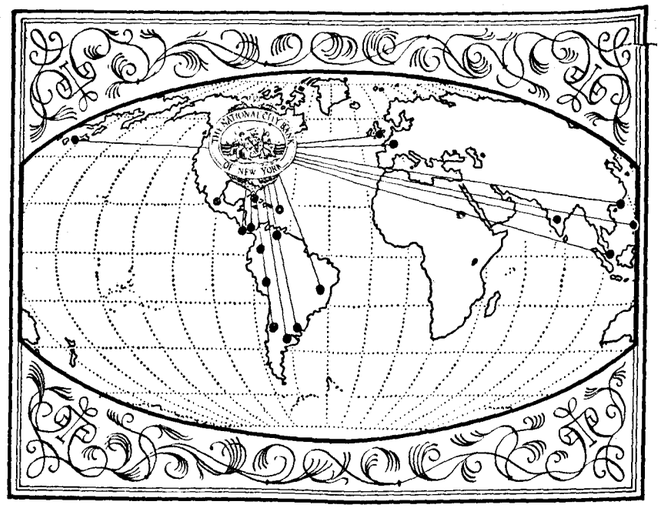
A BANK WITH BRANCHES ALL OVER THE WORLD

For over forty years The First National City Bank of New York has been developing a global network of overseas branches.

There are now fifty-eight of these branches in twenty different countries throughout the world. In addition, nearly three thousand banking correspondents — reporting from every commercially important city of the globe — are in constant touch with Head Office in New York.

The First National City Bank can, therefore, offer businessmen with international interests — and particularly those engaged in the vitally important trade with dollar areas — the substantial benefits and invaluable local market knowledge of such a system.

The specially qualified staff of the London office will be glad to place at your disposal the long experience, resources and facilities of the organization. Wherever your interests lie and whatever they may be, The First National City Bank is anxious to help.



THE FIRST NATIONAL CITY BANK OF NEW YORK

ESTABLISHED 1812

Incorporated with limited liability under the National Bank Act of the U.S.A.

Head Office: 55 WALL STREET, NEW YORK

London Offices — City: 117 OLD BROAD STREET, E.C.2 *West End:* 11 WATERLOO PLACE, S.W.1

FIRST IN WORLD-WIDE BANKING



Wherever you go, the wide world over,
you will find Drambuie
awaiting you like a friendly gesture from home.
Prepared in Scotland from the recipe
of Bonnie Prince Charlie, Drambuie is renowned
across the oceans and continents of the world
as the liqueur of subtle and unvarying excellence.

Drambuie

The Drambuie Liqueur Co., Ltd., York Place, Edinburgh

What's the coolest thing you know?

It might be iced champagne . . . anyway that gives you a good idea of how cool you'll feel in a Steegan lightweight suit. Superbly tailored in crisp 'Moygashel' linen for business or leisure wear, it will keep you immaculate on the hottest day. Price approximately £9.18.6. Write now for FREE illustrated folder showing the full range of Steegan lightweight clothes.



Steegan Ltd. Dept. Ad. 4 222 Regent Street, London, W.1.

Steegan REGD.

SENSIBLE SUMMER COMFORT FOR EVERY MAN

The World Overseas

Australia's Defence Programme

FROM OUR CANBERRA CORRESPONDENT

ALTHOUGH the recent piecemeal announcements of Australia's defence plans leave a number of points obscure, they have clearly shown the difficulties facing any Australian government that tries to assemble substantial defence forces in peace time, particularly under the present economic conditions. The monthly Treasury accounts provide a counterpoint to Mr Menzies's defence statements since his London and Washington talks; they have shown a serious lag in the £200 million a year defence programme, and the lag has been growing worse over the last three years. In 1952-53 the defence allocation would have been underspent by £10 million but for the last-minute payment of accounts accumulated by Australia's Korean forces since the beginning of the Korean war. In the last financial year only £177 million was spent, £12 million of the "change" from the £200 million being paid into a Defence Equipment and Supplies Trust account as a reserve. During the present financial year the difficulty of spending the defence allocation has become still greater; up to the end of April, with only two months of the financial year to go, £78 million out of the £200 million remained unspent.

This downward trend in expenditure must be kept firmly in mind in considering the new defence plans. The root causes of the trend are the economic burden of Australia's massive immigration programme (which is itself seen by all parties as a defence measure); full employment; and shortages of the basic materials, like steel, needed for defence production. Full employment has reduced recruitment for the permanent forces to a trickle. In the past, the offer of overseas or active service in, for instance, Korea, stimulated recruiting sufficiently to allow Australia to reach its immediate targets. It is expected to provide for Australia's Malayan commitments, but under full employment it obviously has severe limitations.

Mr Menzies has announced that Australia will send to Malaya, as part of the Commonwealth South-East Asia Strategic Reserve, an infantry battalion with supporting arms and with reinforcements in Australia; two fighter squadrons, one bomber squadron, and an airfield construction squadron; two destroyers or frigates, an aircraft carrier "on an annual visit," and "additional ships in an emergency." Since this announcement the Prime Minister has told parliament that, in the event of a "hot" war, Australia would have to be prepared to increase its one battalion in Malaya to a force "probably of the order of two divisions."

The troops which are to go to Malaya have, in part, a token role. But this aspect could be exaggerated; they represent at least a third of the immediate target for the whole of Australia's defence forces, excluding citizen and reserve forces and the navy's reserve fleet. In principle, therefore, when the Menzies government committed these forces overseas in peace time it was taking a more radical step than many Australians have probably yet realised. Just as radical, though of less immediate effect, is the virtual commitment of two war-time divisions to a particular overseas area in advance of a hypothetical war. But this is not so surprising when it is realised that Australia looks to the United States as the one ally which can protect its shores in war, and hopes, by taking the initiative with precise undertakings, to gain increasing practical backing from Washington.

How can Australia, unable to spend its defence allocation for three years running, fulfil its new commitments? Mr Menzies has, so far, given only a sketchy answer. Obviously, most of the two divisions and any other divisions planned to carry out other wartime duties will not be mobilised. Their manpower will lie largely in civilians who have done national service training. The present policy is to build up a potential rather than to have a lot of men biting their finger-nails in camps; they cannot do much more under the present National Service Act, which provides that national servicemen cannot be sent overseas. For political reasons no Australian government is likely to introduce peace time conscription for overseas service.

The Menzies government has stuck to a colossally expensive aircraft production programme; this is pointless from an economic point of view, but arises out of a determination that Australia should be able to carry on in a war although cut off from some or all of its normal sources of supply. Mr Menzies has now indicated that, during his recent visit to Washington, Mr Eisenhower and other American leaders told him that the United States would help Australia to overcome its deficiencies in military equipment. This offer, if followed by action on any large scale, could overcome much of the present lag in the defence programme.

Confidence in "Australian" defence and foreign policies has been shaken by the breakdown of a bi-partisan foreign policy for the first time since World War II. There had been differences of opinion, but it was only when the Labour party opposed the sending of troops to Malaya that the government and the opposition really parted ways. Yet the support for the present Labour policy within the Labour movement itself is far from unanimous. Australia already

Region in a most invidious position, for should they be required to give advice to ministers that is contrary to the party's current likes and dislikes, there is a chance that they may be accused of "sabotage"—a favourite NCNC word.

In the context of Dr Azikiwe's speech the dispute now seems to have become a move in the manœuvring that is just beginning for the next constitutional conference in 1956. Dr Azikiwe now has his favourite weapon—a struggle with "autocracy," as he calls it—with which to whip up the enthusiasm of his followers. Naturally, he has already called for the abolition of the Governor's discretionary powers and the limitation of the reserved powers.

Much of the Premier's convention address was concerned with the claim that the Eastern Region, alone in Nigeria, was a true democracy, on the basis of its universal adult suffrage. One of the changes brought about by Dr Azikiwe's government has been the introduction of English-style local government, with county, urban district and rural district councils. In the East, as in the West, these local government bodies are intended to replace the "colonial system" of administration by residents and district officers. It is ironic that one of the last acts of the Eastern Region Executive Council before the Premier left for Ibadan was to order the dissolution of two of these councils for corruption. They were the urban district councils of Onitsha and Aba, the two most important commercial centres of the region. A relevant factor in their downfall was stated to be inefficiency and incompetence amongst the administrative staff, who are all African. Many people in Nigeria will not be slow to point out to Dr Azikiwe that his concern for democracy and his strictures on civil servants might be more appropriately turned towards the "grass roots" amongst the local government bodies. It is there that real democracy will succeed or fail.

Soviet Industry Under Fire

TODAY, as in the past, it is a Soviet custom to sound the alarm from time to time on behalf of one of the branches of the economy, but the manner is no longer the same as in Stalin's day. Then the inquiry used to be held behind closed doors and appeals to workers to raise production would often take the form of pledges to Stalin, say, on the occasion of his birthday. Now, in more businesslike fashion, ministers, managers and leading technicians are called to Moscow for an industrial conference at which Bulganin and Khrushchev do not hesitate to criticise openly the shortcomings or to admit that in certain spheres Russia is lagging behind advanced Western techniques—which not long ago would have been attacked as dangerous cosmopolitanism.

Industry's turn of "self-criticism" has come much later than that of agriculture because its crisis is less acute and its achievements incomparably greater. Yet they are still not enough for a government faced with the gigantic tasks of expanding basic production and armaments without forgetting the consumer and the important Chinese ally whose demand is insatiable. Hence, at last week's conference in Moscow, one branch of industry after another came in for criticism: the timber industry—because its productivity per man rose only slightly compared with prewar, while its equipment was quadrupled; the oil industry—for costly and incompetent drilling; the steel industry—for failing to spread new methods which could produce at least 1.5 million tons of crude steel per annum; the coal industry—for not using its capacity to the full, etc. Insufficient adaptation of new techniques resulting in low all-round productivity—this criticism was the monotonous refrain of the conference.

It is extremely difficult to calculate the growth of productivity in Soviet industry. As it is computed on the basis of the inflated index of production, it naturally has an upward bias. In addition it is calculated in man-years not man-hours; therefore the change in the length of the working week from 40 to 48 hours in 1940 invalidates comparisons. Hence the official claim of a sixfold rise since the introduction of planning in 1928 cannot be taken at its face value. On the other hand, there is no doubt that tremendous progress was made over that period thanks to a real technological revolution. Its pace was most rapid during the second five-year plan (1932-37) when the fruits of the initial investment were being gathered; there was a drop during the war, but the prewar level was recovered by 1948 and productivity has continued to rise fairly rapidly since then. Not rapidly enough, however, and to carry out its production targets Soviet industry had once again to rely on the rapid growth of manpower.

The phenomenally quick swelling of the industrial labour force by immigration from the countryside has been a crucial feature of the Soviet industrial revolution. Yet, this is a process which cannot go on for ever. When the current five-year plan (1951-55) was drawn up, emphasis, at least on paper, was switched to productivity: it was to be raised by no less than 50 per cent, while the number of workers and employees was to be increased by only 15 per cent. After four years the manpower target has already been exceeded, but the productivity objective will certainly not be reached. Since the exodus from country to town must now be halted, the demand for a more rapid increase of productivity becomes imperative.

Why does not the Russian worker's productivity come up to the planners' expectations? One of the main reasons must undoubtedly be sought in the nature of the newcomers to the labour force. Its rapid growth was made possible only by the greater employment of women—who are less productive — and above all by the turning of *muzhiks* into industrial workers. A peasant finds it extremely difficult to adapt himself to the rhythm of industrial life, let alone

"Motor Business"

The June issue of this quarterly research bulletin for the motor and allied industries will include:

The domestic and export markets for commercial vehicles 1955-1960.

A financial and economic study of two major British motor manufacturers.

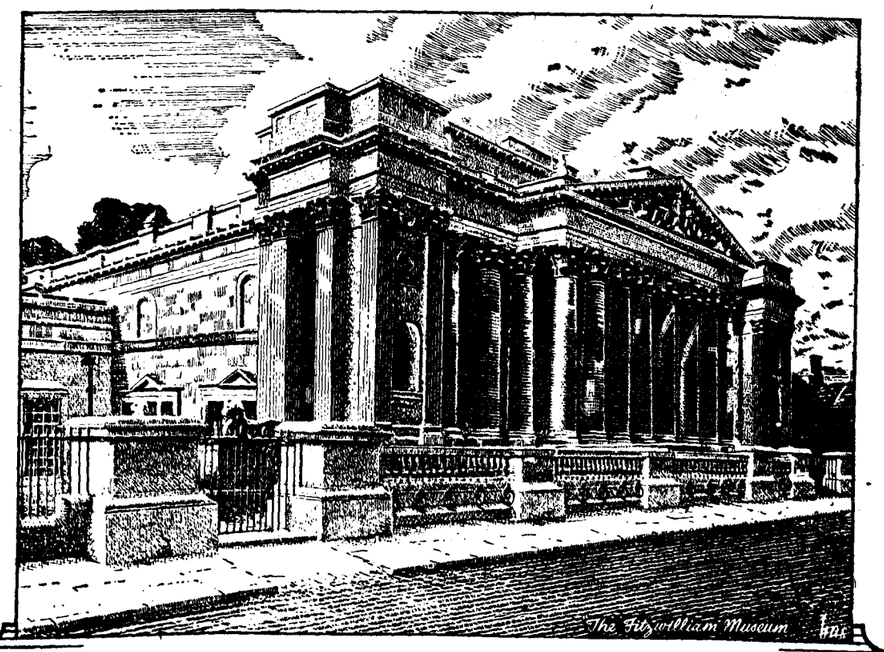
Second hand price indices of cars and vans.

The U.K.'s leading export markets for parts and accessories.

The Bulletin is fully illustrated by charts.

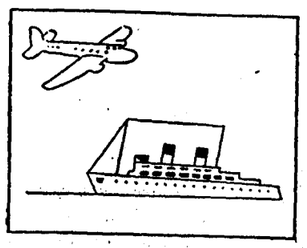
For full particulars of this service apply to:—

THE ECONOMIST INTELLIGENCE UNIT
22 Ryder Street, St. James's, London, S.W.1
Whitehall 1511. Ext. 47



It shall not burn

At last, MINERVA, a scientific application of nuclear physics, brings to every building; store and industrial enterprise, a sure and certain means of fire prevention.

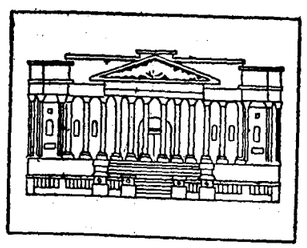


WHAT DOES IT DO?

Minerva is the only proven system which instantly detects the first trace of smoke before any heat or flame is generated—in fact the fire is given no chance.

HOW DOES IT WORK?

The activating source of the detector is a particle of radio-active material with a theoretical life of more than a thousand years. The entry of smoke triggers the detector. No current is consumed while the detector is on guard.



HOW IS IT INSTALLED?

Each detector is no larger than an electric light bulb and can be fitted as simply.

Only one is required in a room or for every 1,000 sq. ft. of floor area.

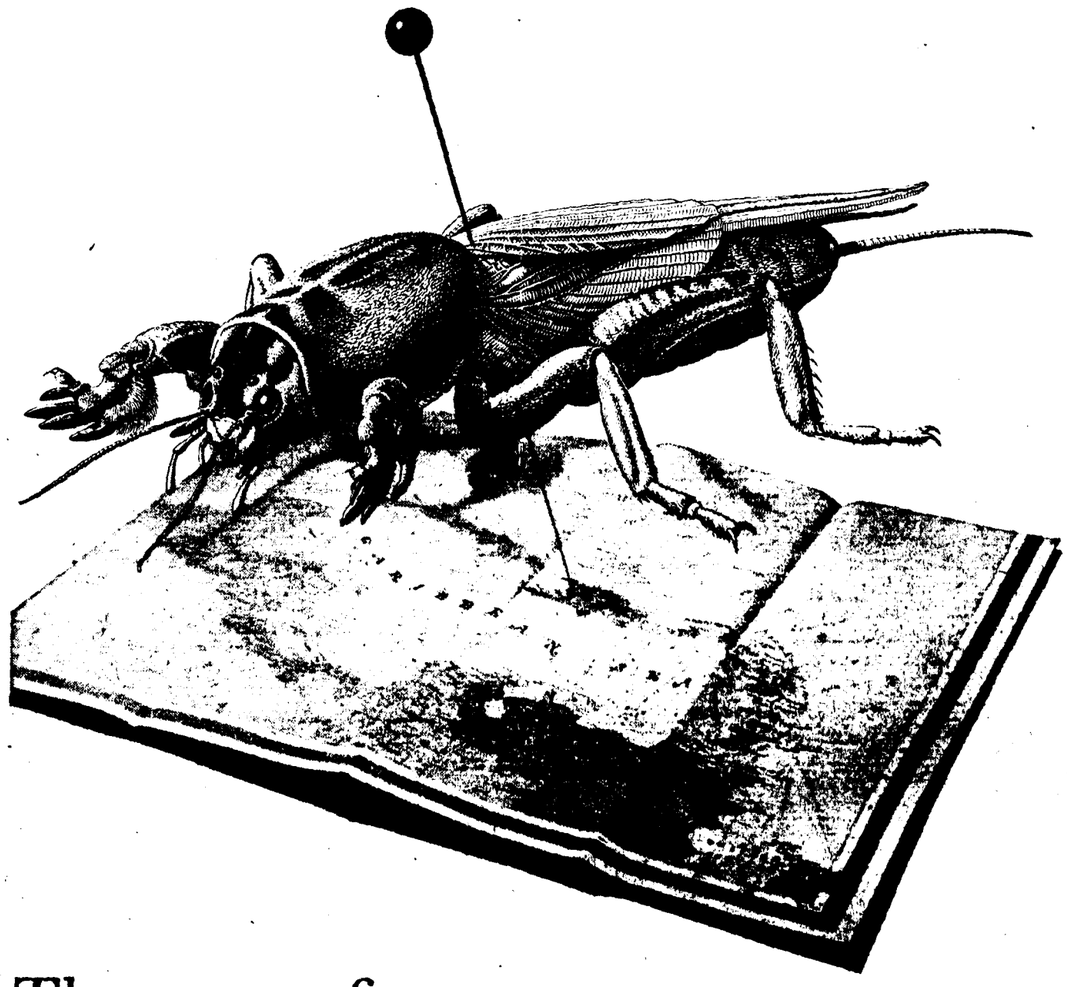
NO BUILDING FITTED WITH MINERVA HAS EVER BEEN DESTROYED BY FIRE

TE CUSTOS URBIS MINERVA

MINERVA FIRE DETECTION SYSTEM

APPROVED AND ADOPTED BY THE ADMIRALTY AND AIR MINISTRY.

Manufactured by The Minerva Detector Company Ltd., Richmond, Surrey, England



The case of *Scapteriscus vicinus* . . .

Wherever the mole cricket burrows, crops are sure to be in trouble. With grotesquely developed forelegs acting as shovel and rake for digging, and as shears for clipping roots, this armoured tunneller works its destructive way through many crops — particularly sweet potatoes and tobacco. Its presence is particularly dreaded in nurseries, where it plays havoc with seedlings.

Caribbean and Central American farmers, who have been losing thousands of dollars to mole crickets each year, now meet and destroy this pest with aldrin. This potent soil insecticide, recently developed by Shell, is the perfect answer to mole crickets and to many other pests that spend much of their lives below ground.

1 to 2 lbs. of aldrin per acre, applied to the soil before planting out, annihilates the heaviest infestations — and one dressing gives at least a year's protection.

Long-lasting, non-tainting aldrin is the most effective of all insecticides for use in the soil. Because of its great stability, it is ideal for compounding with fertilizers. Aldrin's wider range includes many pests previously difficult to 'get at' economically.

Another recently developed Shell insecticide is dieldrin, possessing exceptional persistence. On foliage, dieldrin controls a very wide range of weevils, beetles, flies and other crop-eating pests. It is also extensively used as a residual spray against disease-carrying insects.

Have you a stubborn pest problem to deal with?

aldrin

aldrin and dieldrin are SHELL insecticides for world-wide use

For further information apply to your Shell Company

Issued by The Shell Petroleum Company Limited, London, E.C.3, England.

to master the latest techniques. The American expert, Professor Galenson, has calculated that on the eve of the war the productivity of the average Soviet worker was roughly 40 per cent of that of his American counterpart ; now it is estimated at about 50 per cent. Here, however, the average camouflages great discrepancies, since the skilled Soviet workers employed in the most advanced establishments are as productive as the Americans.

This should dispose of the Western illusion that Soviet productivity cannot continue to increase rapidly. Even if we do not take into account Soviet capacity to venture in uncharted roads, there is plenty of scope for progress merely by bringing the most backward plants up to the technical level of the model establishments and the inefficient newcomers up to the standard and skill of the old industrial workers. This is what Khrushchev and Bulganin hope to achieve through technical education and the concentration of investment in engineering industries.

It is still too early to say what effect the various new measures announced will have on industrial production. The creation of a special State Committee for introducing new techniques is not really a new move, as such a body had existed in the early days of the Soviet regime and was actually resurrected when Malenkov was still premier. The separation of the State Planning Commission (Gosplan) into two bodies—one concerned with long-term planning, the other with watching current production—is also a return to a former pattern. Only experience can show how much these bureaucratic changes can speed up actual output. One thing is certain: that with the burdens facing it, the Soviet Union is badly in need of rapid economic progress. It relies largely on this to win the struggle of "competitive coexistence." Marshal Bulganin issued his order of the day: "To win over capitalism in economic competition we must have advanced technique, better organisation of production and higher labour productivity." Much will depend on the regime's ability to transform yesterday's *muzhiks* into skilled industrial workers.

Uneven Scales of French Justice

FROM A FRENCH CORRESPONDENT

AMID the many reforms which are always talked about in France without ever being carried out, that of the judicial system takes pride of place. Some recent trials have emphasised the need for change, but though the years of occupation and the liberation period have made the judicial machine still more squeaky, the defects of French justice are really of long standing. Many trials are held in France ; they always take a very long time and often judgments are not beyond reproach. Hence, the average Frenchman is no more satisfied with his judiciary than he is with the administration or the educational system of his country. Yet justice is the institution, if any, which should be above suspicion and outside polemics. True, during the occupation, the condemned was often a hero and the judge —the unjust. This reversal of values has left its mark. To the traditional principle that an accused is presumed innocent until his guilt has been proved a new one has been added—that any condemned man may well have been the victim of a judicial error.

This attitude has made public opinion and the press more exacting. At the same time, the trials of the occupation, followed by those of the liberation, have tended to make magistrates very sensitive to any governmental attempt to use penal legislation for political ends. Here lies one of the reasons for the numerous acquittals in proceedings relating to internal or state security, particularly in the case of Communists. The other reason for the resounding failures in cases of this nature is obviously the fact that traditional legislation did not foresee the existence of a revolutionary party whose activities would be perfectly legal. The crisis of French justice, however, is illustrated in a more striking fashion in ordinary criminal and civil cases. Often because of the slowness and high costs of proceedings the lawyers of both parties try to avoid going to court ; they have recourse instead to private arbitration, though this is contrary to their professional rules.

The judiciary is the poor parent of French administration. For the whole of France it has only ten cars at its disposal ; many courts do not own even a typewriter. The magistrates are among the worst paid officials. An ordinary judge begins at about £500 per annum ; an appeal judge earns scarcely more than £1,000. Most magistrates have no hope of ever exceeding that amount. Furthermore, coming usually from modest families, they can no longer rely, as in times gone by, on marrying a *dot*. The judge has become the impecunious defender of a society in which money is king. The moral level of the magistrates remains fairly high but their intellectual level is bound to suffer.

Prosecuting Judge

Several trials, the Dominici case for instance, have revealed two cardinal weaknesses in the administration of justice. Criticism centres on the roles of the examining magistrate (the *juge d'instruction* who carries out the pre-trial examination) and of the judge in criminal cases. In principle, the pre-trial examination is carried out by an independent judge ; in fact, it is too often done by the police controlled by a judge dependent on the executive power. In French law, the *juge d'instruction* is a judge like any other, that is to say, he is in theory completely independent and possessing perfect security of tenure. Yet in certain parts of the pre-trial examination he is subordinated to the prosecutor, in other words to the government. ("A judge placed under the authority of a counsel ; this cannot be conceived and yet it is," exclaimed the eminent lawyer M. Garçon.) The result is that the prosecuting counsel is not, as in England, placed on equal terms with the counsel for the defence, since, unlike the latter, he can influence the *juge d'instruction* preparing the *dossier* which will have such an important bearing on the case.

All this would not matter too much if the examining magistrate really conducted the examination. Too often, however, he leaves it to the police or *gendarmerie* and then tends to cover up their illegal methods (it is quite frequent, though unconstitutional, to keep suspects at the police station for over 24 hours) and their abusive interrogations. Brutal police methods can be explained by the wish to extract a confession, but for a judge the confession should not be the proof, only an element in the case. Too often also the judge relies on superficial and biased *expertises* to back the prosecution's case. The discredit surrounding police brutality and the somewhat dubious expert advice thus falls on the judiciary, though the real wrong of the

magistrates has been to rely too blindly on their auxiliaries. This is partly the result of lack of time, means and skilled staff, partly the outcome of a "confession mania." The frantic efforts to make the suspect confess are often followed by a retraction during the court proceedings.

The second weakness and cause of many scandals is connected with the role played by the presiding judge. The penal code does not say that the trial judge should not be an arbiter and only an arbiter in cross-examination as he is in the British system. Nor does it say that he must interrogate the accused. Yet, this has become a habit: the judge, following the previously established *dossier*, really becomes the prosecutor. This happened, for instance, in the Dominici trial and it shocked Anglo-Saxon correspondents. The president of the court is a judge whose function is to watch the balance and not to tilt the scales either way.

To restore the trial judge to his proper role as referee and to give back to the examining magistrate his independence—these are the two most urgent reforms. At the same time the police and the public prosecutor should be put in their place: the police should be merely an auxiliary of justice and the prosecutor a counsel like any other. It is quite possible today, as in the past, there are no more violations of personal freedom or judicial errors in France than in any other country. The trials, however, would gain in dignity and justice in esteem if these reforms were carried out.

Denmark's Progress in the Air

BY A CORRESPONDENT

ALTHOUGH there has been a marked improvement recently in the efficiency of the Danish air defences, Nato planners—and many Danes—still feel that there is much to be done. Denmark is the cork in the mouth of the Baltic bottle; Danish radar and fighters might be the first line of defence against Russian bombers heading for London from the Baltic states. A year ago a crisis developed when the Defence Minister, Hr Rasmus Hansen, temporarily grounded all jet fighters after a tragic series of crashes, and Denmark's skies were violated by a number of unchallenged and unidentified intruders. Last July, at the Danish government's request, Air Chief Marshal Sir Hugh Saunders was seconded to Denmark to advise upon the reorganisation of the air force. This appointment, which has already proved fruitful, has now been extended to the autumn.

In Copenhagen last January General Gruenther expressed his satisfaction with the improvement shown by the Danish air force. Sir Hugh Saunders is said to be pleased with the progress in reorganisation, which has helped markedly to cut the number of crashes, and young Danes have shown that they make excellent pilots. A start has been made in building up the still inadequate radar coverage. In spite of all this, however, certain radical difficulties remain.

Lack of adequate flying training in Denmark itself has been one of the principal weaknesses. It was discovered last year that nine out of every ten fatal crashes involved Texas-trained pilots; the trouble, in the view of many experts, is that training in the clear and sunny skies of Texas was no preparation for the Baltic's treacherous fogs. Pilots are now trained in Canada; there has been some talk of a scheme to dispense with this by establishing a joint Norwegian-Danish air school in Denmark, but so far progress has been achieved only on paper. Until recently the Danish air force had nowhere to practice "live" bombing, and still lacks an air-to-surface rocket range. The Danish farmer guards his land jealously, and he is well protected in law.

Hr Hansen has been the target of a good deal of criticism for his handling of these problems. Last year his difficulties were increased by the personal antipathy existing between General Foerslev, the commander-in-chief of the air force, and Colonel Birksted, formerly chief of the air staff. Whereas General Foerslev represents the "old guard" of prewar army air force regulars, many of whom lack combat experience, Birksted is a former naval pilot and served as a Wing Commander in the RAF during the war. Birksted's appointment to a senior post in Paris has now resolved the problem. An important stage in reorganisation was reached by the recent setting up of a tactical headquarters at Karup in Jutland, entirely separate from the administrative headquarters at Vedbaek near Copenhagen. This decentralisation has been described as a victory for Birksted.

Nato Bases on Danish Soil?

Danish fighter pilots have no illusions about the combat quality of their present aircraft; the Korean war showed what Mig 15s can make of Meteors and Thunderjets. Denmark has a Nato off-shore order for Hawker Hunter interceptors to the value of £3 million, but delivery is not expected before the autumn. Last year Hr Hansen turned down an offer by Canada to supply a squadron of Canadian-built Sabres. Matters have recently been coming to a head. The Danes have now only one squadron of interim "all-weather" fighters, equipped with British NF Mk 11s. The Americans have been offering Hr Hansen a squadron of modern "all-weather" fighters, it being left to the Danes to choose between Sabres, Canadian-built aircraft and British delta-wing Javelins. Danish pilots, accustomed to British radar equipment, would like the Javelins if they were available now; unfortunately they are not—but the American Sabres are.

Hr Hansen's hesitations reflect the common Danish attitude, earlier displayed over the stationing of foreign Nato personnel at Danish air bases. In 1953 the Americans offered to establish two fighter wings, with 150 aircraft, in Denmark, but the offer was rejected by the late Hr Hedtoft and the Social Democrats. The Danes have given several reasons for their reluctance to admit Nato forces. They say that trouble might arise through the difference between the American and Danish rates of pay, and that the people of Copenhagen have been offended by the behaviour of some American servicemen on leave. Probably Hr Hedtoft expressed their fears most accurately in 1953, when he said that Nato's land forces were too weak to protect Denmark's southern flank. When the Danes have the comforting presence of 12 German divisions on their flank the situation may change. It has been suggested that the Danes might consider a Canadian offer to station a Sabre wing in the country. Although there is at present no sign of a reversal of Social Democrat policy on the question, the recent change in premiership may open the way for a reassessment. Meanwhile the Conservative and Liberal opposition will continue to press for more wholehearted Danish participation in Nato.



Were those the days?

Yes, those were the days all right—for disease-bearing bacteria and unscrupulous adulterators of the people's food. But today we have a strong shield against both the infectious and the rapacious. Thanks to modern packaging and the concomitant use of brand names, our food is now protected to a degree unknown to our ancestors.

Vital indeed is the part that packaging has to play in the nation's economy. Already over half the packaging board produced in Britain is made by Thames Board Mills. And the higher our standard of living rises, the greater the demand for "Thames Board" and "Fiberite" cases. This train of events can only serve to confirm Thames Board Mills' leadership in this expanding industry.

Thames Board Mills Limited

THE LARGEST MANUFACTURERS OF BOARD AND PACKING CASES IN BRITAIN

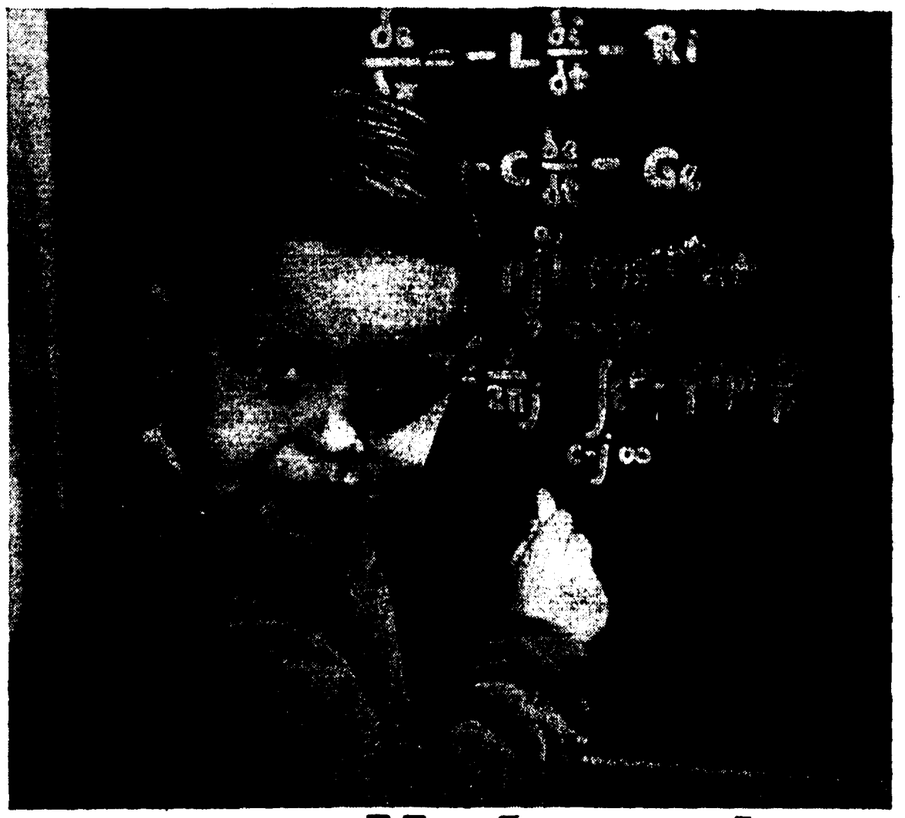
PURFLEET, ESSEX AND WARRINGTON, LANCS

"THAMES BOARD" for cartons, boxes, bookbinding, etc. · "FIBERITE" Packing Cases in solid and corrugated fibreboard.

TB 19 1018-78

• ELECTRONIC TUBES AND SEMI-CONDUCTORS • INCANDESCENT, FLUORESCENT, MERCURY AND SODIUM LAMPS • AMPLIFIERS, MICROPHONES AND LOUDSPEAKERS •
• RADIO AND TELEVISION RECEIVERS • MEASURING APPARATUS • ELECTRIC DRY SHAVERS • HEARING AIDS • GRAMOPHONE RECORDS • HOUSEHOLD APPLIANCES • RADIO BROADCASTING AND TELEVISION TRANSMITTERS •
• VITAMINS AND VITAMIN PREPARATIONS • RADIO-ACTIVE ISOTOPES • PHARMACEUTICAL AND CHEMICAL PRODUCTS • MAGNETIC TAPE RECORDERS • WELDING ELECTRODES AND MACHINES • CINEMA EQUIPMENT •

March into the future... *No. 5*



Maybe one day...

A pretty involved bit of reckoning, that, for a kid to be playing around with . . . But maybe one day even that complicated calculation will seem child's play to him—one day when his ambition is fulfilled and he's a qualified engineer.

In the modern world engineering has so many branches, covers so many diverse and complex activities. Electronics, for example—a science that grows in scope and importance almost daily. Yes, very probably he'll specialise in electronic engineering, this lad. In so doing he will learn to serve science, industry, all mankind, in an ever-greater number of ways. And Philips, always to the fore in research and development, will be there to help him.

PHILIPS

CONTRIBUTE TO THE BETTER WORLD OF TO-MORROW

• RADAR EQUIPMENT • AUTOMATIC AND LINE TELEPHONE INSTALLATIONS • MEDICAL AND X-RAY APPARATUS • SCIENTIFIC EQUIPMENT • DIAMOND TOOLS •

THE BUSINESS WORLD

Chemical Engineers Accepted

AMONG the many teams that crossed the Atlantic in the postwar years to study American industry, one group of experts from the European chemical industries set out in 1950 to examine "Chemical Apparatus in the United States." Its main conclusion*, however, was not about apparatus but about men—and it sharpened a long-standing professional controversy in Europe which only this year, and after further lengthy debate, has approached some resolution. After looking at the rapid development of the American chemical industry, which in forty years has caught up and outstripped the European in technique as well as sheer size, the team concluded:

> A large part of the success of the great American achievements in industrial chemistry is due to the efficiency of the chemical engineer. The action of the chemical engineer is decisive when a process has to be transposed from the laboratory to the industrial state.

It contrasted the "quantitative and essentially practical" training of the chemical engineering profession that has developed in the United States over the last twenty-five years with the "descriptive theoretical courses" of European chemical training, and argued that Europe would not be able to begin to compete until industry was served by greater numbers of staff trained specifically as "chemical engineers."

This view was by no means universally accepted in Europe or in this country. Many sections of the chemical industry have refused to accept "chemical engineering" as a separate profession with a distinct field of expertise, or even to agree that chemical engineers merited the title of "engineer." They asked what a chemical engineer could do which a chemist and a mechanical engineer working together could not do. The Germans, particularly, and those sections of industry in this country which had been most exposed to German influence, took this view. On the side of the new profession, it was argued that chemical engineering first developed during a period when the work of many practising engineers had become over-systematised; and that the chemical industries needed men who could tackle new problems with originality of mind and an engineering outlook rather than by the application of ready-made rules.

*

The difference in professional approach, moreover, was linked with a major shift in technique. Historically, Europe had a large and prosperous chemical industry long before the United States, and in the development of this Germany played a leading part. The industry was built up by collaboration between the chemists, who developed manufacturing processes, and the engineers who designed and built the production plants. In general, the plants they designed were scaled-up versions of the chemist's bench apparatus, and they committed the industry to batch processes, in which the addition of raw materials, the carrying out of the appropriate operations and the removal of products are a sequence of separate steps. This batch system imposed limits upon the increase of output, and generally meant that the labour content of the cost of the product was high.

Some early exceptions, however, did provide continuous processes. These included the work of Solvay in Belgium and of Mond in this country on the ammonia-soda process, the later work of Mond on gas plants and on the extraction of nickel, and of Haber and Bosch in Germany on the fixation of atmospheric nitrogen. They demonstrated the great advantages of

* In a report published by OEEC, Paris 1952. 20s.

the continuous treatment of raw materials by the appropriate operations and the continuous removal of the products under a "flow process," in which the physical conditions at any one place in the plant remain constant. The introduction of automatic control methods is obviously easier for such "steady-state" flow processes.

Progress from the batch process to the continuous process is by no means easy. It was particularly difficult for chemists who thought only in terms of the laboratory batch process, and for engineers who thought only in terms of enlarging the chemist's apparatus into plant of a suitable size and materials of construction. Continuous processes demand a knowledge of the dynamics of flow, and of the transfer of heat, matter and momentum that was largely outside the academic curriculum of the conventionally trained chemist and mechanical engineer. The idea of the flow process was most quickly adopted in the United States after the 1914-1918 war, largely to meet the requirements of the vastly expanding oil refining industry, handling a liquid raw material in great volume. From oil the continuous flow system spread to all branches of the chemical industry. As a result, the United States has become an exporter of chemical processes during the last thirty years, rather than an importer. The American process industries would not have obtained such spectacular developments without adequately trained men to work upon them; these were the products of the newly-established American schools of chemical engineering.

In Germany, too, an evolution of ideas was taking place in the training of chemists and engineers. The technical universities provided excellent courses in industrial chemistry or chemical technology, including a large portion of what are usually considered engineering subjects. At the same time, the engineering courses included adequate instruction in fluid dynamics and heat transfer processes. Between them they probably covered all the curriculum of the American chemical engineering graduate, while at the same time the chemists had a more thorough knowledge of chemistry, and the mechanical engineers of the mechanical design of plant, than had the American chemical engineers. But in the United Kingdom there was nothing to compare adequately with the great technical universities in Germany; from our own universities the chemists learn virtually nothing of engineering subjects, while the average engineer gains only a superficial knowledge of fluid mechanics and heat transfer processes. Their fields of knowledge do not overlap. It is the need to fill this gap that has necessitated the establishment of schools of chemical engineering in this country, sponsored in some cases by oil companies such as Shell.

Opinions about chemical engineering remain controversial and contradictory. There remain those who do not believe in chemical engineering at all; even the converted cannot always agree how chemical engineers should be employed, whether they should be trained by undergraduate or post-graduate courses of study, or whether they ought to undergo an apprenticeship or not. Early this year a conference sponsored by the Organisation for European Economic Co-operation was held in London to try to resolve some of the differences. Technologists such as Sir Christopher Hinton, managing director of the Industrial Group of the Atomic Energy Authority, bore witness to the value of chemical engineers in the evolution of industrial chemical projects, in process plant management and in administration. Experts from Germany, Italy, Belgium and France, as well as the United Kingdom agreed about the necessity for chemical engineering, and if they were sometimes discordant about what chemical engineers are, some of the disagreement seemed to be verbal and interlingual. When the experts came to discuss how the variously-labelled expert they had in mind should be trained, they found much more to agree upon. University courses in the United Kingdom, Germany, Austria, Belgium, Netherlands, France, Sweden and Norway all had far more similarities than differences. While not all the Germans agreed with Professor Kirschbaum of Karlsruhe when he said "In Germany the words chemical engineer and process engineer really mean the same thing," it is clear that a German *Verfahrensingenieur* (process engineer) would be perfectly at home in a chemical engineering department in this country.

★

The similarities came out, too, in discussions on research. What the Germans called "Process Engineering Research" ranged from the study of high temperature and pressure reaction kinetics to the behaviour of constructional materials. Chemical engineering research in this country covers the same range of topics. Moreover, the Germans had tackled some of the problems that were outlined for Britain four years ago in the Cremer Report on Chemical Engineering Research, which was published in 1951. This report drew attention to the lack of central facilities for carrying out or co-ordinating such research. It added that one of the first jobs of a central chemical engineering research organisation should be to distribute to potential users information that already exists or is available from different sources. Little has been done in this country towards implementing this report. The Germans, on the other hand, have organised a number of important committees to do just that — co-ordinate and distribute information in specialised fields to the chemical industry.

For many years the Institution of Chemical Engineers has endeavoured to gain general recognition for chemical engineering, along with civil, mechanical and electrical engineering, as a primary branch of technology. It may claim that this has now been achieved. Contributions from many of the most important industrial companies in Britain, including ICI, Courtaulds, and Shell, showed that these companies are satisfied that the chemical engineer is now a necessary part of a design, development and production organisation. In some cases this represented a marked change of front, and the professional institution is entitled to draw full encouragement from them. As Sir Harold Hartley has said, "The chemical engineer is no longer regarded as a misnomer or a curiosity."

The profession must still expect a considerable degree of reserve, however, about the status that some of the more enthusiastic delegates to the OEEC conference would claim for the chemical engineer. The new discipline, said one French delegate, "is a cross roads not only for technologists but for economists; it interprets, codifies, translates. It is concerned with everything without becoming superficial and deals with details without specialising." These are claims indeed; it is fair to say that they are supported by some experts in Britain, who argue that this broadly-based discipline of applied science gives to a student a judgment and facility for the art of technical co-ordination that no other field of study can. If this is justified, the demand for such paragons of training may well become immense, but it is a claim which chemical engineers have yet to prove—if they can.

Money From Green Fingers

THE frost has played havoc with the cistus and there was hardly a specimen to be seen in the whole breadth of the Chelsea Flower Show this week. The iris growers have had difficulty in bringing their plants forward sufficiently, and many of those shown were still in bud with a single flower opened here and there to hint at the glory that will perversely bloom, unseen, after the show has closed. On one side of the 3-acre tent was a splendid exhibit of tropical plants arranged at two weeks' notice by the Liverpool parks gardeners after a big nursery had cancelled its stand. There were fewer of the herbaceous perennials than are usually seen in a show that is held, by long-established tradition, in the third week of May, but the cold spring has brought more specimens of such early-flowering ornamentals as malus and prunus than Chelsea usually sees.

The Chelsea Flower Show, organised every year by the Royal Horticultural Society in the grounds of Chelsea Hospital, has become the principal shop-window of an industry that supplies flower and vegetable seeds, bedding plants and ornamental shrubs to thousands of amateur gardeners. Its turnover is difficult to estimate with any accuracy. The Census of Distribution for 1950 suggested that sales in that year were not less than £13½ million and may have been substantially higher—the doubt is caused by the difficulty, mentioned in the Census, of tracking down all the nurseries that sold direct to the public. Such a turnover is much bigger than that of any of the other trades that cater for hobbies, such as shops selling musical instruments, sports goods, art needlework and knitting wools or even toys. It is also a good deal higher than the turnover of florists, milliners or furriers.

There are probably about 10,000 growers in the country, though many of these are primarily market gardeners who bring up as a sideline some bedding plants, or shrubs that need glass. Only about 2,000 nurseries concentrate exclusively in the supply of garden seeds and plants. The Census of Distribution ran to earth more than 1,200 and credited 32 of them with turnovers exceeding £50,000. These are substantial figures judged by any standard, and they are due in part to the wide, popular support that the nurseries have enjoyed since the war. This support is not without its problems.

Before the war the nurseries had fewer customers than they have today, but their orders were far bigger. Fairly modest gardens were supplied with bulbs by the thousand and with rose bushes by the hundred. The big gardens ordered on a royal scale and were good customers for all the new and rare varieties—and, almost equally important to the nurseries, many nurserymen and market gardeners received their early basic training in big private gardens.

Now many of the big gardens have gone, and the big orders with them. Those that remain no longer order on the same lavish scale; how can they when an ordinary rhododendron is catalogued at an average price of 15s.? Instead, the nurseries find that they are supplying hundreds of small customers with a few specimens at a time. In shrubs and bedding plants, these small orders are frequently for ordinary varieties, and not for the expensive novelties. The costs of invoicing and packing these small orders are considerable; so is the time that the nurseryman spends walking from one part of his land to another to collect the handful of plants for individual orders. Yet the nurserymen have to recognise that this change is permanent, and adapt their selling methods to deal with it, if they are to remain prosperous. Until two years ago, they enjoyed a sellers' market; gardens were being re-stocked after the war and the nurseries themselves were rebuilding their depleted catalogues. But during the past two seasons conditions have become increasingly competitive; last year's bad winter seems to have discouraged many gardeners from planting and some nurseries have substantial stocks of shrubs and fruit trees on their hands.

This change in the character of the market has created a new type of demand. The big gardens still buy shrubs and ornamental trees because these need the minimum of upkeep, and industry, too, is emerging as

the new patron of landscape gardening. But the new army of amateurs has generally not the ground for more than a few strong growing specimens. They concentrate much more on seeds and bedding plants and buy in large quantities. It is said that bedding plants—with luck and hard work—can bring returns of £1,000 an acre, and that by changing to them a number of small nurserymen have escaped from bankruptcy. Market gardeners grow bedding plants in substantial quantities, and may have been quicker than the specialist nurseries to see the advantages of a crop that can be quickly grown and easily marketed either locally or through wholesalers.

★

Seedsmen long ago recognised the importance of catering for the small customer. Cuthbert's packets sell by the million across the counter at Woolworths'; Carter's coloured sixpenny packets are retailed by ironmongers and general shops across the country. Carters are selling more than twice the number of vegetable packets that they did before the war and their sales of flower seeds have gone up by a sixth. And whereas the amateur who buys plants usually sticks to the hardiest and least exotic variety, there are many amateurs, with a little glass and the challenge of the show bench to stir them, who are prepared to pay several shillings for new strains or rare types of seed and they concentrate increasingly on the half-hardy as opposed to the hardy annuals. The older and less highly selected strains do not find so ready a market in spite of being the cheaper.

Growing for seed is highly competitive, but on balance a slightly less hazardous business than growing plants or shrubs. Much of the stock is grown abroad from seed selected in this country, so that the business is not entirely at the mercy of the British weather. This is as well, particularly in a season like last when much of the flower seed grown here could not be harvested. Seed needs careful growing and storing, but it does not require much space—there are two million begonia seeds to the ounce and a packet containing a minute measure retails for 3s. Consequently, a seedsman's capital is less tied up in fixed assets, in land and plants, than that of a nurseryman's or market gardener's. One bad season can wipe out the cash reserves of a nursery; two bad seasons could put most of them out of business. Most of the growers are short of cash and cannot easily lay hands on new capital; but some start in a small way with a few thousand pounds locked up in land, stock and equipment and manage to do very well. An approachable bank manager is always useful, particularly in years of bad trade and high coal bills.

These conditions do not encourage a competitive spirit among nurserymen. They may compete for prizes at exhibitions, but not, it appears, in the prices asked in their catalogues. There is a marked similarity between the price lists of different nurseries; 4s. to 4s. 6d., for example, is the almost universal charge for a shrub rose of average quality. It is difficult to believe that costs are identical all over the country—or that all growers have any accurate idea of the cost of bringing up individual plants. The nursery trade is highly organised in its own trade association and also in associations of specialist growers—and the price lists of the one or two non-member nurseries diverge sharply from the average charged by members.

A strong sense of solidarity prevents the nurseries from undercutting each other, but that does not protect them from competition from other sources. Before the war, regular auctions were held in London and other parts of the country of surplus stock from British nurseries and of plants sent in at very low prices from the continent. These have not been resumed since the war, but now the multiple chains have begun to sell not only seeds, but plants, shrubs and fruit trees of good quality at prices far below those listed in the growers' catalogues.

★

Some of this stock is being bought from local nurseries—not necessarily because it is surplus, but because a firm contract is attractive even at a low price. But it is probable that a good proportion of it is being imported from the continent. Foreign bulbs and tubers are imported on quotas, but other plants are on open general licence, and while the foreign nurseries are afraid to send cut-price stock to this country for fear that British growers would retaliate by asking for lower bulb quotas, they may have been making contracts either direct with the multiple chains or with British growers who finish off the plants in this country on the multiples' behalf.

This competition is causing the growers concern, but they note that, while the quality of the stock is excellent, the strains are commonplace and cannot compete with highly selected specimens. Much more serious to them is the increasing competition from the nurseries run by local authorities, which sell surplus stock to the public. The trade done in this way by a big municipal nursery can run well into five figures. A strong campaign is being fought by the nurserymen to prevent any more municipalities from acquiring powers to sell plants retail because it is feared that whatever price the nurseries charge, the municipal gardeners will always and automatically undercut them. The real answer may, however, lie not in trying to shut out competition but in exploiting the special skill and experience that only nurserymen have. Most of the famous nurseries and seed businesses are family businesses built on the special skill of their founder. Where this aptitude has been passed on down the family, which is not inevitable, these businesses continue to thrive and there are plenty of examples at the present time of new reputations that have been created during the past few years. The efficient nurserymen and seedsmen survive and some prosper.

Business Notes

Blue-coloured Spectacles

THE Conservatives had won the General Election a fortnight or so ago in Throgmorton Street. On the eve of the election account the *Financial Times* ordinary share index had climbed to 189.1. On polling day nine days later, it stood at 195.9, less than one per cent below the peak of 197.5 touched on February 3rd. Bank rate had then only just been raised to 3½ per cent: it is now 4½ per cent. But in the meanwhile the standard rate of tax has been reduced, and the flow of dividends and profits has been at least as inspiring as investors anticipated at the end of last year. Confidence in a Conservative victory was the mainspring of the boomlet in a market more active than for some weeks past. But the strong advance in many of the market leaders was the product of American buying. ICI led that advance, but investors in the United States and Canada were also buying Bowater Paper (the first of the stocks to attract their attention), British Petroleum, "Emmies," Ford and Unilever. Prices in Wall Street are now at such a height that the dividend and earnings yields offered by the equities of the British giants look attractively higher than those offered by American companies of the same calibre. It needed only a few favourable comments from American brokers to touch off the demand. The transatlantic interest in British securities, which may be engendered in part by tax advantages, was given another illustration this week by a scheme inaugurated by Irving Trust, the New York commercial bank. Under this scheme American brokers will be able to place orders for their customers with British and American brokers for 34 selected British, Dutch and South African stocks. The Trust will issue depository receipts against the stocks lodged with the National Provincial Bank in London and Pierson and Company in Amsterdam; the Trust will also arrange to pay dividends to the American investors.

	Feb. 3, 1955	April 18, 1955	May 18, 1955	May 26, 1955	Yield per cent. £ s. d.
Assoc. Elect. Ind. £1	72/-	71/3	72/3	74/6	3 15 2
Bowater Paper £1	80/-	81/10½	104/-	115/3	3 2 5
British Petroleum £1	84/6	73/9	86/3	95/9	3 2 8
Ford Motor £1	*44/10½	42/6*	48/-	49/3	3 0 10
Imp. Chem. Ind. £1	44/9	43/-	45/-	49/6	4 0 10
Lancs. Cotton £1	32/1½	29/3	28/1½	28/3	8 17 0
"Shell" £1	130/7½	131/3	120/-	122/3	4 5 3
Stewarts & Llds. £1	48/-	54/3	57/-	59/9	4 3 8
Turner & Newall £1	114/-	106/3	108/-	110/1½	4 1 9
Unilever £1	79/-	79/6	81/6	84/4½	3 14 8
Financial Times Industrial Index	*196·7*	*187·6*	*191·7*	*195·9*	*4 15 7*
Serial Funding 2½% 1957	99½	97⅝	96 15/16	96½	3 17 1
Savings 3% 1955/65	98⅛xd	95⅞	91⅛	91⅛	4 2 3
Conversion 3½% 1969	100xd	97⅛	93	93½	4 4 1
Savings 3% 1965/75	90⅜	88⅛	84½	84⅞	4 3 6
Brit. Elec. 4½% 1974/9	107 15/16	103⅞	100	100 11/16	4 5 0
Brit. Tr. 3/- 1978/88	86	83⅛	80 1/16	79½xd	4 2 6
Funding 3½% 1999/2064	93⅛	91⅛	88½	88 1/16	4 2 8
Consols 2½%	64⅛	63⅛	61⅛	61⅛	4 1 11

* After adjusting for one for one scrip issue.

Sterling on Tenterhooks

AN air of brooding uncertainty has prevailed in the exchange markets this week. Operators surmised that on the outcome of the votes that were being cast on Thursday would depend whether the sterling-dollar rate dropped to the "floor" of $2.78 or whether there would be a recovery beyond the level of around $2.79⅛ at which the rate hovered during the greater part of the week. But any substantial rise beyond this figure would probably be checked by the Exchange Equalisation Account taking the opportunity to regain some of the dollars that may have been lost in the earlier part of the month in supporting the rate for transferable sterling. In the circumstances, with perhaps 1¼ cents in the rate to lose "if things went wrong" and only ¼ to ½ cent to gain "if things went right," potential buyers of sterling have naturally postponed covering operations and dealers have, on the whole, kept their sterling holdings on

Looking at the market through blue-coloured spectacles has not been confined to equities. Now that selling by the joint stock banks has stopped, some of the industrial concerns and institutions have switched their interest from Treasury bills to the short-dated bonds, which now offer a strong element of capital appreciation over a limited period of time. That has stopped any further slide in gilt-edged prices, but at the same time some of the longer-dated and undated issues have been bought. This week's rally in sterling and some easing of the pressure in Lombard Street have contributed to this result. But the renewal of confidence in Throgmorton Street presupposes something more than a Conservative victory. It assumes some slackening of the rigours of the stringent credit policy and a continuation of the industrial boom without check or pause. That in turn assumes a more favourable balance of payments in the autumn than seemed to be likely when the Government first tightened the screws on credit or seems from present evidence to be on the cards.

the short side. In order to offset this depressing influence the authorities appear to have given the market some support, though the recovery in the rate after its fall to under $2.79 at the end of last week was attributable also to an improvement in the market's electoral confidence. Whether the month of May closes with a residual gold and dollar deficit will almost certainly depend on the experience of the three final working days next week, when the response to the election results will emerge. They promise to be exceptionally active days.

The tendency to postpone purchases of sterling has also affected the transferable rate. Over the past ten days some official support has been necessary to keep the rate above $2.77, which the authorities appear to regard as their support point. But the market in transferable sterling has been deriving some support from recent sales of Russian gold, most of it has been sold against dollars and the dollars converted into sterling in the transferable market. Zurich has also reported occasional commercial orders for transferable sterling running into substantial figures. The transferable sterling market has, therefore, been of two-way character; there have been occasions when the Exchange Equalisation Account has been a seller.

The strongest market for sterling recently has been that for security sterling, which has risen since mid-May from $2.73½ to $2.74¼. The main supporting factor in this case has been a fairly steady demand for sterling equities by American investors. Certain Wall Street quarters, unlike the foreign exchange market, have had no doubts in anticipating the election prospects bullishly, as this week's substantial buying of British equities on American account demonstrates.

Settling Steel Prices

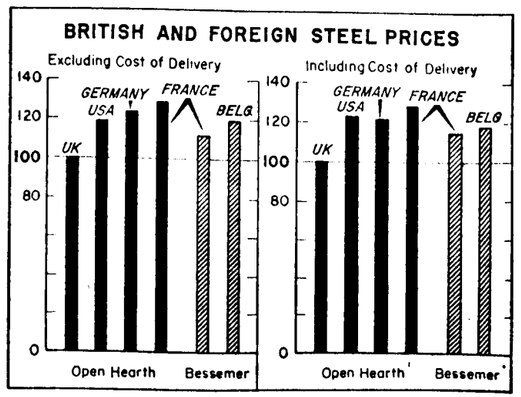
MOST of the work that the Iron and Steel Board has begun to do since it was set up two years ago has been taken over from the Ministry of Supply or the British Iron and Steel Federation. The most important task it has carried out, however, is one that no authority in the steel industry has attempted since an earlier Steel Board (also headed by Sir Archibald Forbes) did it in 1949—a comprehensive review of the industry's price structure. In its first report, covering the 17½ months to the end of 1954, the board has outlined some of the principles of steel pricing on which it made last year's changes.

The board, which was set up under the 1953 denationalisation Act "to exercise a general supervision over the iron and steel industry with a view to promoting the efficient, economic and adequate supply under competitive conditions of iron and steel products," has no statutory duty to fix steel prices. It has to keep them under review and is permitted, if it sees fit, to "determine" maximum prices. To nobody's surprise, it did see fit, and in December, 1953, took over from the Ministry of Supply the long-established arrangements for collecting figures of costs, realised prices, and capital employed from steel producers.

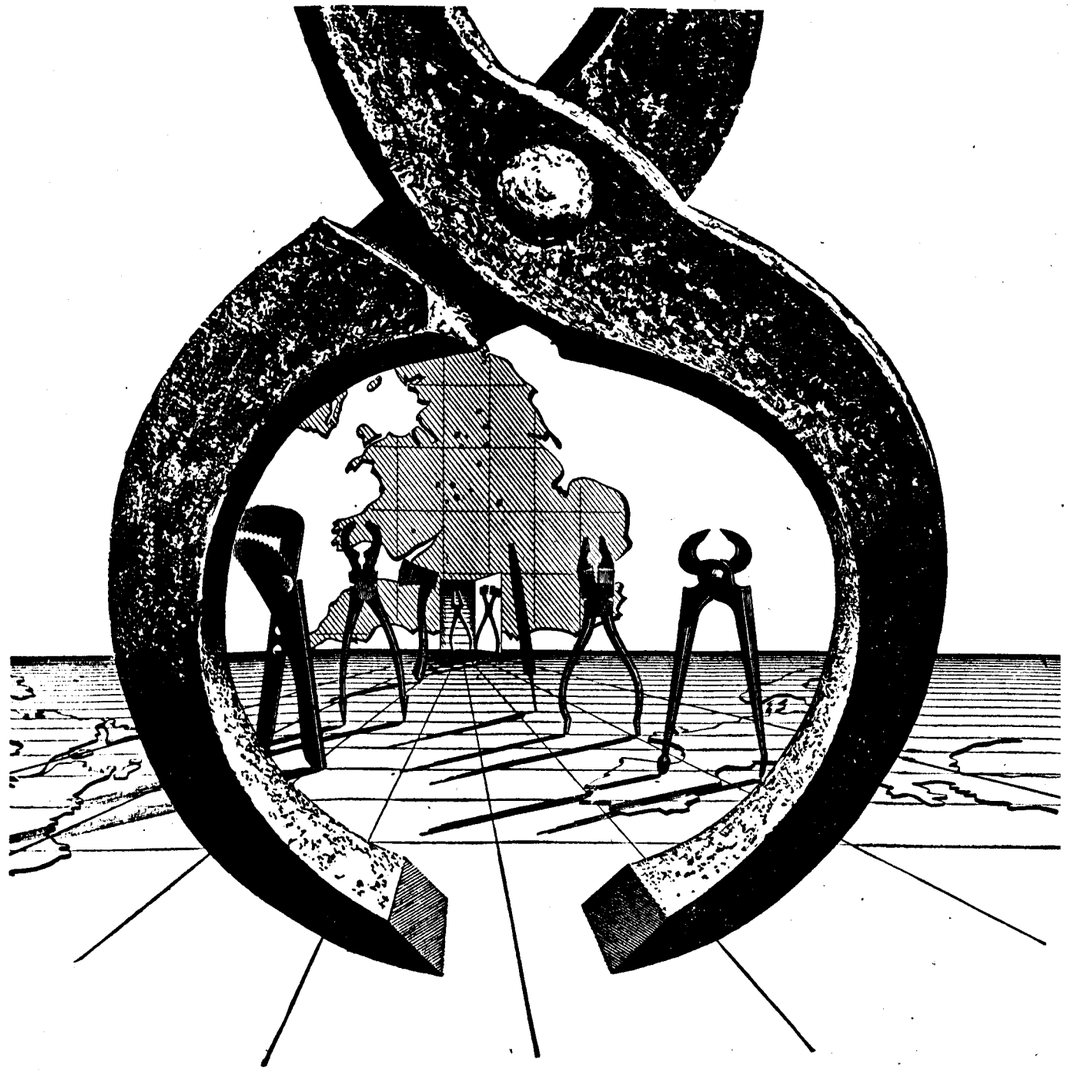
The board decided to continue the existing practice of basing prices on costs of production, including adequate depreciation, plus "a reasonable margin of profit." For operating costs it excluded a proportion of the highest-cost producers and took the average of all others (except in the case of sheet and tinplate, where the operating costs on the new continuous mills differ so radically from those of the hand mills that it has set two prices). In calculating the depreciation element, it continued to take replacement costs of equipment, adjusted mainly for the average life of assets. Depreciation thus calculated now accounts for some 6 per cent of costs, against the average of about 3 per cent that was actually being set aside by companies as recently as 1951-52, and the board last year told the steel industry it would expect the amounts now set aside for depreciation and obsolescence "would not be less than the allowance made in prices." In allowing a profit margin, the board took the written-down historical cost of fixed capital employed, plus working capital and liquid assets, and set a profit margin with regard to interest rates and the likely "normal level of working" for the industry's capacity. This is the same basis as the earlier board used in 1949, but the effect differs significantly. In 1949 a profit margin of about 8-10 per cent on historical capital offered far less on capital reckoned at replacement prices. Today, when the majority of the £352 million worth of fixed capital in the industry must represent plant bought at postwar prices, a profit margin based on historical cost comes much closer to economic reality.

Britain's Real Advantage

IN settling steel prices the Iron and Steel Board, like the authorities that did the job before it, has been concerned with stability and with "the maker of reasonable efficiency." Prices based upon the average operating costs of all but the highest-cost producers do not remove the incentive to reduce costs, though they do mean that the maker who reduces costs does not get the full benefit of his saving. This "restraint of prices and earnings in time of high demand," however, is moderated by the fact that producers are left free to enjoy all the export premiums they can earn: in certain postwar years, the average of about 15 per cent of total steel



output that was exported appears to have contributed about half as much profit again as would have been earned by selling all the steel at controlled home prices. Moreover, the board says it may on occasion "allow the producers con-



Pincer movement

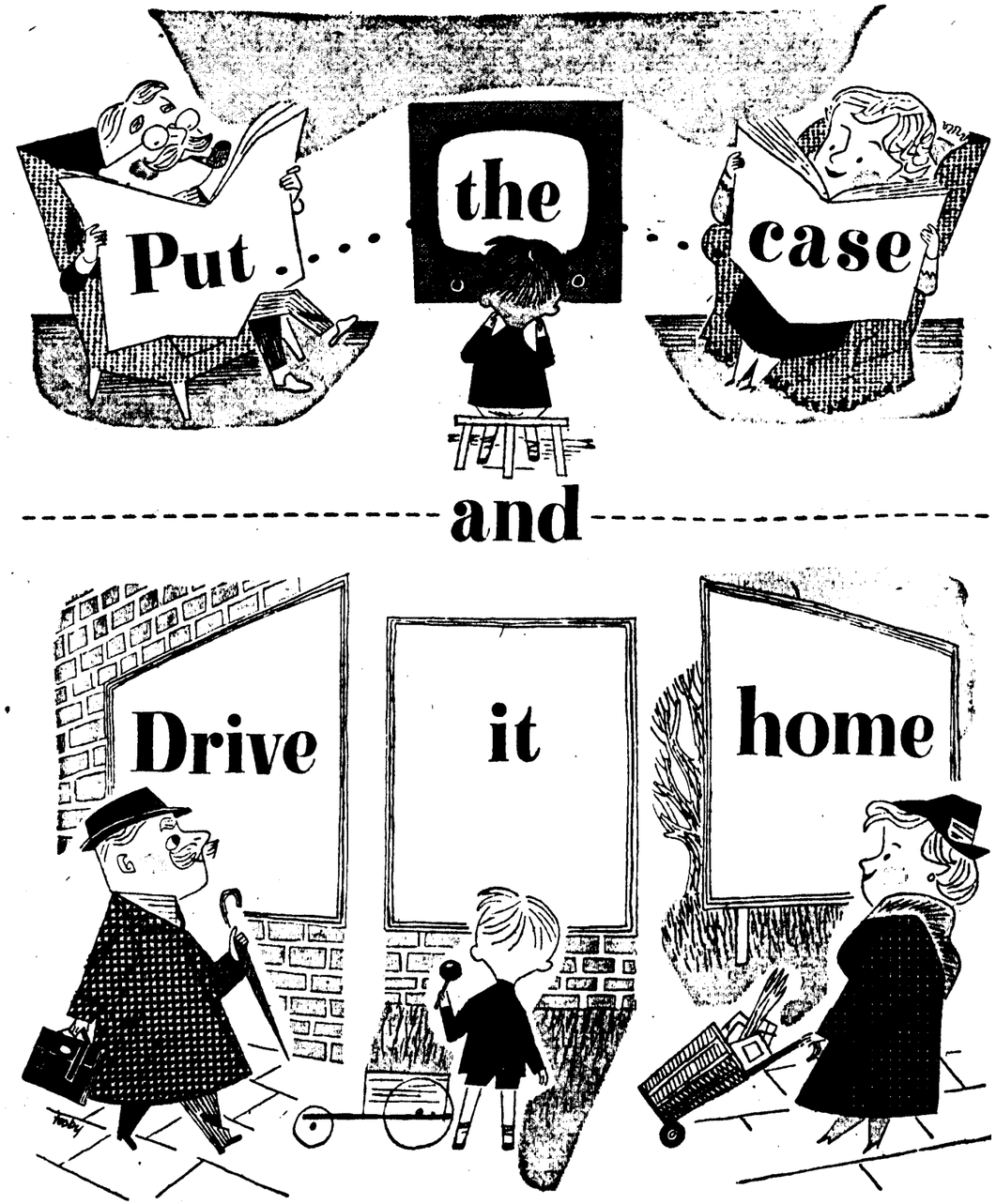
Over a million pairs of pincers and pliers moved out of this country last year. With them went nearly five million files, as many assorted axes, and two thousand tons of hacksaw blades and twist drills.

These export figures for tools are a few out of many. They give some small idea of the world-wide demand for British-made steel products. Last year Britain's toolmakers alone earned £18 million for Britain.

Wherever there is steel there is British steel.

British steel leads the world

THE BRITISH IRON AND STEEL FEDERATION



POSTERS COMPLETE THE CAMPAIGN
WITH REPETITION IN COLOUR

BRITISH POSTER ADVERTISING ASSOCIATION · LONDON POSTER ADVERTISING ASSOCIATION LTD.

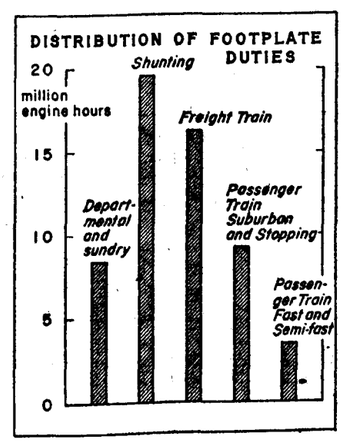
cerned to retain for a time some part of the saving in costs secured by their efforts and initiative."

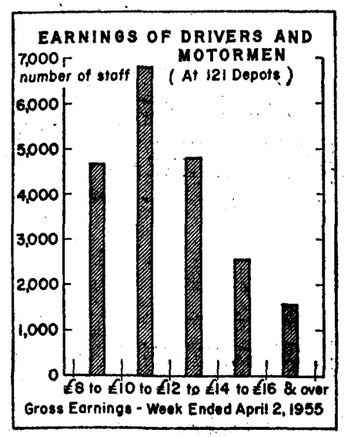
The controlled prices for British steel, which as the chart shows are markedly lower than American and Continental prices, still contain certain artificial elements. The spreading of costs of imported materials, and the partial equalisation of steel-making costs from scrap and iron effected by the "Industry Fund" (about which, surprisingly, the board gives less specific information than either the British Iron and Steel Federation or the late nationalised corporation have done from time to time) does not affect this competitive price level. The control of scrap prices at a level lower than the steel-making value of scrap relative to pig iron does hold British prices down, but the board thinks that if the price of scrap did rise to its equivalent in iron, British steel prices would rise by less than 5 per cent. The steel industry, like other British consumers, also gets its coal cheaper than it could in the free market that some major consumers such as the North-Western Gas Board are now beginning to advocate. But a rough calculation here, too, suggests that a free market for coal might add less than 20 per cent to the price of coal, which itself accounts for well under 20 per cent of steel-making costs. Though correction of these artificial elements would certainly reduce the extent to which British steel is cheaper than foreign, it would not wipe out its real competitive advantage—which comes from making steel cheaper.

Pay for Footplate Staff

It is a grievous disappointment that the Associated Society of Locomotive Engineers and Firemen brought no new proposals to the wage discussions early this month, and have refused to consider the proposals that the British Transport Commission put forward twelve days ago. The Commission's ideas were open to discussion, and they may have been well short of perfection. But they had the merit of being broadly based on two principles: first, that differentials, if they are to have any meaning, must be based on some kind of classification; and secondly that the proposed allowance for mileage between 80 and 140 miles attempted to relate work done with reward for those drivers and firemen who are not enjoying the considerable benefits of the mileage allowances that express train crews doing more than 140 miles have long enjoyed.

Endless argument is possible about degrees of skill and responsibility between different types of footplate duties. The ASLEF will have none of it (save that fast train crews have their skill and responsibility recognised, whereas the others do not). There ought to be some symmetry between duties and earnings, and in fact there is—as the accompanying charts demonstrate. The Commission's proposals would have had the effect of giving more for the more important duties and of giving some encouragement towards increased productivity.





The essence of the railways' development plan is to cut out a lot of uneconomic mileage and build up new and speedier services; and the Commission's proposals could have formed the first stage in a new conception of footplate pay by matching more effective work with the extra reward that it merits. If locomotive crews reject these principles from the start, it is difficult to believe that the £1,200 million of new equipment for the railways will be well spent. And, as Sir Geoffrey Heyworth has pointed out this week to the stockholders of Unilever, "the frequent threat of strike on the part of any particular form of transport can only make industry hesitate to commit itself too much to that form."

Transport: a User's View

Transport and handling equipment, along with warehouses, account for almost 15 per cent of Unilever's total investment in manufacturing and distribution facilities: its annual spending on transport is equal to nearly half its total wage-bill; and one day's delay in the combine's world-wide movement of raw materials and finished products would tie up an extra £5 million in working capital. It is not surprising that what Sir Geoffrey Heyworth had to say about transport at Unilever's annual meeting this week contained a good deal of interest to transport users and operators in general. His remarks were objective and unbedevilled by politics; though they contained some criticism of nationalised transport in this country, Sir Geoffrey gave it some good marks too.

In the more developed countries where Unilever operates, about 21 per cent of its margarine moved from factory to distribution depots by rail, 77 per cent by road and 2 per cent by water; for soap, 48 per cent went by rail, 37 per cent by road, and 15 per cent by water. The location of the depots available, and in some cases the fixing of road and rail prices by law, make these proportions differ widely for different countries; in Britain, where the choice rests largely upon the rates and service different forms of transport can offer, Sir Geoffrey noted that rail

secures a bigger share than in the average for the group as a whole. In Britain about 52 per cent of soap—a commodity that does not deteriorate during transit, so that speed does not matter much—went by rail, 37 per cent by road, and 11 per cent by water. Margarine, on the other hand, must be delivered fresh, in frequent and fairly small consignments, and is thus basically suited to road transport; nevertheless, in Britain about half of it goes by rail. From depots to final customers, of course, most of the delivery is by road; in Britain, Unilever takes about 80 per cent in its own vehicles and 20 per cent in contract transport.

The better-than-average share that British Railways secure may mean higher efficiency in railways or lower efficiency in road haulage in this country. Sir Geoffrey commented that "it will be interesting to see whether the new railway charges scheme is effective in encouraging a greater use of rail transport." But on some questions of handling, he can only give British Railways half marks for progressiveness; for example, the railways here have encouraged the use of pallets for fork truck handling of rail consignments by returning pallets free, but have not taken the logical further step of setting up a national pallets pool, as Swiss Railways have. Sir Geoffrey complained, too, of the rigidity that tends to characterise the national organisation of transport in Britain and elsewhere: "The general lesson we have learnt from our own experience is that in transport as in industry a dynamic outlook is vital."

April Trade Winds

THE improvement in the overseas trade balance last month was not evenly spread: it resulted from a sharp fall in imports of food and beverages on the one hand, and from a sharp rise in exports of engineering products on the other. Detailed figures for April (a short month), compared with the average for the first three months of this year, show that of the fall of £17 million in imports to £318 million cif, £15 million was attributable to a fall in imports of food and beverages. Imports of tea fell by £9 million, thanks to a seasonal drop of 43 per cent in volume and a 14 per cent drop in price; coupled with smaller imports of cocoa and meat (at slightly lower prices) and of cereals and feeding stuffs, this more than offset a sharp seasonal rise in imports of fruit and vegetables and sugar. Imports of basic materials remained high, and imports of coal and petroleum rose further in April. Among manufactures, a fall in imports of chemicals and non-ferrous base metals was partly offset by the continued rise in imports of iron and steel. Reductions in prices of meat and beverages were mainly responsible for a fall of one point to 103 (1954 = 100) in the index of import prices. Prices of engineering exports and metals rose by one point in April, but the index of all export prices remained at 101. Hence the terms of trade moved a further point in Britain's favour to 102, compared with 104 in the first two months of this year.

The high level of exports in April, which were only £2 million below the first quarter's average, at £245 million fob, was entirely due to a rise of £5 million to £99 million in shipments of engineering products; all the other main categories of exports fell last month. Shipments of road vehicles and aircraft rose by £3.7 million to £32.4 million, and shipments of mechanical and electrical machinery were also higher.

The improvement in the balance of trade was unevenly spread among the main trading areas too. The fall of £12 million to £65 million in the trade deficit, compared with the average of the first quarter, was almost wholly in sterling area trade; imports from that area fell much more than exports, and the trade deficit fell by half to £10 million. But the slight fall of £2 million to £55 million in the deficit with the non-sterling world in April masked a welcome reduction in the deficit with the dollar area. The resurgence of exports to North America lowered the deficit with the dollar area by £7 million to £31 million; the deficit with the OEEC area was £1 million lower at £4 million, but with the rest of the world the deficit rose sharply by £5 million to £19 million.

U.K. BALANCE OF TRADE

£ million—monthly averages or calendar month

	Total						Sterling Area						Non-Sterling Area					
	1954				1955		1954				1955		1954				1955	
	I	II	III	IV	I	Apr.	I	II	III	IV	I	Apr.	I	II	III	IV	I	Apr.
Imports, cif	274	284	279	289	335	318	133	133	115	120	147	135	141	151	165	170	188	183
Exports,* fob	234	233	229	230	258	253	113	113	115	108	127	125	121	119	114	122	131	128
Deficit	40	51	50	59	77	65	20	20	nil	12	20	10	20	32	51	48	57	55

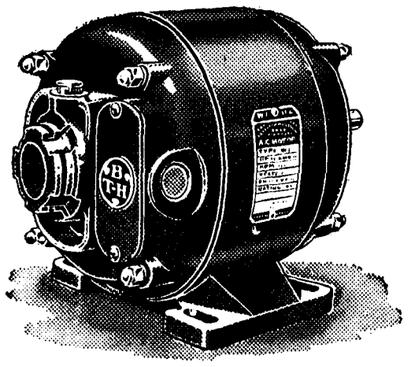
	Dollar Area						OEEC Area						Rest of World					
	1954				1955		1954				1955		1954				1955	
	I	II	III	IV	I	Apr.	I	II	III	IV	I	Apr.	I	II	III	IV	I	Apr.
Imports, cif	43	48	53	63	69	67	64	67	70	71	76	71	33	37	41	36	42	44
Exports,* fob	30	32	28	34	31	36	66	64	64	64	72	67	25	23	21	23	28	25
Deficit	13	16	25	29	38	31	2†	3	6	7	5	4	8	14	20	13	14	19

* Including re-exports; † Surplus.

B T-H

Fractional Horsepower MOTORS

BTH fractional horsepower motors are second to none in quality and proved performance. All types are available in sizes to meet every domestic, commercial, and industrial need. Precision-built of highest grade components, and fully tested, they will give long and trouble-free service.
No manufacturer can offer a wider choice in fractional horsepower motors. Whatever the conditions of service or type of drive, there is a BTH motor well suited to the job.



The BRITISH THOMSON-HOUSTON Company Limited
Member of the AEI group of companies RUGBY · ENGLAND AA/78

Now! Luxury Air Service TO KARACHI via Cairo in 16* HRS

P.I.A. Super Constellations Fly Fastest to the East

At last! Pakistan International Airlines have extended their domestic routes serving West and East Pakistan, India and Burma. Now you can fly to Karachi via Cairo in 15.50 hours air time*—fastest ever—*and* enjoy a trans-Atlantic standard of luxury aloft. P.I.A. Super Constellations leave London every Friday and Karachi every Tuesday. Ask your travel agent. First Class and Tourist accommodation. The First Class section is fitted with special de luxe seats to ensure perfect comfort during the day *and* night.

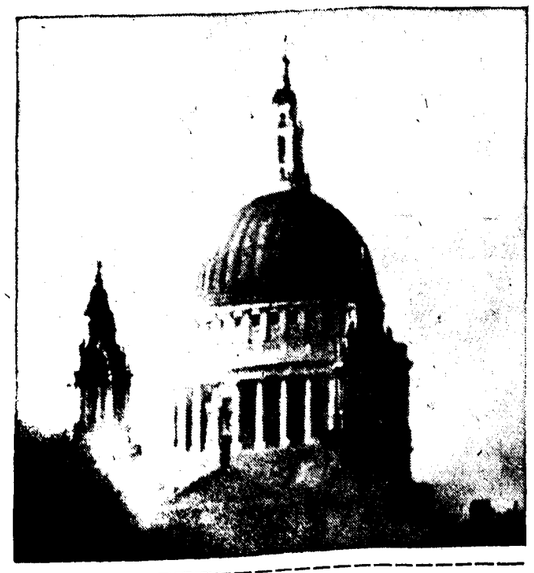


CAPTAIN N. HEMSWORTH
It's comforting to know that the man 'up front' is a man like Captain N. Hemsworth. Australian by birth, he brings to P.I.A's crack international air service a brilliant war record and experience of three airlines.

PAKISTAN INTERNATIONAL AIRLINES

SALES AGENTS: AIRWORK LTD.

CONTACT YOUR LOCAL TRAVEL AGENT or P.I.A., Brompton Air Station, 249 Brompton Road, London, S.W.3. Telephone: Knightsbridge 4371



St. Paul's stands in need of your help

Last October we launched an Appeal for St. Paul's, the main objects of which were:—

To complete the restoration and repair of the Cathedral.
To build a new Choir School and reconstruct other ancillary structures such as the Chapter House.
To secure additional income (estimated at £20,000 per annum) needed to meet increased costs.

All these objects are of vital importance if St. Paul's is to be maintained in a manner worthy of London's Cathedral and a great national shrine. The response has been generous and we are more than half-way towards our goal. To reach it we need your help. Gifts may be sent to me—The Dean, St. Paul's Cathedral, E.C.4.

W. R. Inge

The Trustees of the Fund are the Lord Mayor of London, the Governor of the Bank of England, and Sir Noel Bowater, Bt.
An illustrated leaflet explaining the needs in detail will be sent on application to the Secretary, St. Paul's Campaign, St. Paul's Cathedral, E.C.4.

TO THE DEAN, ST. PAUL'S CATHEDRAL, LONDON, E.C.4.

This is my gift to St. Paul's Cathedral. Please acknowledge receipt to:

.....

.....

.....

P & O in a New Light

In a grey, unemphatic voice, Sir William Currie, the chairman of P. & O., told stockholders at the crowded annual general meeting of the new look that would be given to the group's balance sheet. The proposed changes are impressive, for they reveal the true value of the fleet at original costs. They are not startling, for the directors have refused to put an estimate on the present day value of that fleet. And with such specific assets as a fleet of ships who can say they are wrong in their refusal? They know better than anyone the cost of building new ships and they do make adequate provision for replacing the present fleet. The proposed changes are one of the results of the survey made by the company, with the help of Lazards and Deloittes, into the organisation, financial structure and policy of the group. They are the directors' answer to the stock-

£ million

Assets, as on September 30, 1954	Old basis	New basis	Liabilities, as on September 30, 1954	Old basis	New basis
Fixed assets..	107	135	Capital and reserves.	103	117
Current assets.	57	57	Minority interests...	20	21
			Debentures.....	4	4
			Current liabilities....	37	29½
			Future tax reserves..	..	20½
Total.....	164	192	Total.....	164	192

holders' association which was pressing for more information about asset values. The spokesman of that association, reserving his fire, asked for time to consider the new changes. He then heard individual stockholders supporting the policy of the board.

The board's proposals are as follows:

(1) The fleets will be shown at cost for all ships in service, less depreciation at a rate of 5 per cent per annum.

(2) Payments still to be made on ships under construction will be excluded both from fixed assets and current liabilities and will be shown in a footnote to the balance sheet.

(3) Tax savings on initial allowances and on the excess of depreciation allowances granted by the Inland Revenue above the company's rate of 5 per cent per annum will be shown in a separate reserve for future tax.

(4) Capital and revenue reserves will be increased by depreciation and reserves deducted from the cost of ships in excess of the 5 per cent rate, less the amount placed to future tax reserves. They will also be increased by reserves hitherto deducted from freehold and leasehold properties and by amounts written off investments which are no longer required.

In effect, these changes, taking the consolidated balance sheet as drawn up on September 30th last, will work out as follows:

In no sense at all do these changes alter the value of the group's assets; they merely reveal their value in a truer light. It is a conservative reform but none the less welcome for that. Equally conservative is the decision to write off the fleet over twenty years. As Sir William points out, that may be within the normal physical life of the vessels but it should provide the company with a margin of safety and room to manœuvre when replacement is considered.

The Free Scrip Issue

In the course of the survey the directors also decided that the issued capital of a number of subsidiaries was out of line with the real capital employed by those companies. Accordingly a number of proposals to capitalise part of the reserves of these subsidiaries have been submitted to the Capital Issues Committee. If that committee agrees to these proposals then a new capital reserve of about £12½ million could be set up in the parent company's balance sheet, by showing on the assets side the investments in subsidiaries at their new nominal value. But, after consultation with counsel, it was discovered that the parent company was prohibited by its charter from capitalising such a reserve—or, indeed, any other reserve arising from an unrealised capital profit. The directors have therefore decided not to set up such a reserve. But as the reserves the company already possesses are strong they have decided to capitalise £13,777,554 from existing reserves in order to make a 100 per cent free scrip issue of the deferred ordinary stock. Another proposal considered by the directors was to turn the parent company simply into a holding company, transferring its shipping assets to a new subsidiary. But the directors have been driven to the conclusion that such a change "could only be brought about at a cost of heavy additional tax burdens and that it is not financially feasible for the P. & O. to become a holding company pure and simple."

After such a frank survey, no one can complain that the directors have failed to consider what is in the best interests of the company or its stockholders. Sir William Currie admits that the return of 3.8 per cent by earnings after tax on the revised value of the group's new assets is low and so too is the return of 1.1 per cent provided by net dividends in 1954. But he argues that it is a reasonable return for a company working at all time in the full blast of international competition and faced with heavy capital commitments. If it is not enough for stockholders (who have received a bigger dividend each year since 1949), is not the solution to sell the stock?

Business in Cotton Textiles

Business in the cotton industry has improved a little in the last week or two. Home orders for some types of textiles have increased, mainly because buyers cannot hold off any longer, and partly because the abolition of purchase tax on piece goods has stimulated business in furnishing fabrics. Abroad, there has been some increase in orders from India, following the reduction in the import duty on British textiles; Pakistan should soon release import licences for the £1.85 million worth of textiles ordered from this country under the American aid programme, and there is a possibility of further orders under this programme. In other markets business remains quiet.

Order books, on the other hand, are still declining, and in general the mills are selling less than their production. Last week about 25,000 workers were on short time in 220 mills, and some finishers are also about to introduce short time. The latest statistics show that the output of all single yarn in April fell to a weekly average of 16,315,000 lb, compared with 18,665,000 lb a year ago, and that the output of cloth in March fell to a weekly average of 54.52 million linear yards, compared with 55.63 million yards in February and with 56.44 million yards a year ago.

There is undoubtedly a substantial volume of business awaiting Lancashire when the marketing policy for American cotton is settled; this question is much more to blame for the present difficulties than competition from cheap imports of grey cloth and purchase tax. Traders are less fearful now of an export subsidy on the American crop, but the belief persists that some action to move the surplus into world markets will be announced before the new crop year begins in July. In the meantime, the most serious effect of the uncertainty is the loss of full and part-time workers, and the reluctance of juveniles to enter the industry, which has long had too high a proportion of elderly workers. Recruitment of juveniles this year has been negligible; the spinning section has lost more juveniles than it has gained. In March alone the spinning, doubling and weaving mills lost 4,300 workers. The number of workers on spinners' books on May 7th was 107,130, compared with 114,550 a year ago, and the number on weavers' books on April 2nd was 138,490, compared with 142,100 a year ago. When business revives it will be difficult to get back the full-time workers, and the shortage of labour may in time lead to a lengthening of delivery dates and consequently to a loss of foreign orders.

Further Expansion for Bowater

The plans for expansion that Sir Eric Bowater now has in train for the Bowater Paper giant will shortly involve a new rights issue for Ordinary stockholders and a reorganisation of the company's capital structure. The 1,500 stockholders who travelled to the annual general meeting at Chester on Wednesday—one of the corporation's new North American stockholders made a special three-day trip from Vancouver—authorised an increase in the corporation's share capital from £12 million (of which £10 million has been issued) to £14 million to prepare the way for this rights issue. Sir Eric made it clear, however, that the greater part of the organisation's capital expenditure in Britain would still be provided out of its own resources. Expansion at the Newfoundland mills will be financed out of present and future resources; but $20 million of the $25 million needed for the third newsprint machine now to be installed at the new Tennessee centre of Bowaters will be subscribed, as before, by a consortium of American insurance companies and bankers. The other $5 million will be contributed in convertible debentures by the Bowater Company of North America, which owns all the equity capital of the Tennessee venture.

This method of financing further expansion in Tennessee—which will bring newsprint capacity there up to 275,000 tons by 1957—will accentuate the high gearing of the group's capital. Of the £65 million it now employs, only £7 million is in the form of ordinary stock, plus another £18 million in reserves.

	Reserves	Share Capital		Loan Capital	Total Capital Employed
		Ord.	Pref.		
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Parent company.	4·4	7·2	2·8	8·4	22·8
Subsidiaries.....	14·0	...	5·8	23·0*	42·8
	18·4	7·2	8·6	31·4	65·6

* Excludes £8·9 million new loan capital for Tennessee.

The further funding issue of ordinary stock that Sir Eric Bowater forecast last July will presumably be associated with an attempt to clear away some of these prior charges. The corporation is pushing ahead in the manufacture of the more profitable mechanical printing and packaging paper, but its total newsprint capacity will reach 1,000,000-1,200,000 tons in the next few years, against 750,000 tons at present.

New Export Duty on Rubber

The new export duty on Malayan rubber, which forms part of the Federal government's plan to encourage replanting in the rubber industry, comes into effect next Wednesday. The new duty will be less burdensome than the old when the price of rubber is below 80 cents a lb (it is now about 93 cents, or 26d. a lb). Above that price the new duty is progressively higher than the old, and when the price is above 100 cents a new "anti-inflationary cess" becomes payable. Up to about 88 cents a lb however, the new duty is still less than the total payments of producers, for the existing variable replanting cess is to be abolished; that cess is returnable to estates against expenditure incurred on replanting, and returnable to smallholders through their common replanting fund.

By imposing a higher rate of duty in the higher ranges of price the government has endorsed the view of the inde-

Material for Publication

Our Publications and Press Service prepares articles, notes, statistics and diagrams for all kinds of publications and can undertake all editorial functions for clients' own newsletters, magazines and other regular and occasional publications.
Further details from:—

THE ECONOMIST INTELLIGENCE UNIT
22 Ryder Street, St. James's, London, S.W.1.
Whitehall 1511. Ext. 144

pendent mission of enquiry, headed by Sir Francis Mudie, that there is a good case for a duty designed primarily to take away a substantial part of the excess profit made when rubber prices are exceptionally high. But the government has also given some weight to the objections of the Rubber Producers' Council, which argued that the industry depends on such profits to help it over the lean times. The yield from the anti-inflationary cess will therefore be returned to the industry when prices fall, under conditions that have

HOW THE EXPORT DUTY WORKS
(cents per lb : 100 cents = 28d.)

Price	Present Duty and Cess			New Duty and Cess		
	Duty	Cess	Total	Duty	Cess	Total
40	2·00	—	2·00	1·625	—	1·625
50	2·50	—	2·50	2·00	—	2·00
60	3·00	—	3·00	2·375	—	2·375
65	3·75	0·25	4·00	3·375	—	3·375
70	4·50	0·50	5·00	4·250	—	4·250
75	5·375	0·625	6·00	5·250	—	5·250
80	6·125	0·875	7·00	6·125	—	6·125
90	7·625	1·375	9·00	9·250	—	9·250
100	9·25	1·75	11·00	12·375	—	12·375
110	10·75	2·25	13·00	13·50	2·50	16·00
150	17·00	4·00	21·00	22·50	12·50	35·00

still to be settled in consultation. As the cess is levied on output, the industry will doubtless want it to be refunded in proportion to the output of the individual producer. Its usefulness as an anti-inflationary device will depend on the timing of that refunding.

Another of the loose ends in the plan is the method by which extra assistance, estimated at a maximum of $112 million (£13 million), is to be provided to smallholders. While the plan is mainly concerned with replanting, the government recognises that planting in new areas is also important and this neglected question may at last be given the consideration that it deserves. The extra money for smallholders could probably earn a much better return if it was invested in new planting rather than replanting, and if some of it was spent on improving the administrative and technical resources of the existing replanting scheme.

Competitive Cigarettes

THE days when the heavy smoker rushed feverishly from shop to shop looking for a familiar packet of cigarettes and finally, in desperation, bought an unknown and often shoddy brand have long passed. He can now take his free choice from the crammed shelves of his local tobacconist; he can, if he likes, experiment with new brands. Smoking habits are fickle, but new brands do not merely illustrate the oddities of public taste; they point to growing competition.

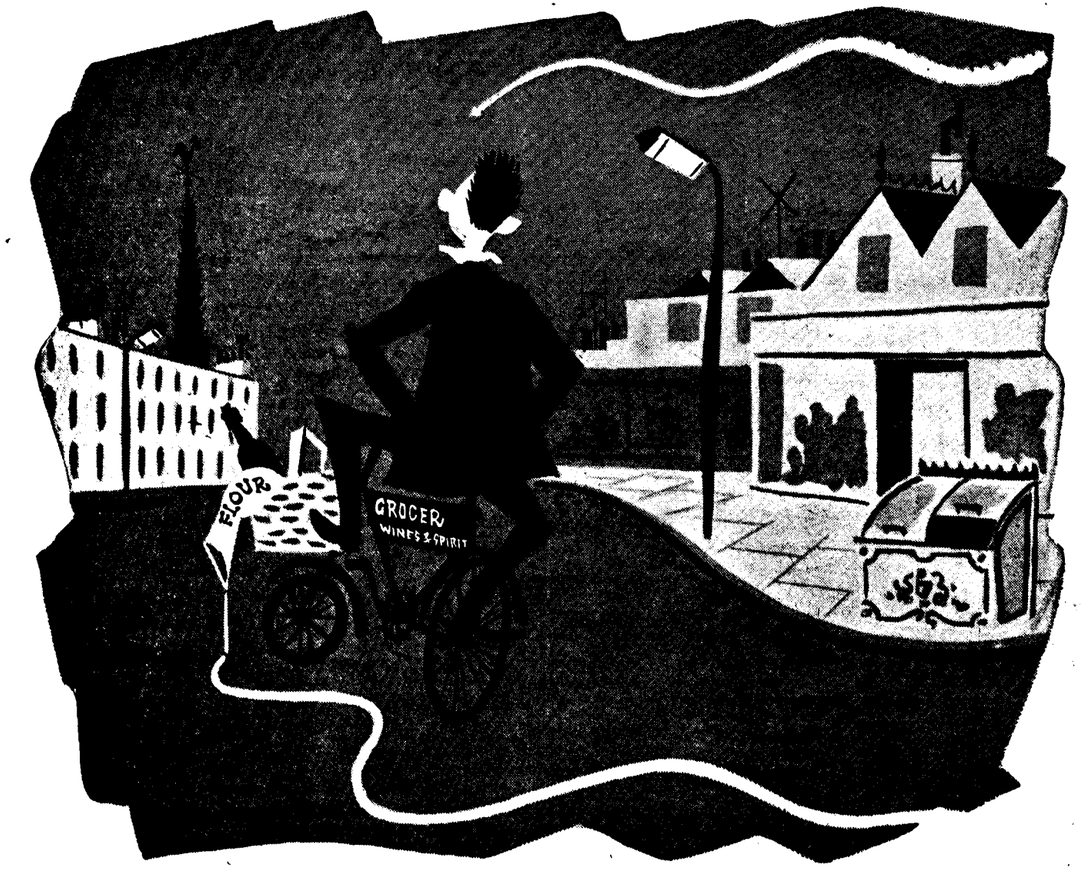
Imperial Tobacco broods like a benevolent big brother over the industry and, though it has recently lifted all quota restrictions on its supplies to the tobacconists, it might be embarrassed if its share of the market grew suddenly greater. The real tussle is between the smaller companies that are competing fiercely for their share in the rest of the market. Many of the really small firms have been merged into the larger groups. All of them are advertising extensively; all of them are improving the appearance of their packets, by adding, for instance, "cellophane" wrappings; and all of them must dread the thought that one of the number might decide to re-introduce cigarette cards. Gallaher is probably leading the field at the moment—relying on the sale of "Senior Service," a brand familiar to smokers for many years. Godfrey Phillips has introduced the "Red and White" cigarettes; they were first sold in London, but now they are sold all over England and Wales, and sales in Scotland and Northern Ireland will begin next month. So far the results have been reasonably encouraging.

Carreras was the first to launch a new brand, when it introduced the "Dunhill White Spot." The initial response was quite good, but more recently sales have fallen off. This week Carreras passed its interim ordinary dividend; in 1953-54 an interim of 7½ per cent was followed by a final of 10 per cent. The directors say that the volume of business has recently improved, but that they prefer to wait on the full year's results before determining the dividend payment. Any company introducing a new brand has to fight hard and spend heavily, and initial sales are not maintained without further fighting and spending. The Dunhill brand was introduced when some popular brands, including "Players," were still on quota.

Leyland Bids for Scammell

LEYLAND MOTORS is striding ahead of its rivals in the British commercial vehicle industry. Among the world's makers of buses and heavy lorries it probably ranks in size only after General Motors, Ford, and possibly International Harvester, all in the United States. Four years ago it absorbed Albion Motors; last week details were published of its recent offer for the shares of Scammell Lorries, another of the progressive smaller firms in this industry. If this offer is taken up, Leyland's share of heavy commercial vehicle output in this country would be pushed considerably above that of its nearest rival Associated Commercial Vehicles, which was formed in 1948 by the marriage of AEC, Crossley, and Maudsley Motors. Leyland already employs a third of the work force in this section of the vehicle industry.

Co-operation between Scammell, which makes the "Scarab" mechanical horse, articulated lorries and their trailers, heavy tractors, and special types of heavy cross-country and road vehicles, and Leyland, with its wide range of medium and heavy lorries and buses, would bring several advantages to both firms. Scammell makes engines only for its "Scarab" and its overseas organisation is not as strong as Leyland's. Order books for heavy vehicles are now growing much more rapidly than the present capacity of the industry can empty them—it has not yet regained the labour it had to sack three years ago when the market slumped. Leyland is spending heavily on new plant and claims to be making four vehicles now for every three a year ago. Both Leyland and ACV are also heavily engaged in the manufacture of diesel rail cars for British Railways. These are designed and sold by a new joint subsidiary



High over London, a lone jet fighter traces its path across the cloudless sky,
and men and children stop for a moment to look. From his vantage point 40,000 feet above them,
the pilot sees, through his canopy of 'Perspex', the English Channel
and the coastline of France curving away into the distance.

White trail

For many years now, transparent 'Perspex' has been used
to make windows, canopies and blisters for aircraft,
because it is light, easy to mould and unaffected by weather.

This remarkable plastic has found countless uses on the ground, too,
in the twenty-odd years since it was discovered by I.C.I. research workers. The street lamps
and signs that add colour and sparkle to our great cities are made from it.
Corrugated 'Perspex' lets daylight into dark buildings.
Surgeons and dentists use 'Perspex' instruments, and dentures and artificial eyes are made
from a different form of the same versatile material.

Thus, and in a thousand kindred ways, I.C.I.'s research and production are serving the Nation.

ICI



The choice for a lifetime

In the natural process of trial and error you'll find all the good reasons why so many men get a lifetime of pleasure from "Player's Medium".

Ask for this AIRTIGHT 2 *oz. pocket tin* 8/10[d]

Also in 1 OZ. PKTS. 4/5[d]

PLAYER'S MEDIUM
NAVY CUT TOBACCO

John Player & Sons, Branch of The Imperial Tobacco Co. (of Great Britain & Ireland), Ltd. [NCT 820]



Protect premises, plant and stock with

PYRENE

HIRE MAINTENANCE
FIRE PROTECTION

Pyrene TRADE MARK FIRE APPLIANCES



POST THIS COUPON NOW FOR ILLUSTRATED BOOKLET

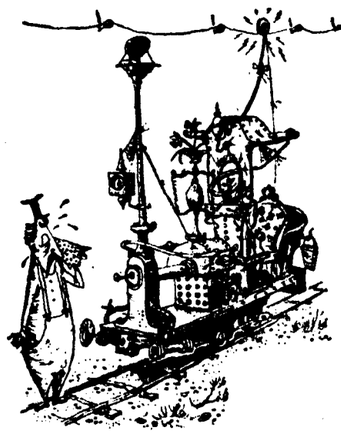
THE PYRENE COMPANY LTD
9 Grosvenor Gardens, London, S.W.1

Please send Colour Folder on your Hire Maintenance Plan.

Name .....

Address E.5

AN INVESTMENT IN PEACE OF MIND



With acknowledgements to Punch and apologies to Emett.

NELLIE WILL BE ELECTRIFIED

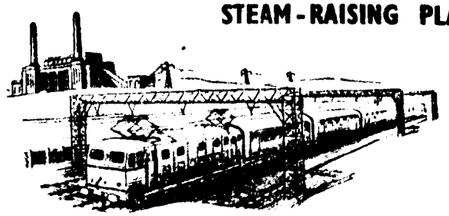
SO steam for our railways is on the way out? Don't you believe it! Electric power for the new programme of railway electrification will be generated by means of steam.

Britain's precious coal can be used much more efficiently in a power station than in a steam locomotive; and, thanks to modern steam engineering, the power station produces electricity economically from the cheaper, low-grade coals, whereas the steam locomotive eats up the high-grade coals that we badly need for other purposes.

Remember that over 98% of Britain's electricity is steam-generated, using coal-fired boilers — mostly Babcock boilers.

In the 'atomic' future, electricity for railways and for industry will still be generated through the medium of steam, and Babcock & Wilcox are playing a leading part in the development and manufacture of steam-raising plant utilizing atomic energy.

BABCOCK
STEAM-RAISING PLANT



BABCOCK & WILCOX LTD, BABCOCK HOUSE, FARRINGDON ST. LONDON, E.C.4

British United Traction. Leyland may consider that Scammell, which has considerable experience as a user of heavy diesel engines, will be a useful additional outlet for the heavier power units that it is now developing.

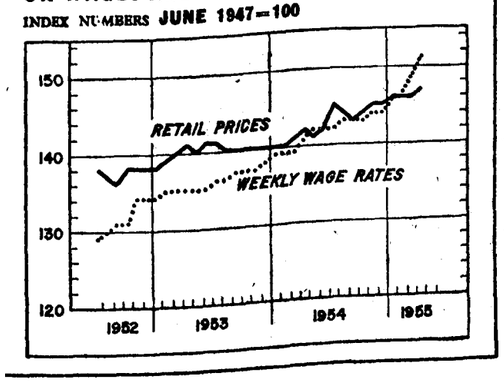
The possibilities opened up by the Leyland-Albion merger do not appear to have been taken very far very quickly, however. Their technical research staffs now work to a joint plan; some servicing depots have been amalgamated; and two subsidiaries in South Africa have been made into one. On the production side, the few models made in direct competition with each other have been dropped and the manufacture of certain assemblies has been gradually concentrated. At the level of output that most heavy vehicle builders operate, there is not much room for the lucrative economies that flow from large-scale specialisation in the motor-car industry. But if final assembly must remain batch work, there should be a decided gain in making certain common parts in specialised plants.

Standard adds Frills

THE Standard Motor Company has bowed to popular taste and added winding windows, trimmed door panels, press-button handles and £28 6s. 8d. to its Standard Eight saloon. The original, untrimmed version that was introduced in September, 1953, goes out of production and is replaced by one with rather more finish: the price, with tax, goes up from £481 to £510. Standard attempted to offer the bare mechanical essentials of motoring stripped of all frills, but if the public wants austerity it can buy it from Ford for nearly £100 less; the Popular costs £390 with tax.

Standard had already introduced a de luxe version of the basic Standard Eight costing £538 (which remains in production) and has now accepted the fact that motorists are prepared to spend quite substantial sums for details that add nothing to a car's mechanical efficiency and little to the physical comfort of driving it. Ford first proved this with the Zodiac version of its Zephyr which costs £92 more (after tax) than the basic version of the Zephyr, for which the customer gets two colours on the body and more trim and accessories.

UK WAGES AND PRICES
INDEX NUMBERS JUNE 1947=100



SHORTER NOTES

Two of the programme contractors of the Independent Television Authority signed their contracts this week, Associated-Rediffusion and Granada TV Network. The Associated Broadcasting Company signed its contract, which is identical with those of the two other companies, some weeks ago. The one contract still outstanding is that of the Kemsley-Winnick group, which had been offered the week-end time on both the Northern and Midland transmitters.

★

The Bristol Aeroplane Company's light jet engine, the Orpheus, has completed its first 150-hour type test at a power of 3,285 pounds thrust. The eventual power of the engine will be substantially higher. It is expected to have a wide market among manufacturers of light-weight fighters: the Orpheus is the only suitable engine that is under development, and it will fly in the Folland Gnat in a few weeks' time.

★

The tea trade may be getting over its bout of indigestion. At this week's auctions in London the market generally was firm, and the improvement in quality was reflected in prices. The doubt is whether this firmness will be maintained in the face of larger offerings during the next two months.

★

World smelter production of virgin copper (excluding Communist countries) fell by 11,000 tons to 2,372,000 tons in 1954, according to the British Bureau of Non-Ferrous Metal Statistics. Output in America, the leading producer, fell by 91,000 tons to 845,000 tons; in Canada and the Belgian Congo output increased by 42,000 and 10,000 tons.

★

Output of the motor industry during the first four months of the year reached 409,000 cars and commercial vehicles, 84,000 more than in the same period of 1954. Exports accounted for 144,000 cars and 56,600 commercial vehicles, half the total produced, with the majority going to Australia, New Zealand and South Africa.

★

The Bank of British West Africa, which is partly owned by Lloyds Bank, the National Provincial, the Westminster and the Standard Bank of South Africa, has made an interesting reorganisation of its capital structure. The paid-up portion of the 300,000 £10 shares has been raised from £4 to £5 by paying a bonus from reserves; the court sanction has been received for the cancellation of the remaining £5 reserve liability. The paid-up and subscribed capital is thus unified, and raised from £1,200,000 to £1,500,000; the draft of £300,000 on reserves has been made good by a transfer from contingencies, maintaining total reserves at £1,200,000. The streamlining of the bank's capital (which is now quoted in stock units of £1) has been made in anticipation of the rights issue of £1,000,000 that is expected shortly.

Company Notes

J. & P. COATS. The preliminary profit and dividend statements of the two biggest thread manufacturers in this country, J. & P. Coats and English Sewing Cotton, show how exposed they are to competition, particularly in overseas markets. But their dominance in the British market and the constant demand for their products from industry protect them to some extent against extreme fluctuations in trade and earnings.

The most surprising feature in the J. & P. Coats announcement is the effective increase in the ordinary dividend. Allowing for the 100 per cent free scrip issue the dividend has been raised from the equivalent of 7½ per cent to 8¼ per cent. The conservative policies of the company in the past had led investors to believe that there would be no change in the dividend. After the announcement of the new dividend the £1 ordinary stock units made a net gain of 1s. to 27s. 3d., to offer a yield of 6.4 per cent. The group's trading and manufacturing interests all over the world make its accounts particularly complex; its profits are more subject than most to currency restrictions and to changes in exchange rates. Last year, for instance, the loss on exchange was reduced from £4.2 million to £1.3 million; as those losses are charged before striking the trading surplus that sharp reduction is largely responsible for the jump in the trading surplus of the group from £4,503,241 to £8,638,513. The parent company's own trading surplus has risen from £3,474,351 to £5,407,837. Taxation seems to have been computed conservatively, bulking large in the accounts; British taxation is shown at £2,449,984 (against £1,746,652) and foreign taxation at £2,541,507 (against £2,173,584). Even so the group's net profit has surged forward from £583,005 to £3,647,021. But as is often the case with this company the full implications of the sharp swing in earnings cannot be gauged from the preliminary statement alone.

★

ENGLISH SEWING COTTON. Effectively both the parent company, English Sewing Cotton, and its principal subsidiary, American Thread, are paying higher dividends from smaller earnings. Compared with the results of J. & P. Coats, these earnings are not particularly satisfying. The ordinary dividend of English Sewing Cotton has been effectively raised, allowing for the 100 per cent free scrip issue, from 10 to 12½ per cent. It is in keeping with the greater liberality in dividends promised by the board.

The group's revenue before tax is shown as £1,513,813, compared with £1,412,479. But the latest surplus includes £464,577, compared with only £244,105 in 1953, representing dividends passed back by American Thread to the parent company. And that dividend, too, has been raised for a year in which the company's earnings fell; American Thread's net earnings are shown to have declined from $1,476,345 to $953,571. Competition in the American market must have been severe. Similarly, if the dividends received from American Thread are excluded, the decline in earnings (from £1,168,374 to £1,049,236) also points to strong competition in other markets. It is not surprising that in its policy of modernisation and expansion English Sewing Cotton has taken a leaf from the book of J. & P. Coats in putting more emphasis on local manufacture overseas.

★

STEEL PROFITS. Control over the greater part of the British steel industry is now back in the hands of private investors. But the Iron and Steel Realisation Agency still owns all the industry's fixed interest stocks (except in English Steel and Lancashire Steel) and the equity capital of many medium sized concerns. The Agency has published the separate accounts of the 46 companies that were still its subsidiaries at the end of last March; these accounts relate to the year ended on October 2nd.

	Year ended Oct. 3, 1953 £	Year ended Oct. 2, 1954 £
William Beardmore :—		
Gross profit	681,521	372,798
Net profit	224,327	149,512
Capital and reserves	4,140,006	4,173,979
Brown Bayley Steels :—		
Gross profit	570,052	540,743
Net profit	219,046	275,369
Capital and reserves	2,922,672	3,363,832
Consett Iron :—		
Gross profit	925,485	869,189
Net profit	460,369	554,393
Capital and reserves	10,272,797	11,941,730
John Baker and Bessemer :—		
Gross profit	320,410	442,053
Net profit	94,330	142,596
Capital and reserves	951,562	1,038,989
John Lysaght's Scunthorpe:—		
Gross profit	1,270,110	1,870,876
Net profit	339,452	785,246
Capital and reserves	1,660,061	2,480,757
Park Gate Iron and Steel:—		
Gross profit	870,290	619,918
Net profit	162,522	67,033
Capital and reserves	1,708,737	1,765,770
South Durham Steel :—		
Gross profit	2,245,103	2,588,180
Net profit	1,103,162	1,505,269
Capital and reserves	5,023,975	8,871,164

A sample of the trading results of some of the better known of these companies has been made in the accompanying table. The denationalised giants of the industry reported sturdy advances in their earnings in 1953-54, with many of them earning profits from newly installed capacity. Similarly, those smaller concerns which have development programmes under way (such as South Durham and John Lysaght's) have also reported bigger profits. Consett presumably would have been among them, but for the mechanical troubles that it suffered. Of the remaining companies in the table only John Baker and Bessemer has achieved an increase in gross earnings; as a producer of wheels, tyres and axles it presumably was kept busy by the programme to build more railway rolling stock. The other companies—William Beardmore, Brown Bayley, and Park Gate—earned lower profits in 1953-54 than in the previous year. Where these companies have bought in semi-finished steel from other producers margins may have been squeezed by the general increase in steel prices announced a year ago; those increases tilted the balance in favour of the producers of semi-finished steel. Moreover, in the year to September 30th, total net deliveries of finished steel were higher than in 1952-53, but deliveries of light rolled products (other than strip and sheet), forgings and castings were down. The tendency to replace forgings and castings by welded steel products may explain why the drop in the profits of William Beardmore is so marked.

★

BRITISH INSULATED CALLENDER'S CABLES. Last year BICC's trading profit dropped from £8,344,074 to £7,362,580. The directors were content to leave the trading dividend unchanged at 10 per cent. Sales, apparently, were not much lower but margins were finer. Three factors seem to account for the trimming of these margins. First, production was uneven; the year opened quietly but by the end of the year the factories were working a great deal of overtime. Secondly, competition in overseas markets was much fiercer. There was a substantial fall in direct exports of cables last year; BICC sold less abroad than in 1953 though it increased its share of the market. But it had to trim its margins to compete with foreign companies, which Mr W. H. McFadzean claims, "were either determined to buy themselves into certain markets and/or were being heavily subsidised." Thirdly, the price of copper was higher than in 1953.

BICC has started the year satisfactorily. But Mr McFadzean adds that selling prices are likely to remain "very competitive" and that the volume of business, can change fairly rapidly for the company has relatively short order books in some of its products. Naturally he makes a strong plea for stability in copper prices; this year, through its association with Rhodesian Selection Trust, BICC may benefit from the fixed prices introduced by RST. But Mr McFadzean looks well beyond the end of this year, and concludes that there will surely be "in the long run an expanding demand" for the products of the electrical industry. That confidence is reflected in the steady expansion in the size and activities of the group. Additions to fixed assets last year totalled nearly £2.9 million, which did not merely represent replacement. At the end of the year capital commitments were estimated at £1.3 million for the group while the parent company had an outstanding commitment in an investment of nearly £1.4 million. This expansion is not confined to the factories in this country; as last year's investment in Ndola Copper Refineries showed, BICC is putting increasing emphasis on overseas interests.

UNITED MOLASSES. Stable prices last year encouraged the demand for molasses for animal feeding stuffs and distillation and chemical purposes. But United Molasses is a shipping company, as well as the principal supplier of molasses, and its shipping interests fared less well. Largely because of lower freight rates the group's trading profit declined from £4,652,740 to £3,902,392.

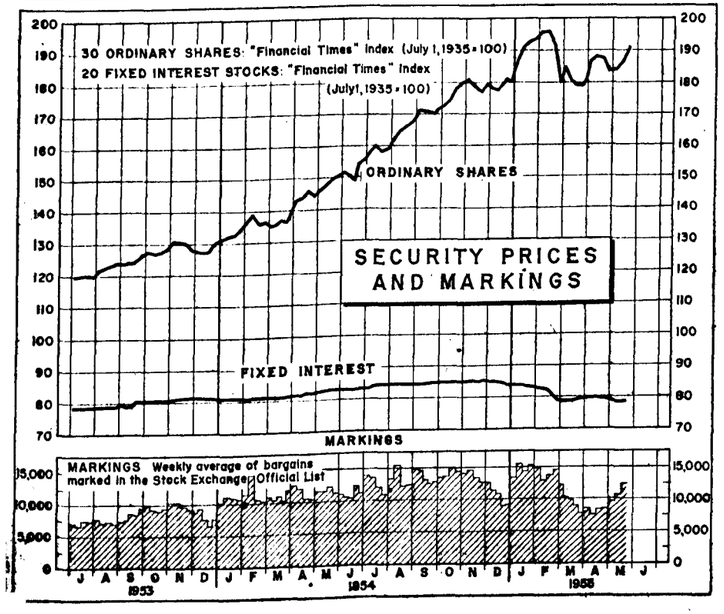
The immediate outlook for shipping is not encouraging. The group has had to cut down its orders for new ships. The chairman, Mr G. W. Scott, tells shareholders that there is "a surplus of tanker tonnage over actual requirements," so that at the low tanker freight rates now prevailing "the smaller type of tanker which is absolutely essential to the company's molasses trade cannot profitably trade in oil." In this, Mr Scott reaffirms what the oil company chairmen have recently said. Hence, though the fleet was fully employed last year, there were occasions when the rates obtained by these tankers did not cover normal depreciation. The directors have therefore decided to cancel the orders placed in 1952 for two tankers, each of 13,000 tons deadweight. The group's tanker building programme will be completed by the delivery of two 10,000 tons tankers, one this year and the second in 1956. Mr Scott does not see much chance of higher tanker freight rates in the near future nor does he hope for "any major improvements in conditions" in the next year or two. But he does add that earnings in the current year are expected to be satisfactory, though possibly at a slightly lower level than those in 1954; profits should be sufficient to cover "normal dividend requirements." Last year the dividend was 22.10 per cent, compared with 21.97 per cent in 1953.

Looking further ahead, Mr Scott is a little more optimistic. He believes that elimination of old ships in the fleet and the switch from tankers to dry cargo ships will ultimately make the group's shipping interests more profitable. On the molasses business, he is keenly aware that the group must "in the not distant future expect increasing competition from synthetic alcohol." But Mr Scott is confident that a growth in the demand for cattle feed will quickly offset this anticipated decline in the consumption of molasses by the distillers.

★

ROYAL MAIL. Royal Mail will soon spend at least £10 million on four new ships, none of them designed for the South American run. Three will operate on the Caribbean route and the other in the North Pacific. Some of the ships now on the South American run will soon be due for replacement but the directors have yet to decide on the kind of ships to be built. Their hesitancy is justified. Both meat and passenger shipments to South America are severely curtailed and there must be a fear in the boardroom of Royal Mail, even though the Anglo-Argentine trade agreement offers a glimmer of hope, that Britain has lost some of its trade in the South American markets for good. Those doubts and fears find their expression in the comment of Mr Walter C. Warwick that "temporary withdrawal from these South American markets is likely to result in long term exclusion."

The loss of much of the South American trade explains why in each of the last four years the trading surplus of Royal Mail has fallen. In 1954 it declined from £1,713,104 to £1,639,736. In each of the last four years the ordinary dividend has been left unchanged at 10 per cent. The loss in traffic is not the only headache, for on all Royal Mail's shipping routes operating costs continue to rise.



LONDON STOCK EXCHANGE

Next Account begins: June 8th
Next Contango Day: June 8th
Next Settlement Day: June 14th

THE stock market staged a boomlet in prices in the week before the election. At the beginning of the election account the *Financial Times* ordinary share index stood at 189.1. On the eve of the poll it stood at 195.9 (compared with the year's peak of 197.5). Throughout this period the market was quite active. Gilt-edged stocks were also firm. The "shorts," after selling by the banks had dried up, were a little better, as some investors switched their attention away from Treasury bills to these money market bonds. The relaxing of the pressure in Lombard Street and the rally in sterling contributed to the better tone. But the longer-dated stocks and the undated issues were also firmer. In the foreign market Japanese issues were firm and German stocks went ahead on buying from the Continent.

Most of the industrial equities shared in the advance in prices. But the biggest advances were reported in those stocks being bought on American account. A favourable report from an American broker on ICI touched off the demand for its equity. But British Petroleum, Ford, Bowater, "Emmies" and Unilever also attracted American buyers. Yield comparisons between these stocks and their American counterparts favour the British securities. That buying and Sir Eric Bowater's statement at the annual general meeting carried the Bowater stock up to a new peak. Elsewhere Carreras "B" were marked down by 3d. to 3s. 9d. on the passing of the interim dividend. The strength of British Petroleum and Burmah Oil dominated the oil market, but Ultramar also came into favour.

A better trend at the tea auctions and some increased dividends sent the prices of tea shares up. Rubber shares remained quiet. Business in the Kaffir market, overshadowed by the political events in South Africa, was at a low ebb and no decided trend became apparent. F.S. Geduld moved erratically when profit takers came into the market after the good borehole result was reported.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
May 18...	191·7	108·03	4·06	4·87
„ 19...	194·6	108·01	4·07	4·79
„ 20...	192·8	108·04	4·07	4·86
„ 23...	192·9	108·00	4·08	4·86
„ 24...	195·1	108·02	4·08	4·81
„ 25...	195·9	108·08	4·07	4·79
1955, High	197·5 (Feb. 3)	115·97 (Jan. 7)	Total bargains 1955	
„ Low	175·7 (Mar. 15)	107·61 (Feb. 24)	May 18	12,448
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 19	12,183
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 20	11,747
			„ 23	12,091
			„ 24	11,388
			„ 25	12,715

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to May 25 High	Prices, 1955 Jan. 1 to May 25 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, May 18, 1955	Price, May 25, 1955	Net Yield, May 25, 1955 § £ s. d.	Gross Yield, May 25, 1955 £ s. d.
100 $\frac{9}{16}$	97$\frac{1}{2}$	Funding 2$\frac{1}{2}$% '52-57	97$\frac{3}{8}$	97$\frac{1}{4}$	3 0 2	4 0 7*l*
100$\frac{1}{2}$	97$\frac{5}{8}$	War Bonds 2$\frac{1}{2}$% '54-56	97$\frac{47}{32}$	98$\frac{3}{32}$	2 19 0	4 2 5*l*
100$\frac{11}{16}$	96	War Loan 3% '55-59	96$\frac{1}{4}$	96$\frac{5}{16}$	2 15 5	3 19 1*l*
100$\frac{23}{32}$	99$\frac{3}{4}$	Serial Funding 3% 1955	99$\frac{17}{32}$	99$\frac{17}{32}$	2 15 8	3 19 9
100$\frac{1}{2}$	96$\frac{1}{2}$	Serial Funding 2$\frac{1}{2}$% 1957	96$\frac{3}{16}$	96$\frac{1}{4}$	2 19 7	3 17 1
99$\frac{17}{32}$	92$\frac{1}{2}$	Conv. 2% 1958-59	92$\frac{31}{32}$	92$\frac{31}{32}$	3 4 9	4 2 1*l*
97$\frac{1}{2}$	91$\frac{1}{2}$	Exchequer 2% 1960	91$\frac{11}{16}$	91$\frac{21}{32}$	3 2 4	3 19 1
104$\frac{1}{2}$	96$\frac{1}{2}$	Exchequer 3% 1960	96$\frac{3}{8}$	96$\frac{3}{8}$	2 11 5	3 15 6
100$\frac{11}{16}$	90$\frac{3}{8}$	Savings Bonds 3% '55-65	91$\frac{3}{16}$	91$\frac{1}{4}$	2 14 9	4 2 7*l*
100$\frac{3}{8}$	91$\frac{3}{8}$	Funding 2$\frac{1}{2}$% '56-61	91$\frac{3}{8}$	92$\frac{1}{8}$	2 16 9	3 19 5*l*
97	86$\frac{1}{2}$	Funding 3% '59-69	86$\frac{7}{8}$	86$\frac{13}{16}$	2 18 1	4 6 1*l*
103$\frac{7}{16}$	97$\frac{3}{8}$	Funding 4% '60-90	97$\frac{5}{8}$	97$\frac{9}{16}$	2 17 4	4 12 4*e*
96$\frac{3}{8}$	85$\frac{1}{2}$	Savings Bonds 3% '60-70	86$\frac{3}{8}$	86$\frac{1}{16}$	2 16 9	4 5 2*l*
102$\frac{5}{8}$	92$\frac{7}{16}$	Exchequer 3% '62-63	92$\frac{1}{2}$*	93$\frac{1}{4}$*	2 13 4	3 19 8*l*
99$\frac{7}{16}$	87$\frac{1}{2}$	Exchequer 2$\frac{1}{2}$% '63-64	88$\frac{1}{16}$	88$\frac{1}{4}$	2 18 2	4 1 1*l*
95$\frac{7}{16}$	84$\frac{1}{2}$	Savings Bonds 2$\frac{1}{2}$% '64-67	84$\frac{7}{8}$	85$\frac{1}{2}$	2 18 8	4 2 2*l*
94$\frac{7}{16}$	83$\frac{3}{8}$	Savings Bonds 3% '65-75	84$\frac{1}{8}$	84$\frac{5}{8}$	2 15 1	4 3 11*l*
105$\frac{1}{2}$	98	Victory 4% '20-76	98$\frac{3}{8}$	98$\frac{1}{4}$	2 10 2	4 5 7†
98$\frac{1}{2}$	87$\frac{1}{4}$	Funding 3% '66-68	88$\frac{3}{8}$	88$\frac{1}{2}$	2 17 0	4 5 5*l*
103	92$\frac{1}{4}$	Conv. 3$\frac{1}{2}$% 1969	93	93$\frac{3}{8}$	2 12 7	4 4 4
98$\frac{3}{8}$	87$\frac{3}{8}$	Treas. 3$\frac{1}{2}$% '77-80	88$\frac{1}{4}$*	88$\frac{3}{8}$*	2 12 5	4 4 5*l*
99$\frac{7}{16}$	88$\frac{3}{8}$	Treas. 3$\frac{1}{2}$% '79-81	89	89$\frac{1}{2}$	2 12 0	4 4 7*l*
88$\frac{1}{2}$	78	Redemption 3% '86-96	79$\frac{1}{4}$	79$\frac{1}{4}$	2 11 0	4 1 3*l*
95$\frac{11}{16}$	87$\frac{1}{4}$	Funding 3$\frac{1}{4}$% 1999-2004	88$\frac{1}{4}$	88$\frac{1}{4}$	2 9 2	4 2 7*l*
97$\frac{1}{8}$	90$\frac{1}{4}$	Consols 4% aft. Feb. '57	92	92$\frac{1}{4}$	2 10 4	4 8 0*f*
88$\frac{7}{16}$	79$\frac{1}{2}$	War L'n. 3$\frac{1}{4}$% aft. Dec. '52	81$\frac{1}{2}$*	81$\frac{7}{16}$*	2 9 4	4 5 9*f*
89$\frac{11}{16}$	79$\frac{1}{4}$	Conv. 3$\frac{1}{2}$% aft. April '61	82$\frac{1}{8}$	81$\frac{1}{2}$	2 9 5	4 6 2*f*
78$\frac{1}{4}$	69$\frac{3}{4}$	Treas. 3% aft. April '66	72	72$\frac{1}{4}$	2 7 11	4 3 6*f*
66$\frac{3}{4}$	60	Consols 2$\frac{1}{2}$%	61$\frac{3}{8}$	61$\frac{3}{4}$	2 7 0	4 1 11*f*
66$\frac{3}{4}$	59$\frac{3}{4}$	Treas. 2$\frac{1}{2}$% aft. April '75	60$\frac{7}{8}$	60$\frac{3}{8}$	2 7 7	4 3 0*f*
94$\frac{13}{16}$	84$\frac{1}{2}$	Br. Elec. 3% '68-73	84$\frac{3}{8}$	85$\frac{1}{4}$	2 16 2	4 4 8*l*
93$\frac{15}{16}$	83$\frac{1}{2}$	Br. Elec. 3% '74-77	83$\frac{3}{4}$	84	2 14 6	4 3 4*l*
109$\frac{1}{16}$	99$\frac{3}{4}$	Br. Elec. 4$\frac{1}{2}$% '74-79	100	100$\frac{3}{8}$	2 8 7	4 5 1*e*
98$\frac{13}{16}$	87$\frac{1}{2}$	Br. Elec. 3$\frac{1}{4}$% '76-79	88$\frac{3}{8}$	88$\frac{11}{16}$	2 12 11	4 5 1*l*
105$\frac{3}{8}$	97$\frac{1}{2}$	Br. Gas 4% '69-72	97$\frac{5}{8}$	98$\frac{1}{4}$	2 9 4	4 4 8*l*
102$\frac{1}{4}$	91$\frac{1}{4}$	Br. Gas 3$\frac{1}{4}$% '69-71	92	92$\frac{1}{4}$	2 12 3	4 4 1*l*
88$\frac{7}{16}$	78$\frac{3}{8}$	Br. Gas 3% '90-95	79$\frac{3}{8}$	79$\frac{3}{8}$	2 10 10	4 0 9*f*
94$\frac{13}{16}$	84$\frac{3}{8}$	Br. Trans. 3% '68-73	84$\frac{3}{8}$	85$\frac{1}{4}$	2 16 2	4 4 8*l*
105$\frac{1}{16}$	96	Br. Trans. 4% '72-77	96$\frac{1}{4}$*	96$\frac{3}{8}$*	2 10 1	4 4 8*l*
88$\frac{7}{16}$	79$\frac{1}{8}$	Br. Trans. 3% '78-88	80$\frac{5}{16}$	79$\frac{1}{2}$*	2 13 0	4 2 6*l*

(e) To earliest date. *(f)* Flat yield. *(l)* To latest date. (§) Net yields are calculated after allowing for tax at 8s. 6d. in £. * Ex dividend. † Assumed average life 11$\frac{1}{2}$ years approximately.

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan.1to May25 High	Prices, 1955 Jan.1to May25 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, May 18, 1955	Price, May 25, 1955	Yield, May 25, 1955 £ s. d.
97$\frac{7}{8}$	90$\frac{3}{8}$	94$\frac{3}{8}$	86$\frac{1}{2}$	Aust. 3$\frac{1}{2}$% '65-69	88$\frac{1}{2}$	88$\frac{1}{2}$	4 7 0*l*
101$\frac{1}{4}$	97$\frac{1}{2}$	101$\frac{1}{2}$	95$\frac{1}{2}$	Ceylon 4% '73-75	97$\frac{1}{2}$	97$\frac{1}{2}$	4 3 9*l*
106$\frac{1}{2}$	98$\frac{1}{2}$	103$\frac{1}{2}$	95	N. Zealand 4% '76-78	96	95$\frac{1}{2}$	4 6 3*l*
79$\frac{3}{4}$	71$\frac{1}{2}$	75$\frac{3}{4}$	66$\frac{1}{4}$	L.C.C. 3% aft. 1920	67$\frac{1}{2}$	67$\frac{1}{2}$	4 8 11
99$\frac{1}{2}$	95	99	89	Liverpool 3% '54-64	90$\frac{1}{2}$	90$\frac{1}{2}$	4 5 11*l*
87$\frac{1}{2}$	80$\frac{1}{4}$	84	75$\frac{1}{2}$	M.Wtr.'B'3% '34-2003	74$\frac{1}{2}$	74$\frac{1}{2}$	4 5 0*l*
104$\frac{1}{4}$	100	102$\frac{1}{4}$	100	Agric. Mort. 5% '59-89	100$\frac{1}{2}$	100$\frac{1}{2}$	4 17 0*e*
109$\frac{3}{8}$	71$\frac{1}{2}$	112$\frac{1}{4}$	91	German 7%	108$\frac{1}{2}$	112	...
168$\frac{1}{4}$	102	176	149	German 5$\frac{1}{2}$%	173$\frac{1}{2}$	174$\frac{1}{2}$	...
171	132$\frac{3}{4}$	182$\frac{1}{4}$	160	Japan 5% 1907	180$\frac{1}{2}$	182	...
198$\frac{1}{4}$	167	213$\frac{1}{2}$	190	Japan 5$\frac{1}{2}$% Conv. 1930	211$\frac{1}{2}$	213$\frac{1}{2}$	...

Prices, 1955 Jan. 1 to May 25 High	Prices, 1955 Jan. 1 to May 25 Low	Last Two Dividends (a) (b) (c) % %	ORDINARY STOCKS	Price, May 18, 1955	Price, May 25, 1955	Yield, May 25, 1955 £ s. d.
			BANKS & DISCOUNT			
58/6	48/9	5 *a* 7 *b*	Barclays £1	53/6	55/–	4 7 3
76/7½	64/–	7 *a* 8 *b*	Lloyds 'A' £5, £1 pd.	67/6	68/–	4 8 3
89/3	76/9	8 *a* 10 *b*	Midland £1, fully pd.	79 6	80/6	4 9 5
87/–	76/–	8½*a* 9½*b*	N. Prov. 'B' £5, £1 pd.	77/9	78/6	4 11 9
96/10½	84 6	8 *a* 8 *b*	Westmstr'B'£4,£1¼pd.	87/–	88/–	4 10 11
69/–	50/–	7½*a* 8¾*b*	Alexanders £1	51/6	51 6	4 17 1*e*
58/6	47 6	5 *a* 7 *b*	Nat. Disc. 'B' £1	49/–	50/–	4 16 0
60/–	51/–	5 *a* 7½*b*	Union Disc. £1	53/–	54 6	4 11 9
48/10½	39 6	4 *b* 4 *a*	Bare, (D.C.O.) £1	45/–	45/–	3 11 1
51/9	42/3	7½*a* 7½*b*	Chart. Bk. of India £1	43/6	44/–	6 16 4
			INSURANCE			
18¾	14¼	50 *a* 110 *b*	Leg. & Gen. £1, 5/- pd.	16¾*	18*	2 4 6
24¼	20¼	20†*a* 45†*b*	Pearl £1, fully pd.	23¼	24	4 14 2
46¾	41¾	112½†*c* 117½†*c*	Prudential 'A' £1	44½	46¼	4 8 4
			BREWERIES, ETC.			
141/–	128/3	10 *a* 33 *b*	Bass £1	130/6	130/–	6 13 3
29/1½	22/–	25 *c* 10 *a*	Distillers 6/8	26/9	28/6	3 10 2½
49/6	40/3	8 *a* 15 *b*	Guinness 10/-	46/3	46/3	4 19 6
93/9	81/–	7 *a* 14 *b*	Whitbread 'A' Ord. £1	83/9	84/–	5 0 0

Prices, 1955 Jan. 1 to May 25 High	Prices, 1955 Jan. 1 to May 25 Low	Last Two Dividends (a) (b) (c) % %	ORDINARY STOCKS	Price, May 18, 1955	Price, May 25, 1955	Yield, May 25, 1955 £ s. d.
			STEEL & ENGINEERING			
43/–	35/9	15 *c* 17½*c*	B.S.A. £1	37/–	43/–	4 1 5*f*
13/10½	10/–	3½*a* 10⅜*b*	Cammell Laird 5/-	12/–	12/3	5 11 5
30/10½	27/–	... ...	Colvilles £1	30/1½	30/4½	...
31/3	23/–	8 *c*	Dorman Long £1	30/–	30/6	5 4 11
83/9	62/4½	5 *a* 15 *b*	Guest Keen N'fold £1	80/7½*	83/1½*	4 16 3
59/10½	42/–	... 12½*c*	Stewarts & Lloyds £1	56/3	58/9	4 5 1
35/10½	27/6	3 *a* 6⅝*b*	Summers (John) £1	34/9	35/6	5 10 10
43/10½	35/9	4 *a* 6 *b*	United Steel £1	35/3	35/6	5 12 8
23½*a*		6 *b*	Vickers £1	39/9	42/4½	4 0 3
			TEXTILES			
30/4½	21/9	4 *a* 6 *b*	Bradford Dyers £1	22/6	23/6	8 10 2
33/4½	26/10½	12 *b* 3 *a*	Brit. Celanese £1	30/–	30/6	5 18 10
23½*a*		6½*b*	Coats (J. & P.) £1	26/3	27/3	6 8 5–
43/6	35/–	4½*a* 4½*b*	Courtaulds £1	39/–	40/–	4 0 0*k*
32/6	26/6	10 *a* 7½*b*	Lancs. Cotton £1	28/3	28/6	8 15 5*e*
36/0¼	28/–	2½*a* 15 *b*	Patons & Baldwins £1	29/6	30/6	6 11 2*m*
			MOTOR & AIRCRAFT			
20/10½	17/4½	3½*a* 6½*b*	Bristol Aeroplane 10/-	20/–*	20/–*	5 0 0
12 9	9/10½	8½*b* 4 *a*	British Motor 5/-	12/3	12/3	5 2 0
24/6	19/–	7½*c* Nil	De Havilland £1	24/9	24/9	Nil
50/6	37/–	5 *a* 10 *b*	Ford Motor £1	48/3	49/–	3 1 3*d*
57/6	43/11½	3 *a* 7½*b*	Hawker Siddeley £1	53/–	54/6	3 17 1
43/8	33/6	25 *c* 30 *c*	Leyland Motors £1	41/3	40/–	5 0 0*m*
99 9	71/3	5 *a* 12½*b*	Rolls Royce £1	92/6	98/1½	3 11 4
8/10½	6/10½	12 *c* 12 *c*	Standard Motor 5/-	8/3	8/6	7 1 2
			SHOPS & STORES			
36/6	25/–	10 *a* 17½*b*	Boots Pure Drug 5/-	31/–*	36/–*	3 16 4
45/3	36/9	7½*a* 20 *b*	Debenhams 10/-	42/6	42/–	6 10 11
62/6	43/9	45 *b* 15 *a*	Gt. Universal 5/-	55/–	55/–	5 9 1
114/–	97/6	17½*b* 5 *a*	Lyons (J.) 'A' £1	106/10½	106/10½	4 4 3
76/–	58/6	15 *a* 30 *b*	Marks & Spen. 'A' 5/-	68/–*	69/–*	3 5 3
71/9	55/3	20 *a* 36⅔*b*	Woolworth 5/-	62/9	63/6	3 18 9*d*
			OIL			
96/1½	68/6	5 *a* 14 *b*	British Petroleum £1	86/3	94/4½	3 3 7½
138/–	100/–	7½*a* 13½*b*	Burmah £1	125/–	128/1½	3 5 7
£58½	£50¾	6 *a* 10 *b*	Royal Dutch 100 fl.	£53	£53½	2 15 11
132/–	109/9	5†*a* 10†*b*	Shell Reg. £1	120/–	122/6	4 4 8
35/1½	26/9	15†*b* 5†*a*	Trinidad L'holds 5/-	31/–*	31/3*	5 11 4
			SHIPPING			
37/3	25/10½	5 *a* 7 *b*	Cunard £1	30/–	30/–	6 13 4*m*
57/–	45/–	12 *c* 12 *c*	Furness Withy £1	49/–	49/–	4 18 0
76/–	55/–	3 *a* 13 *b*	P. & O. Def. £1	71/6	72/–	4 8 11
			MISCELLANEOUS			
76/6	61/3	14 *c* 2½*a*	Assoc. Elect. £1	71/3	72/6	3 17 3
104 3	88/9	5 *a* 15 *b*	Assoc. Port. Cem. £1	101/3	103 9	3 17 2–
110 3	67/–	7½*a* 15 *b*	Bowater Paper £1	102/6	110/–	3 5 5*n*
55 3	44/1½	2½*a* 7½*b*	B.I.C.C. £1	48/–	50/–	4 0 0
46/7½	35/6	4 *a* 8 *b*	Brit. Aluminium £1	45/6	46/–	5 4 4
55/10½	47/10½	15†*c* 5†*a*	Brit. Amer. Tob. 10/-	54/3	54/9	4 15 3
$60¼	$51⅜	3 *a* 3 *b*	Canadian Pacific $25.	$56¼	$58⅜	4 12 10
45 4½	31 4½	41⅜*b* 6½*a*	Decca Record 4/-	34 4½	37/9	3 19 6
33 4½	27/–	4 *a* 10 *b*	Dunlop Rubber 10/-	27/6*	28/6*	4 18 3
70/9	54/1½	4 *a* 8½*b*	English Elect. £1	66/3	70/–	3 11 5
61 9	51/3	12½*c* 4½*a*	General Elect. £1	60/–	60/–	4 3 4
50/7½	38/3	4 *a* 6 *b*	Imp. Chemical £1	45/3	49/9	4 0 5
64/10½	57/9	8½*a* 12½*b*	Imp. Tobacco £1	63/6	64/–	6 11 3
$121¼	$105½	$2 90	82 90c Inter. Nickel n.p.v.	$116½	$117⅜*	4 8 4
69 9	57/6	1.00	10 *b* London Brick £1	67 6	67 6	5 3 9
34/9	26/–	6½*a*	15⅜*b* Monsanto Chemicals 5/-	30/–	30/6	3 13 2–
69/–	60/3	3½*a*	14½*b* Tate & Lyle £1	67 9	67 9	4 5 0*g*
89/3	72/6	10 *b*	10 *a* Tube Investments £1	86/–	87/–*	4 11 11
114/9	95/6	17½*b*	5 *a* Turner & Newall £1	107/6	110/7½	4 1 5
82 9	69/3	6 *a*	9½*b* Unilever £1	81/–	82/6	3 17 5
43/3	34/6	7½*b*	11½*b* United Molasses 10/-	35/6*	35/3*	6 5 5*f*
49 9	34/–	2½*a*	27½*b* Cons. Tea & Lands £1	36/–*	36/6*	28 11 8
2 8½	1/10½	10 *d*	10 *c* London Asiatic Rbr. 2/-	2/4½	2 5½	8 4 1
50 6	38/9	7½*a*	20 *b* United Sua Betong £1	43 9	42 11	5
			MINES			
9¼	7⅜	20 *a*	50 *b* Anglo-Amer. 10/-	8	8¼	4 6 2
143 3	106/10½	80 *a*	120 *b* De Beers 5/- Bearer	118/9	121/3	8 4 11
126 3	78 9	...	... Free State Geduld 5/-	88 9	91/3	Nil
70 9	53 9	5 *a*	10 *b* Randfontein £1	58 9	55 9	5 7 7
8 5½	6/8½	24 *c*	28 *d* London Tin 4/-	7/7½*	7/6½	15 7 2
38/–	31¼	200 *b*	50 *a* Rhokana £1	35†	37	6 15 7

* Ex dividend. † Free of tax. Gross yield. *(a)* Interim dividend. *(b)* Final dividend. *(c)* Year's dividend. *(d)* On 50%. *(e)* To earliest date. *(f)* Flat yield. *(g)* On 14·4%. *(k)* On 8%. *(l)* To latest date. *(m)* On 10%. *(o)* On 9%. *(p)* On 8¼%. *(q)* Yield basis 22·10% gross. *(r)* On 37½%. *(u)* Dividend for 15 months. On 18%. *(v)* On 7½%. *(x)* On 12½%. *(z)* On 8½%. (§) On 20%. (‡) On 15%.

New York Closing Prices

	May 18 $	May 25 $		May 18 $	May 25 $		May 18 £	May 25 £
Balt. & Ohio	45½	45¾	Am. Smelting	47¼	48¼	Inter. Paper	97	97
Can. Pac.	31½	33	Am. Viscose	47	47⅜	Nat. Distill.	20⅜	...
N.Y. Cent.	40¾	40¾	Cel. of Am.	24½	23¾	Sears Roebuck	83½	...
Pennsyl.	27	26⅝	Chrysler	76	75⅞	Shell	59½	...
Amer. Tel.	183	184	Gen. Elec.	50¼	51⅛	Std. Oil of N.J.	111¼	111
Stand. Gas	10⅛	9⅞	Gen. Motors	95⅛	95⅞	U.S. Steel	83	82⅝
United Corp.	6⅞*	6¾	Goodyear	60	59⅝	Westinghouse	68¼	67½
W. Union Tel.	25	25	Inter. Nickel	64	64½	Woolworth	46¾	47¼

Statistics

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

British		Overseas	
Prices and Wages	April 23rd	Western Europe: Production and Trade	May 7th
Production and Consumption	May 14th	British Commonwealth	May 14th
Manpower	May 21st	Western Europe: Prices and Money Supply	May 21st
External Trade	This week	United States	This week
Financial Statistics	This week		
Industrial Profits	April 30th		
World Trade	April 30th		

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages 1952	Monthly averages 1953	Monthly averages 1954	1954 Feb.	1954 Mar.	1954 April	1955 Jan.	1955 Feb.	1955 Mar.	1955 April
VALUE											
Imports:											
Total	£ million	289·8	278·6	281·6	242·0	298·7	284·5	332·3	309·5	365·4	318·0
Food, drink and tobacco	,,	100·5	109·6	110·9	100·2	120·3	107·4	136·1	125·5	143·4	119·9
Basic materials	,,	95·4	87·8	85·4	68·5	87·8	93·7	93·8	83·8	103·5	92·6
Mineral fuels and lubricants	,,	28·2	26·1	27·4	22·6	29·6	28·7	30·7	29·4	35·7	34·6
Manufactures	,,	64·1	53·6	56·7	48·9	59·8	53·5	70·3	69·6	80·9	70·1
Exports of UK produce:											
Total	,,	215·4	215·2	222·9	201·1	246·5	225·0	248·6	232·8	260·3	244·8
Manufactures	,,	178·5	174·9	181·0	163·5	201·4	184·7	203·8	191·0	214·1	202·5
Re-exports	,,	12·0	8·8	8·4	8·2	11·7	8·0	10·3	9·0	12·6	8·3
Balance of trade (exports *less* imports)	,,	– 62·4	– 54·6	– 50·3	– 32·7	– 40·5	– 51·5	– 73·4	– 67·7	– 92·5	– 65·9
VOLUME											
Imports	1950=100	103	112	114	101	122	117	130	120	140	...
Exports	,,	95	98	104	92	115	104	116	108	124	...
BY AREA											
Imports:											
Dollar area—total	£ million	60·1	52·9	51·6	41·5	44·9	39·6	66·1	62·6	80·1	66·9
,, USA	,,	26·2	21·1	23·6	20·2	20·2	17·4	36·5	32·7	39·9	29·9
,, Canada	,,	26·7	25·5	22·7	16·7	18·6	16·7	25·8	24·7	32·9	30·7
Non-sterling OEEC countries	,,	71·3	64·1	68·2	58·9	70·3	63·2	78·4	71·7	79·5	71·4
Sterling area	,,	119·7	125·3	125·1	112·3	145·4	146·1	148·3	132·3	160·8	135·3
Exports:											
Dollar area—total	,,	31·4	33·7	31·3	26·2	32·6	32·2	31·0	29·6	33·8	33·9
,, USA	,,	15·1	14·3	13·3	11·6	14·3	13·4	14·5	13·1	16·9	16·3
,, Canada	,,	11·0	13·4	11·3	9·9	11·6	13·2	9·3	9·9	11·1	11·8
Non-sterling OEEC countries	,,	58·4	62·5	64·8	60·7	74·2	66·0	70·7	66·6	77·6	63·2
Sterling area	,,	107·0	105·8	112·3	102·6	122·7	112·0	128·4	119·6	131·9	123·9
Balance of trade (exports *less* imports):											
Dollar area	,,	– 28·7	– 19·2	– 20·3	– 15·3	– 12·3	– 7·4	– 35·1	– 33·0	– 46·3	– 33·0
Non-sterling OEEC countries	,,	– 12·9	– 1·6	– 3·4	+ 1·8	+ 3·9	+ 2·8	– 7·7	– 5·1	– 1·9	– 8·2
Sterling area	,,	– 12·7	– 19·5	– 12·8	– 9·7	– 22·7	– 34·1	– 19·9	– 12·7	– 28·9	– 11·4
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	325·3	335·0	289·1	208·7	248·7	206·9	438·3	407·9	428·4	381·2
Meat	,,	45·5	63·1	56·4	55·3	69·2	67·4	74·8	73·7	85·8	57·8
Sugar, unrefined	,,	164·6	247·4	201·5	255·7	277·9	212·0	133·0	135·4	268·0	257·4
Raw cotton (1)	,,	21·8	27·5	30·8	26·4	38·3	36·3	25·1	30·0	30·8	30·5
Raw wool, sheep's and lambs' (1)	mn. lb.	51·9	63·2	51·9	40·8	52·8	79·0	69·3	62·7	74·2	57·0
Rubber, natural and synthetic (1)	'000 tons	16·7	18·4	20·7	24·2	22·1	18·3	26·8	26·6	25·9	21·7
Softwood	'000 stds.	85·2	119·1	122·2	56·7	66·9	78·4	124·1	87·2	106·0	79·7
Woodpulp	'000 tons	119·8	133·7	159·9	132·4	122·3	139·3	205·6	183·1	168·3	172·7
Crude petroleum	mn. galls.	494	558	606	548	685	653	614	575	623	656
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,254	1,400	1,351	1,307	1,399	1,434	1,261	1,069	1,189	1,048
Woven piece-goods—cotton	mn.sq.yds	59	59	53	55	64	59	60	52	54	46
,, ,, wool	'000 sq. yds.	8,143	8,710	8,205	8,211	8,531	7,552	9,638	9,212	9,085	8,287
Passenger cars and chassis	number	25,824	25,181	30,507	23,582	34,416	33,898	36,229	34,085	35,470	38,233
mercial vehicles and chassis	,,	10,636	9,196	10,521	10,316	11,038	11,052	13,968	12,952	14,191	15,292
ultural tractors	,,	8,746	7,807	8,979	7,478	10,082	10,085	8,915	9,637	11,565	10,170
—electrical	£'000	4,805	5,023	4,916	4,779	5,987	4,757	6,330	4,925	5,513	5,642
other	,,	29,758	30,003	30,575	28,543	34,963	32,470	35,852	32,824	35,963	35,161
elements and compounds	,,	4,352	4,177	4,215	3,700	4,735	4,424	4,695	4,695	4,762	3,981

(1) Retained imports. (2) Revised figures.

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1954 prices
	1947-49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	...	42	48	88	100·0	23·86	46·15
1953	110·1	97·0	114·4	112·8	104·8	117·1	117	102	115	193·3	71·69	71·91
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	100	120	229·8	71·86	71·86
1954, December	109·5	89·9	114·3	110·4	104·3	119·7	122	101	121	267·7	74·12	74·45
1955, January	110·1	92·5	114·3	110·6	103·3	119·6	120	102	118	270·6	73·97	74·2
„ February	110·4	93·1	114·3	110·8	103·4	119·6	...	...	...	281·0	74·74	75·04
„ March	110·0	92·1	114·3	110·8	103·2	119·6	...	...	...	279·6	75·30	75·60
„ April	110·3	94·2	114·2	111·2	103·1	...	...	...	...	286·8	74·77	...

PRODUCTION AND MANPOWER

	Gross national product Seasonally adjusted annual rates	Total industrial production	Manufacturing production						Building	Civilian employment		
			Durable goods			Non-durable goods			New construction seasonally adjusted	Total labour force	Total employment	Unemployed as % of labour force
	$ billion	Index 1947-49=100; seasonally adjusted							$ million	thousands		% rate
1939	91·1	58	49	53	48	66	80	45	683	55,230	45,750	17·2
1953	364·9	134	153	132	189	118	107	147	2,938	63,815	62,213	2·5
1954	357·2	125	137	108	175	116	100	148	3,098	64,468[1]	61,238[1]	5·0[1]
1954, December	362·0[2]	130	143	121	187	119	104	155	3,262	63,526[1]	60,688[1]	4·5[1]
1955, January	370·0	132	145	127	191	121	106	154	3,379	63,497[1]	60,150[1]	5·3[1]
„ February		133	147	131	193	121	105	157	3,426	63,321[1]	59,938[1]	5·3[1]
„ March		135	148	135	196	123	109	160	3,431	63,654[1]	60,477[1]	5·0
„ April	...	136	151	139	199	124	...	...	3,470	64,647[1]	61,685[1]	4·6[1]

TRADE

	Personal consumption Annual rates	All business[2]		Total retail[2]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res	Total	Finished goods	Imports	Export
	$ billion; seasonally adjusted					$ million					1936-38=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	94	11[3]
1953	230·1	48·4	80·3	14·2	22·7	898	217	224	1,304	911	158	26
1954	234·0	46·7	76·9	14·2	22·1	853	200	193	1,247	811	146	25
1954, November	237·7[2]	47·6	77·1	14·4	22·1	832	186	203	1,238	718	143	25[3]
„ December		48·7	76·9	15·1	22·1	931	206	218	1,307	775	158	26[3]
1955, January		48·7	76·9	14·9	22·2	862	202	199	1,151	695	149	23[4]
„ February	242·0	48·9	77·3	14·8	22·4	844	...	...	1,220	...	...	...
„ March		50·8	77·5	15·1	22·5	1,005	...	...	1,328	...	...	...
„ April	...	...	...	15·2	...	...	...	...	...	...	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit		Banking statistics[3]		Budget expenditure[4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	— 3·9	0·023	...	3·01
1953	286·1	204·4	12·2	29·54	22·19	78·1	67·6	74·3	— 9·4	1·931	2·93	3·20
1954	286·5	202·3	11·9	30·13	22·47	85·3	70·6	67·8	— 3·1	0·953	2·53	2·90
1954, November	289·3	204·7	11·2	29·21	22·01	86·3	69·4	3·8	+ 0·4	0·948	2·55	
„ December	291·4	204·4	11·3	30·13	22·47	85·3	70·6	6·3	— 2·5	1·174	2·57	
1955, January	291·4	205·9	12·1	29·76	22·44	85·8	70·6	4·9	— 0·3	1·257	2·65	
„ February	292·4	206·4	12·5	29·52	22·51	83·6	71·2	4·8	+ 0·6	1·177	2·[illegible]	
„ March	294·2	208·1	12·0	29·95	22·97	81·2	72·3	5·9	+ 3·8	1·335	[illegible]	
„ April	...	...	...	...	...	...	...	...	...	1·620		

(1) Figures calculated on the basis of a new and larger sample. (2) 1939 figures not strictly comparable with rest of series; stocks are at (3) All commercial banks. (4) Annual figures are totals for the fiscal year ended June 30th. (5) Fourth quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended May 21st there was an "above-line" deficit (after allowing for Sinking Funds) of £16,691,000 compared with a deficit of £2,394,000 in the previous week and a deficit of £27,707,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £12,298,000, bringing the total cumulative deficit to £94,413,000 (£71,353,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to May 22, 1954	April 1, 1955 to May 21, 1955	Week ended May 22, 1954	Week ended May 21, 1955
Ord. Revenue					
Income Tax	1877 400	145,069	133,956	13,828	15,797
Sur-tax	136.000	14.500	13,100	1,100	1,400
Death Duties	185,000	25,900	27,900	4,800	3.300
Stamps	74,000	9,200	9,500	1,400	1,100
Profits Tax & EPT	180,000	17,300	19,100	1,800	2,500
Excess Profits Levy	25,000	7,900	6,300	800	400
Special Contribution and other Inland Revenue	1,000	200	100	...	...
Total Inland Rev.	2478,400	220,069	209,956	23,728	24,497
Customs	1131,700	160,256	158,624	19,783	22,280
Excise	796.050	117,885	125,465	12,315	13.540
Total Customs and Excise	1927,750	278,141	284,089	32,098	35,820
Motor Duties	80,000	7,168	8,088	...	...
PO (Net Receipts)	165,000	5,250	5,250	2,050	2,850
Broadcast Licences	25,000	1,250	1,500	...	...
Sundry Loans	24,000	1,948	2,096	...	...
Miscellaneous	175,000	23,956	8,732	1,761	388
Total	**4710,150**	**537,782**	**519,710**	**59,637**	**63,554**
Ord. Expenditure					
Debt Interest	600,000	99,229	102,905	3,523	2,861
Payments to N. Ireland Exchequer	53,000	5,137	5,517	...	...
Other Cons. Fund	10.000	581	908	141	154
Supply Services	3862.875	471.234	443,295	83,170	76,350
Total	**4525,875**	**576,180**	**552,625**	**86,834**	**79,366**
Sinking Funds	36,000	3,535	3,654	510	880
"Above-line" Surplus or Deficit	—	**41,933**	**36,569**	**27,707**	**16,691**
"Below-line" Net Expenditure*		29,420	57,844	1,511	12,298
Total Surplus or Deficit*	—	**71,353**	**94,413**	**29,218**	**28,989**
Net Receipts from:					
Tax Reserve Certificates	38,000	19,650	6,267	471	
Savings Certificates	2,400	6,900	500	1,600	
Defence Bonds	— 6,609	1,758	— 866	9	

* Since end September, 1954, the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at May 21st this item stood at £7,450,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
May 22	3,290·0	1,595·7	305·0	...	5,190·6
1955					
Feb. 19	3,160·0	1,674·1	286·4	...	5,120·4
„ 26	3,150·0	1,691·5	268·0	...	5,109·5
Mar. 5	3,160·0	1,709·4	286·2	...	5,123·9
„ 12	3,170·0	1,710·8	274·6	...	5,155·4
„ 19	3,180·0	1,731·3	297·4	...	5,208·7
„ 26	3,189·0	1,741·5	329·1	...	5,250·6
„ 31	4,931·4		315·2	...	5,246·6
Apr. 2	3,260·0	1,801·9	274·1	...	5,276·0
„ 9	3,220·0	1,850·5	269·8	...	5,320·3
„ 16	3,240·0	1,765·2	315·9	...	5,321·0
„ 23	3,250·0	1,797·2	273·9	...	5,321·0
„ 30	3,260·0	1,769·1	258·5	...	5,287·6
May 7	3,270·0	1,760·7	275·8	0·8	5,307·2
„ 14	3,270·0	1,764·8	295·7	...	5,334·5

THE MONEY MARKET

The Treasury bill rate was again virtually unchanged at the tender on Friday last; the average rate of discount came out at £3 18s. 4.64d. The discount houses maintained their bid at £99 0s. 5d. per cent for the offer of £240 million (£10 million larger than that of the previous week); applications fell by a further £6.8 million to £375.6 million.

The credit stringency in Lombard Street shows no signs of abatement. On Thursday before the week-end considerable special buying just enabled the market to balance its books, but on each of the first three days of this week the market was in the Bank. The number of houses and the amounts involved were, however, small in each case. July and August bills have changed hands at 3⅞ per cent during the periods of stringency, but at the week-end there was a fair volume of dealing at 3 31/32 per cent and even at 3 15/16 per cent.

The price of gold has fluctuated in sympathy with the sharp vacillations in sterling in the past week; under the influence also of active demands, the price at the fixing rose from 250s. 9d. an ounce on Thursday before the week-end to 251s. 2½d. on Monday, but thereafter it dropped back to 250s. 11d.

The Bank return shows a pre-Whitsun outflow of notes of £16.6 million. Government securities rose by only £5.3 million, and discounts and advances fell by £4.5 million, so that bankers' deposits are down by £16.7 million to £240.5 million, a new nine year low point.

LONDON MONEY RATES

	%		%
Bank rate (from 3½%, 24/2/55)	4½	**Discount rates**	
		Bank bills: 60 days	3 15/16
Deposit rates (max)		3 months	3 15/16
Banks	2½	4 months	3 15/16–4
Discount houses	2½*	6 months	4–4 1/16
Money Day-to-day	2½–4		
Short periods	2½–4½	Fine trade bills	
Treas. bills 2 months	3 15/16	3 months	4⅛–4⅜
3 months	3 15/16	4 months	4⅛–4⅜
		6 months	4⅜–4½

*Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	May 26	May 18	May 25
*Issue Department**:			
Notes in circulation	1,613·4	1,735·6	1,752·2
Notes in banking dept.	11·9	39·8	23·1
Govt. debt and securities*	1,621·7	1,771·2	1,771·3
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	14·0	12·6	13·7
Treasury special account	4·6	6·9	6·9
Bankers	267·8	257·2	240·5
Others	69·8	65·4	65·6
Total	356·2	342·1	326·7
Securities:			
Government	338·7	287·9	293·2
Discounts and advances	7·0	16·1	11·8
Other	13·8	13·8	14·0
Total	359·5	317·9	319·0
Banking department reserve	14·7	42·2	25·6
"Proportion"	% 4·1	% 12·3	% 7·8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £1,750 from £1,725 million on April 6, 1955 and to £1,775 million on May 4, 1955.

TREASURY BILLS

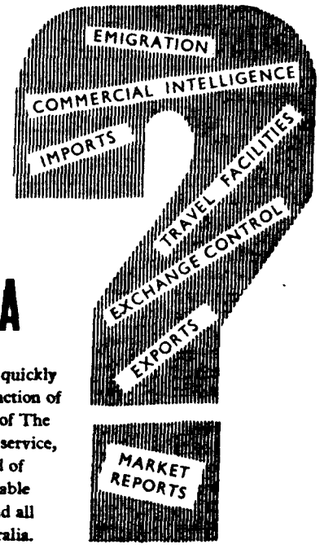
Date of Tender	Amount (£ million) Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate* %
1954						
May 21	270·0	400·7	270·0	34	3·24	54
1955						
Feb. 18	250·0	366·9	250·0	46	3·97	60
„ 25	260·0	381·9	260·0	75	5·32	50
Mar. 4	260·0	390·7	260·0	75	8·93	50
„ 11	270·0	393·9	270·0	76	0·65	61
„ 18	270·0	385·2	270·0	75	11·64	56
„ 25	280·0	410·2	280·0	75	11·21	51
April 1	270·0	408·5	270·0	75	10·33	48
„ 7	250·0	402·4	250·0	74	5·00	61
„ 15	250·0	420·7	250·0	75	3·09	33
„ 22	230·0	385·2	230·0	77	1·08	39
„ 29	220·0	380·5	220·0	77	11·45	39
May 6	230·0	384·8	230·0	78	3·59	41
„ 13	230·0	382·4	230·0	78	4·69	46
„ 20	240·0	375·6	240·0	78	4·64	50

* On May 20th tenders for 91 day bills at £99 0s. 5d. secured about 50 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £250 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: May 25	Market Rates: Spot: May 19	May 20	May 21	May 23	May 24	May 25
United States $	2·78-2·82	2·79 3/16–2·79 5/16	2·79 1/16–2·79 3/16	2·79–2·79 1/8	2·79 3/16–2·79 5/16	2·79 3/16–2·79 5/16	2·79 1/16–2·79 3/16
Canadian $	...	2·75 3/16–2·75 5/16	2·75–2·75 1/16	2·74 15/16–2·75 1/16	2·75 3/16–2·75 5/16	2·75–2·75 1/16	2·74 3/4–2·74 7/8
French Fr.	972·65-987·35	979 1/4–979 1/2	978 1/4–978 3/4	978–978 1/4	979–979 1/4	979–979 1/4	978 1/4–979 1/4
Swiss Fr.	12·15 3/8–12·33 1/16	12·23 1/2–12·23 3/4	12·22 1/2–12·22 3/4	12·22–12·22 1/4	12·23 1/4–12·23 1/2	12·23–12·23 1/4	12·23 1/8–12·23 3/8
Belgian Fr.	138·95–141·05	139·97 1/2–140·02 1/2	139·82 1/2–139·87 1/2	139·75–139·80	139·80–139·85	139·82–139·87	139·87–139·92
Dutch Gld.	10·56-10·72	10·62 1/2–10·62 3/4	10·61 1/2–10·61 3/4	10·60–10·61 1/4	10·61 1/4–10·62 1/4	10·62–10·62 1/4	10·62–10·62 1/4
W. Ger. D-Mk.	11·67 3/8–11·84 1/2	11·75 1/2–11·75 3/4	11·74 1/2–11·74 3/4	11·73 3/4–11·74 1/4	11·75–11·75 1/4	11·75 1/4–11·75 1/2	11·74 1/2–11·75 1/4
Portuguese Esc.	79·50-81·10	80·60–80·90	80·60–80·90	80·60–80·90	80·60–80·90	80·60–80·90	80·70–81·00
Swedish Kr.	14·37 1/8–14·59 3/4	14·51 1/4–14·51 3/4	14·49 1/2–14·49 3/4	14·49–14·49 1/4	14·49 1/4–14·49 3/4	14·49 1/2–14·50	14·49 1/2–14·49 3/4
Danish Kr.	19·19 1/4–19·48 1/2	19·40 1/4–19·40 1/2	19·40 1/4–19·40 1/2	19·40 1/4–19·40 1/2	19·40 1/4–19·40 1/2	19·40 1/4–19·40 1/2	19·40 1/4–19·40 1/2
Norwegian Kr.	19·85-20·15	20·01 1/4–20·01 3/8	20·01 1/2–20·01 3/4	20·01 1/2–20·01 5/8	20·01 1/4–20·01 1/2	20·01 1/2–20·01 3/4	20·01 1/4–20·01 3/8
One Month Forward Rates							
United States $		1/16–3/16 c. pm	1/16–3/16 c. pm	1/16–3/16 c. pm	1/16–3/16 c. pm	1/16–3/16 c. pm	1/16–3/16 c. pm
Canadian $		1/16–3/16 c. pm	1/16–3/16 c. pm	1/16–3/16 c. pm	1/16–3/16 c. pm	1/16–3/16 c. pm	1/16–3/16 c. pm
French Fr.		Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis
Swiss Fr.		2¼–1⅞ c. pm	2¼–1⅞ c. pm	2¼–1⅞ c. pm	2¼–1⅞ c. pm	2¼–1⅞ c. pm	2¼–1⅞ c. pm
Belgian Fr.		5/8–1/8 pm	5/8–1/8 pm	5/8–1/8 pm	5/8–1/8 pm	3/4–1 pm	3/4–1 pm
Dutch Gld.		2¼–2⅛ c. pm	2¼–2⅛ c. pm	2¼–2⅛ c. pm	2¼–2⅛ c. pm	2¼–2⅛ c. pm	2¼–2⅛ c. pm
W. Ger. D-Mk.		1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm
Swedish Kr.		1¼–⅞ pm	1¼–⅞ pm	1¼–⅞ pm	1¼–⅞ pm	1¼–⅞ pm	1¼–⅞ pm
Danish Kr.		Par–2o dis	Par–2o dis	Par–2o dis	Par–2o dis	Par–2o dis	Par–2o dis
Norwegian Kr.		⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis
Gold Price at Fixing							
Price (s. d. per fine oz)		250/9	251/-	...	251/2½	250/11	250/11

Any Questions about AUSTRALIA



Furnishing the answers quickly and concisely, is the function of the information service of The Bank of Adelaide. This service, together with every kind of banking facility, is available at our London Office and all offices throughout Australia.

The Bank of Adelaide

Incorporated in Australia in 1865 with limited liability

London Office: 11 LEADENHALL STREET EC3
(Telephone: MANsion House 2993)

PRINCIPAL OFFICES IN AUSTRALIA: ADELAIDE (HEAD OFFICE)
BRISBANE, MELBOURNE, PERTH, FREMANTLE AND SYDNEY

SECURITY AND *MORE*

Let your money earn a tax-paid return of

2¾%

EQUIVALENT TO £4:15:8 PER CENT
ON AN INVESTMENT TAXED AT STANDARD RATE

Interest accrues from day of investment. Facilities for prompt withdrawal. For full details, write or telephone:

City Prudential Building Society

ASSETS EXCEED £8,000,000

17 HOLBORN VIADUCT, LONDON, E.C.1. · TELEPHONE: CITY 8323
131/133 PARK LANE, LONDON, W.1. · TELEPHONE: MAYFAIR 9581
AND AT BELFAST · BIRMINGHAM · BRADFORD · BRIGHTON · LEEDS · LIVERPOOL
MANCHESTER · READING · SWANSEA · WEMBLEY · WORTHING



What Vulcan *say about it...*

WHY A HOT WATER CYLINDER FLEW THROUGH THIS ROOF

It was a hot water expansion cylinder 5 ft. long × 2 ft. diameter of welded ⅜" steel plate.

Dished to saucer shape, but not flanged, the ends were merely corner welded to the cylindrical shell without any plate edge preparation. This welding was very defective and the structure was highly stressed under the required working conditions.

After only a few days' service the cylinder violently exploded, took off like a rocket, and flew disastrously through the roof.

It is essential in the interests of safety that any vessel to be used under pressure should be examined by an experienced person before use.

A Vulcan Standard Boiler Policy specifically provides for prior inspection of new plant by one of Vulcan's engineer-surveyors. Such a report would not have sanctioned this cylinder's use, and the accident would have been prevented.

VULCAN INSPECTS —AND PROTECTS



FREE. For news of industrial accidents and ways to avoid them, ask us for "Vulcan"—a Quarterly Journal for Power users. Please write to Dept. 17.

THE **Vulcan**

BOILER & GENERAL INSURANCE CO. LTD

67 KING STREET, MANCHESTER 2

The affairs of men . . .

When it comes to appointing an Executor or Trustee you cannot do better than place your affairs in the hands of National Provincial Bank. The Trustee Department is staffed by specialists in the administration of Wills and Trusts and has the benefit of all the Bank's experience in financial and business matters.

No matter how complex your affairs may be, you may be sure that they will be handled courteously, sympathetically and efficiently.

Enquiries will be welcomed at any Branch without obligation.

NATIONAL PROVINCIAL BANK
LIMITED

Head Office: 15 Bishopsgate, London, E.C.2. Trustee Department: 1 Princes Street, London, E.C.2

BCGR 1869

BAYERISCHE VEREINSBANK

Every description of Domestic and Foreign Banking Business transacted

Munich Office: 14, Kardinal-Faulhaber-Strasse
Cable Address: "Vereinsbank" Phone: 28401. Telex No. 052/3321

Nuremberg Office: 21, Lorenzerplatz
Cable Address: "Bayverein" Phone: 27741. Telex No. 06/2217

Augsburg Office: 37, Maximiliansstrasse
Cable Address: "Vereinsbank" Phone: 4681/84. Telex No. 063/820

78 Branches
Correspondents throughout the World

INDIA · PAKISTAN · BURMA · CEYLON · MALAYA · SINGAPORE



Exports Eastwards?

Business houses looking Eastwards for extended markets are invited to make full use of the services of The Mercantile Bank of India. With branches in all important trading centres the Bank will be pleased to provide current information regarding agency channels, shipping, exchange regulations and allied problems.

THE MERCANTILE BANK OF INDIA LIMITED

Head Office: 15 GRACECHURCH STREET LONDON E.C.3

HONG KONG · CHINA · MAURITIUS · THAILAND · JAPAN

ALLIANCE

ASSURANCE COMPANY LIMITED

Head Office:

BARTHOLOMEW LANE, LONDON, E.C.2

Established 1824

The Finest Service

for

All Classes of Insurance

REPRESENTATION THROUGHOUT
THE UNITED KINGDOM
THE BRITISH COMMONWEALTH AND
ELSEWHERE ABROAD

The Company undertakes the duties of Executor and Trustee

BANK MELLI IRAN

(NATIONAL BANK OF IRAN)

Incorporated by Law in 1927

HOLDER OF EXCLUSIVE RIGHT OF NOTE ISSUE

CAPITAL FULLY PAID	**Rials**	**2,000,000,000**
RESERVE (Banking Dept.)	**Rials**	**491,500,000**
DEPOSITS	**Rials**	**15,882,930,230**

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

HEAD OFFICE : TEHRAN, IRAN

Over 190 Branches and Agencies throughout Iran

New York Representative
One Wall Street, New York

CORRESPONDENTS IN IMPORTANT CENTRES ALL OVER THE WORLD

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

ADMINISTERS NATIONAL SAVINGS

For your banking needs in Japan

THE NIPPON KANGYO BANK LIMITED

Established: 1897

HEAD OFFICE: HIBIYA, TOKYO

Over 100 branches in all principal cities of Japan

SANWA BANK

Authorized Foreign Exchange Bank

CAPITAL : Yen 2,500,000,000

HEAD OFFICE : IMABASHI, OSAKA
TOKYO OFFICE : MARUNOUCHI, TOKYO

A complete network of 186 nationwide branches & worldwide correspondents

SAN FRANCISCO BRANCH
465 CALIFORNIA ST., SAN FRANCISCO

TAIPEI REPRESENTATIVE OFFICE
TAIPEI, FORMOSA

NOTICES

UNIVERSITY OF RAJSHAHI
EAST PAKISTAN

Applications are invited for the posts of:
PROFESSOR OF LAW
and
PROFESSOR OF ECONOMICS

The Professor of Law will be the Head of the Department of Law. The Professor of Economics will be the Director of the School of Social Studies, consisting of Economics, Political Science, Sociology, Anthropology and Psychology. The University only undertakes teaching at post-graduate level (MA, LLB) and research, and there are no undergraduate classes.

Applicants should have:
(a) a good Honours degree of a British University or a Research degree from an American or Continental University;
(b) teaching experience and experience in guiding research of not less than five years at the post-graduate level;
(c) recognised research work to their credit.

Applicants are asked to submit lists of work and copies of their publications and the names of two Professors of standing to whom reference can be made.

Salaries are at the rate of Rs. 1,500 per month (£1,946 per annum). The cost of transport and passages for appointees and their families will be provided and suitable accommodation will also be made available.

The posts are offered on a contract basis for a period of three years, which will be renewable. (The age of retirement is 60 years.)

Applications with supporting documents should be lodged by June 30 1955, with the Registrar, University of Rajshahi, Rajshahi, East Pakistan, and one complete copy should be sent to the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, by the same date.

EASTERN GAS BOARD
ASSISTANT TO THE STATISTICIAN

Applications are invited for the appointment of an Assistant to the Statistician at the Board's offices in Tottenham. Applicants should hold an Honours degree in Economics or Commerce, or be sitting for the Final Examinations in one of these subjects this year.

The work will be mainly concerned with the preparation of statistical reports for the guidance of management, and calls for attention to detail and the ability to write clearly rather than a high level of mathematical statistics.

The successful candidate may be required to pass a medical examination and, unless already subject to a pension scheme by virtue of the Gas (Pension Rights) Regulations, 1950, will be required, if eligible, to join the Board's staff pension scheme within six months from taking up the appointment.

The salary will be in accordance with grade A.P.T.7 (£650-£730) per annum of the National Salary Scales for Gas Staffs, and the initial placing within this grade will be subject to the candidate's qualifications and experience. Promotion beyond this grade would be dependent upon proved ability.

Applications, stating age and qualifications, should be addressed to the Secretary, Eastern Gas Board, 2 The Abbey Garden, Great College Street, Westminster, S.W.1, to reach him not later than Saturday, June 11, 1955.

PRIVATE SECRETARY

wanted by busy Advertising Manager. All the qualifications of a top-grade Secretary PLUS first-rate organising ability and a high degree of initiative essential. This is a progressive post for a career girl eager to accept a large measure of responsibility. Modern offices; five-day week; subsidised meals. Write or 'phone: Personnel Manager, Colgate-Palmolive Limited, 145 Charing Cross Road, W.C.2. (GER. 9080.)

LEADING CHAIN STORES AND WHOLESALE BUYERS THROUGHOUT THE WORLD

know they can trust the quality of shirts, pyjamas, blouses, children's wear and slippers supplied from Hong Kong by the Swedish-owned Elof Hansson concern. Competitive prices, supervised shipments, confidential service by expert European staff. Reference: Royal Swedish Consulate, 605 Fu House, Hong Kong.—Please airmail detailed enquiries with bank references to Elof Hansson Limited, Suite 314, Alexandra House, Hong Kong.

RAPIDLY expanding Public Company, S.W. Greater London, requires immediately General Manager to control a group of adjacent private companies, total employees 1,500, engaged in light engineering, instrument making and automatic control apparatus. This appointment may, later, carry a seat on the parent board. Applicants between 40 and 50, with an engineering and business background, who have held or are holding posts of £3,000 to £4,000 p.a. salary level, are invited to apply. Experience in heavy engineering, foundry or textiles is here of no value.

Details of age, education, qualifications and experience, with present and past emoluments, should be forwarded in confidence. The position offers exceptional opportunity to the right type of senior executive.—Box 964.

NATIONAL COAL BOARD are about to establish a residential Staff College for the Industry and invite applications for posts as Instructors, who will be required to take up duty by October 1st. The work will be largely concerned with the supervision of study-syndicates, project work, and case studies. Opportunities may be given for research into management problems in the coal industry. Experience in education, personnel relations, or industrial management and its problems is desirable. The salary for one of these posts will be within the range of £1,620 to £2,170 and the others, £1,270 to £1,620. The appointments are pensionable.—Write, giving full particulars (in chronological order) of age, education, qualifications and experience (with dates), to National Coal Board, Establishments (Personnel), Hobart House, Grosvenor Place, London, S.W.1, marking envelope TT/987. Original testimonials should NOT be forwarded. Closing date June 13, 1955.

LEADING firm of Stockbrokers require Statistician capable of taking charge of Gilt-Edged Department. Previous experience of Gilt-Edged Statistical work essential.—Write, giving full details, to Box "V.Y." c/o J. W. Vickers & Company, Limited, 7-8 Great Winchester Street, E.C.2.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
(UNIVERSITY OF LONDON)

Applications are invited for appointment in October, 1955, to Assistant Lectureships in Economics. Salary scale £600 x £50—£700 per annum, with superannuation benefits and family allowances. In assessing the starting salary due consideration will be given to age and experience. Candidates are invited to give in their applications an indication of any special interests in the field of economics.

Applications, with the names of three referees, should be received not later than June 20, 1955, by the Secretary, London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2, from whom further particulars may be obtained.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
(UNIVERSITY OF LONDON)

Applications are invited for appointment in October, 1955, to a Lectureship in Economics. Salary scale £700 x £50—£1,000; £1,050 x £50—£1,400 per annum, with superannuation benefits and family allowances. In assessing the starting salary due consideration will be given to age and experience. Candidates are invited to give in their applications an indication of any special interests in the field of economics.

Applications, with the names of three referees, should be received not later than June 20, 1955, by the Secretary, London School of Economics and Political Science, Houghton Street, Aldwych, London, W.C.2, from whom further particulars may be obtained.

ACCOUNTANTS
SIMON-CARVES LIMITED

have two vacancies for young Qualified Accountants. One will be engaged in handling the general commercial accounting of a busy department which builds large chemical plants both at home and overseas: for this post an interest in costing is desirable. The other will be primarily engaged in centralised financial work. Salary will depend on experience; for a recently qualified man it will be no less than £650. The posts are pensionable and both offer excellent scope. Please send brief relevant details (quoting Ref. DF 13) to Staff and Training Division, Simon-Carves Limited, Cheadle Heath, Stockport.

THE Aircraft Division of The Bristol Aeroplane Company Limited is seeking to engage within its Sales organisation gentlemen with personality between the ages of 23 and 40 years, of above average intelligence and of good appearance, who are able to express themselves concisely and clearly.

Applicants should have engineering experience, with preferably a University degree or equivalent professional qualifications. The applicant must have experience of aviation matters gained in the Services, civil aviation or in the aircraft industry.

Good salaries and working conditions, together with the pension, life assurance and welfare schemes, make employment with this Company really worthwhile.

Applications should be made in writing to the Personnel Manager, The Bristol Aeroplane Company Limited, Aircraft Division, Filton House, Bristol.

PROSPEROUS Private Company, with increasing orders, eight miles from Richmond, Surrey, 400 employees, engaged in light engineering and small component manufacture, requires a Chief Engineer. Salary £1,200 to £1,500 p.a., according to experience.

Applicants between 35 and 40 should possess first-class knowledge of non-ferrous metal machining, autos, capstans, presses, progression tools and design experience of tools for quantity component production. Experience must include at least five years in a similar capacity.

Fine future for a man with the right background.—Box 966.

A GENERAL MANAGER is required for one of the manufacturing divisions of HAMWORTHY ENGINEERING LIMITED, POOLE, DORSET. This is a responsible post for which the commencing salary will not be less than £2,000/annum, in addition to which a bonus will be paid.

The ideal person would:
(a) Possess an engineering degree or comparable professional qualification.
(b) Have had experience of either pumps, compressors or oil-burning equipment.
(c) Be now in a position of similar responsibility.
(d) Be aged between 30 and 40.

The successful candidate will be provided with a car and, if necessary, given assistance with housing. A pension scheme is in operation.

Please send written applications, marked "Private and Confidential," to the Managing Director. Each application will be treated in confidence and a reply sent.

BRITISH FILM INSTITUTE invites applications for Head of its Information Department. Qualities required are skill and experience in information or library work, a knowledge of films, good business sense and administrative ability. Professional qualifications and some knowledge of foreign languages are desirable, but not essential. The starting salary, according to the ability of the successful applicant, will be between £650 and £750 p.a.—Applications should be addressed to the Secretary of the Institute at 164 Shaftesbury Avenue, W.C.2.

NATIONAL COAL BOARD invite applications for the post of Bursar at a residential Staff College. The duties will include the keeping of accounts, responsibility for the premises and stores, and control of domestic staff. Salary £770 x £35 to £1,020. The appointment is pensionable.—Write, giving full particulars (in chronological order) of age, education, qualifications and experience (with dates) to the National Coal Board, Establishments (Personnel), Hobart House, Grosvenor Place, London, S.W.1, marking envelope TT/988. Original testimonials should NOT be forwarded. Closing date June 13, 1955.

COPIES of back numbers of *The Economist* for sale. July, 1920, to March, 1939, in bound volumes. Offers should be made in writing to the Librarian, Church Commissioners, 1 Millbank, London, S.W.1.

OTHER NOTICES APPEAR ON PAGES 826 and 827

HAMBURGER KREDITBANK

AKTIENGESELLSCHAFT
HAMBURG
FORMERLY DRESDNER BANK

Balance Sheet as at 31st December, 1954

ASSETS

	DM
Liquid Assets (cash in hand, due from Land Central Banks and others)	130,729,440.71
Treasury Bills and non-interest-bearing Treasury Bonds of the Federal Republic and the Lands	—
Drafts and Cheques	183,163,767.81
Short-term Credits with Banks	53,246,775.38
Securities and Participations	99,074,988.89
Adjustment of Claims against Public Ownership	56,532,959.18
Loans	366,461,911.50
Long-term Loans	48,968,711.46
Investments	9,030,649.04
Real Estate and Buildings	17,788,516.98
Other Assets	4,712,124.16
	969,709,845.11

LIABILITIES

	DM
Due to Banks	34,652,269.67
Deposits	815,181,307.32
Acceptances	—
Long-term Loans	39,413,215.08
Reserve for contingencies	36,878,317.43
Other Liabilities	694,735.61
Capital	21,000,000.—
Reserve Funds	20,000,000.—
Net Profit	1,890,000.—
	969,709,845.11

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1954

EXPENDITURE

	DM
Expenditure on Personnel	19,166,828.68
Other Expenditure	8,266,938.90
Taxes	8,109,184.86
Net Profit	1,890,000.—
	37,432,952.44

EARNINGS

	DM
Interest and Discounts	16,615,180.21
Commissions and Fees	20,817,772.23
	37,432,952.44

BOARD OF DIRECTORS

Dr. Hans Schippel, Holzhausen/Ammersee, Chairman; Erwin Dircks, Chairman of the Board of Directors of the Deutsche Maizena Werke G.m.b.H., Hamburg, Vice-Chairman; Rud. Blohm, Partner in Messrs. Blohm & Voss, Hamburg; Berthold von Bohlen und Halbach, Essen (as from 28th April, 1954); Carl Julius Brabant, Chief General Manager of the Jute-Spinnerei und Weberei Bremen, Bremen; Rudolf Egger-Büssing, Chief General Manager and Chairman of the Board of Directors of the Büssing-Nutzkraftwagen G.m.b.H. Braunschweig and Partner in the Automobilwerke H. Büssing and the Büssing-Nutzkraftwagen G.m.b.H. Braunschweig, Brunswick; Hugo Homann, Chief General Manager of the Fritz Homann A.-G., Dissen; Dr. jur. Johs. Kulenkampff, General Manager of the Norddeutscher Lloyd, Bremen; Dr. Ing. E.h. Heinz Nordhoff, Chief General Manager of the Volkswagenwerk G.m.b.H., Wolfsburg; Karl Pfeiffer, General Manager of Messrs. Hardy & Co. G.m.b.H., Frankfurt on Main; Wolfgang Rittet, Partner in Messrs. Brinkmann G.m.b.H. Bremen; Alfred Rohde, Chief General Manager of the Metallhüttenwerke Lübeck Aktiengesellschaft, Lübeck; Hugo Scharnberg, Hamburg; Dr. jur. Hans Ulrich, retired Chief General Manager, Chairman of the Board of Directors of the Gothaer Allgemeine Versicherung, A.G. and Vice-Chairman of the Board of Directors of the Gothaer Lebensversicherung a.G., Göttingen. REPRESENTATIVES OF THE STAFF: Hans Barthold, Senior Official, Hamburg (up to 28th April, 1954); Franz Bartig, Bank Clerk, Brunswick; Karl Eppler, Bank Clerk, Hamburg (as from 28th April, 1954); Otto Mittrach, Bank Clerk, Hamburg; Gustav Schander, Senior Official, Hanover; Hans Sienknecht, Senior Official, Hamburg; Paul Vogel, Senior Official, Lübeck; Heinrich Wöstendieck, Bank Clerk, Bremen.

GENERAL MANAGERS:
Emil Puhl Hans Rinn

JOINT GENERAL MANAGER
Dr. Franz Witt.

RHEIN-MAIN BANK

AKTIENGESELLSCHAFT
FRANKFURT/MAIN
FORMERLY DRESDNER BANK

Balance Sheet as at 31st December, 1954

ASSETS

	DM
Liquid Assets (cash in hand, due from Land Central Banks and others)	133,589,627.82
Treasury Bills and non-interest-bearing Treasury Bonds of the Federal Republic and the Lands	1,888,375.—
Drafts and Cheques	409,152,520.05
Short-term Credits with Banks	84,290,687.47
Securities and Participations	112,130,315.13
Adjustment of Claims against Public Ownership	89,385,314.36
Loans	597,591,333.72
Long-term Loans	124,202,204.76
Investments	8,414,102.58
Real Estate and Buildings	32,453,155.10
Other Assets	11,245,929.24
	1,604,343,765.23

LIABILITIES

	DM
Due to Banks	10,117,241.36
Deposits	1,388,478,521.71
Acceptances	—
Long-term Loans	68,094,386.78
Reserve for contingencies	71,042,157.92
Other Liabilities	1,171,457.46
Capital	36,000,000.—
Reserve Funds	26,000,000.—
Net Profit	3,240,000.—
	1,604,343,765.23

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1954

EXPENDITURE

	DM
Expenditure on Personnel	35,088,563.59
Other Expenditure	13,540,681.27
Taxes	17,079,207.70
Net Profit	3,240,000.—
	68,948,452.56

EARNINGS

	DM
Interest and Discounts	29,503,209.22
Commissions and Fees	39,445,243.34
	68,948,452.56

BOARD OF DIRECTORS

Dr. Hermann Richter, Düsseldorf, Chairman; Dr. Walther Frisch, Counsellor of Legation, Lindau-Aeschach, Vice-Chairman; Dr. Hans C. Boden, Assistant Chief General Manager of the A E G (Allgemeine Elektricitäts-Gesellschaft) Frankfurt on Main; Alexander von Engelberg, General Manager of the Dyckerhoff Portland-Zementwerke AG., Wiesbaden-Biebrich; Ernst Hagemeier, Chief General Manager of the Adlerwerke, vorm. Heinrich Kleyer AG, Frankfurt on Main; Dr. Hans Leonhard Hammerbacher, Chief General Manager of the Brown, Boveri & Cie. AG, Mannheim; Dr. Alfred Knoerzer, General Manager of the Robert Bosch G.m.b.H., Stuttgart; Hermann Linnemann, General Manager of the Deutsche Rhodiaceta AG., Freiburg; Dr. Alfred Petersen, General Manager of the Metallgesellschaft AG, Frankfurt on Main; Hermann Schlosser, Chief General Manager of the Deutsche Gold- und Silber-Scheideanstalt, vorm. Roessler, Frankfurt on Main; Dr. Carl Schmid, General Manager of the Vogtländische Baumwollspinnerei, Hof; Dr. Carl Schwenk, Proprietor of the E. Schwenk Zement- und Steinwerke, Ulm; Friedrich Sperl, Chief General Manager and Partner in Telefonbau und Normalzeit Lehner & Co., Frankfurt on Main; Dr. Karl Winnacker, Chief General Manager of the Farbwerke Hoechst AG., vormals Meister Lucius & Brüning, Frankfurt on Main. REPRESENTATIVES OF THE STAFF: Anton Allwang, Senior Official, Nuremberg; Hellmuth Bleicher, Senior Official, Stuttgart; Georg Hausmann, Bank Procurist, Frankfurt on Main; Hans Heike, Bank Procurist, Kassel (until 30th April, 1954); Josef Meurer, Senior Official, Frankfurt on Main (since 30th April, 1954); Karl Michalovic, Bank Clerk, Munich; Josef Wilhelm, Senior Official, Freiburg; Heinz Wichter, Bank Clerk, Mannheim.

GENERAL MANAGERS:
Dr. h. c. Hugo Zinsser; Ernst Matthiensen; Erich Vierhub

JOINT GENERAL MANAGERS
Max Bardroff; Herbert Henzel; Werner von Richter (died 29th Nov., 1954)

MANAGERS OF THE BANK
Dr. Richard Anspach; Adolf Gaebelein; Adalbert Jensen; Hermann Klein; Leonhard, Baron von Richter.

RHEIN-RUHR BANK

AKTIENGESELLSCHAFT
DUSSELDORF
FORMERLY DRESDNER BANK

Balance Sheet as at 31st December, 1954

ASSETS

	DM
Liquid Assets (cash in hand, due from Land Central Banks and others)	122,468,350.13
Treasury Bills and non-interest-bearing Treasury Bonds of the Federal Republic and the Lands	—
Drafts and Cheques	459,054,314.06
Short-term Credits with Banks	99,584,674.76
Securities and Participations	92,099,617.09
Adjustment of Claims against Public Ownership	89,233,974.37
Loans	534,499,322.56
Long-term Loans	152,234,235.35
Investments	10,260,336.50
Real Estate and Buildings	29,788,009.39
Other Assets	7,646,615.93
	1,556,869,450.14

LIABILITIES

	DM
Due to Banks	35,718,725.01
Deposits	1,297,729,519.54
Acceptances	—
Long-term Loans	103,470,781.12
Reserve for Contingencies	53,256,126.76
Other Liabilities	1,454,297.71
Capital	36,000,000.—
Reserve Funds	26,000,000.—
Net Profit	3,240,009.—
	1,556,869,450.14

PROFIT AND LOSS ACCOUNT FOR THE YEAR 1954

EXPENDITURE

	DM
Expenditure on Personnel	27,876,884.44
Other Expenditure	8,472,471.35
Taxes	15,081,428.93
Net Profit	3,240,000.—
	54,670,784.72

EARNINGS

	DM
Interest and Discounts	20,278,272.25
Commissions and Fees	34,392,512.47
	54,670,784.72

BOARD OF DIRECTORS

Carl Goetz, Margarethenhöhe über Königswinter, Chairman; Dr. jur. Carl Arthur Pastor, Chairman of the Board of Directors of the Aachener und Münchener Feuer - Versicherungs - Gesellschaft, Aachen, Vice-Chairman; Dr. jur. Alois Alzheimer, Chief General Manager of the Münchener Rückversicherungs-Gesellschaft, Munich; Dr. Heinz Gehm, Chairman of the Board of Directors of the Deutsche Edelstahlwerke A.G., Krefeld; Dr. Fritz Gummert, General Manager of the Ruhrgas Aktiengesellschaft, Essen; Werner Habig, General Manager of the Westfalia Separator A.G., Oelde (Westphalia); Dipl.-Ing. Heinrich Jakopp, General Manager of the Klöckner-Humboldt-Deutz A.G., Cologne-Deutz; Alfried Krupp von Bohlen und Halbach, Essen; Dr. Ing. e.h. Gustav Möllenberg, Chief General Manager of the Westfalia Dinnendahl Gröppel A.G., Bochum; Dr. h.c. Hermann Pünder, Oberdirektor a.D., Member of the Bundestag, Bonn; Fritz Ridderbusch, General Manager of the Rheinisch-Westfälisches Elektrizitätswerk A.G., Essen; Generalkonsul Hans Carl Scheibler, Partner and General Manager of the Chem. Fabrik Kalk G.m.b.H., Cologne-Kalk; Richard Talbot, Partner in the Waggonfabrik Talbot, Aachen; Dr. Ernst von Waldthausen, Vice-Chairman of the Board of Directors of the Rheinische Stahlwerke, Essen; Dr. Fritz Wecker, Advocate, Düsseldorf; Dr. Joseph Wiehen, General Manager of the Deutsche Centralbodenkredit - Aktiengesellschaft, Cologne. REPRESENTATIVES OF THE STAFF: Alfons Degen, Cologne; Otto Fettweis, Dortmund; Gundo Franzen, Duisburg; Erich Grixa, Düsseldorf; Peter Jörissen, Essen; Hans Peters, Düsseldorf; Heinrich Richter, Bonn; Friedrich Wiegmann, Bielefeld.

GENERAL MANAGERS:
Alfred Hölling; Carl Schleipen; Max Schobert

JOINT GENERAL MANAGERS:
Dr. Walther Blancke; Günther Ladisch; Dr. Adolf Schäfer.

MANAGERS OF THE BANK:
Günter Bernsau; Leonhard Stitz-Ulrici; Hans Treue.

COMPANY MEETINGS

UNILEVER LIMITED

TRANSPORT AND STORAGE PROBLEMS

CONSTANT DRIVE FOR EFFICIENCY AND ECONOMY

IMPORTANCE OF FOSTERING GOOD HUMAN RELATIONS

SIR GEOFFREY HEYWORTH'S ADDRESS

The Annual General Meeting of the Members of Unilever Limited was held on May 26th at The Hall of the Chartered Insurance Institute, 20, Aldermanbury, London, E.C.2. Sir Geoffrey Heyworth presided. Addressing the Meeting the Chairman said:

I shall make no apology for discussing today—Election Day—a subject which has become a bone of contention between our two main political parties. I refer to transport. It plays an important part in the success of our business and has become a topic of national interest in many countries.

Transport is involved in every facet of our operations. It includes the movement of raw materials from all parts of the world to our factories located in some 40 different countries, spread over all continents. The distances involved are enormous. For Western Europe, for example, copra has to be transported 9,000 miles from the Philippines, palm oil 8,500 miles from Indonesia, groundnuts 5,000 miles from the interior of West Africa, woodpulp (which we need for packaging) 1,000 miles from Norway—to mention only a very few of our main raw materials. Transport also includes the distribution of finished products from our factories over long and short distances right to the most isolated village shop, as well as the daily and weekly rounds of our salesmen in their vans and motor cars, and the journeyings throughout the world of our technicians and managers.

Our investment in transport, handling equipment and warehouses amounts to £18 million, or nearly 15 per cent of our total investment in manufacturing and distribution facilities. Our annual expenditure on transport is equivalent to nearly one-half of the total wage and salary bill of our 250,000 employees. Transport also affects the amount of working capital we need. The slower the movement of raw materials, intermediate products and finished products, the larger the stocks that have to be maintained and financed. A day's delay in our world-wide operations would tie up another £5 million working capital. All this shows why we take such an active interest in transport, and why efficiency of transport is as important to us as efficiency of manufacture.

A MAJOR ELEMENT OF COST

Four years ago when I discussed "Distribution," I tried to show that it is an integral part of the productive process and that its cost is a significant factor in determining the retail prices of products. Transport is a major part of the distribution process, and indeed a major element of cost. A striking illustration of this is the fact that while the labour cost of producing a ton of washing powder is 13 man-hours, the cost of delivering it 200 miles from factory to retailer may be the equivalent of 19 man-hours. It is this aspect of transport which I shall discuss today, namely, the movement of finished products from the factory to the customer, including warehousing and handling.

I have no intention of going into the theoretical, still less into the political issues of transport. I shall discuss it simply from our point of view as producers of consumer goods. Our experience in transport has of course varied greatly from country to country, and even from commodity to commodity in a single country. We have learnt many lessons in the past, often the hard way, and no doubt we shall learn many more in the future. Our products range from non-perishable goods such as soap, toilet preparations and canned foods, to perishable foods such as margarine, meat pies and sausages, and to highly perishable foods such as fish, frozen foods and ice-cream, which obviously require specialised transport services. But for purposes of illustration I shall concentrate on two: soap and margarine. Also, I shall draw on our experience from the more highly developed countries of the world and ignore those picturesque methods of transport which we have to employ in certain countries, such as reindeer in Lapland and donkeys in North Africa.

As we are engaged in large-scale production and in nation-wide selling, our problem in a country is to move our goods from a few centralised production units to the many thousands of wholesale and retail outlets. To produce economically we must maintain, as far as possible, an even flow of production. Demand for our products, however, varies from week to week. We must, therefore, have a buffer somewhere between the end of the production line and the consumer—a distribution warehouse, or depot, to equate an even production flow with a fluctuating consumer demand. For soap, for example, we have to hold nearly a month's stock. This buffer can be located either at the factory or in the area where the products are finally consumed. With few exceptions, warehousing at factory is only economic where the distances to the final consumer are relatively short.

NATIONAL SYSTEM FOR DEPOTS

Our usual pattern is to operate through a national system of depots located in the main consuming areas. Thus the first movement of the product can be made in full loads straight from the packing line to the area of consumption, where it comes to rest for the first time. This method involves the minimum of handling and the most economic use of transport. It also enables us to give a speedy delivery service in those areas where we have no production unit. Further, by this means we can combine deliveries of goods originating in different factories to the same customer and so continue bulk delivery as far as possible down the chain of distribution. In deciding our pattern of distribution, the size of the country, the density of population and the volume of sales are important factors.

The nature of our products allows us to use any form of transport—rail, road, water and, in exceptional circumstances, air. Our main concern is to see that our products reach the retail shop in the proper condition, at the right time and at a price that the housewife is willing to pay. The extent to which the various forms of transport can meet these requirements differs from product to product, from country to country and from time to time. Our choice of transport therefore depends on service (which includes protection of quality, speed, reliability and regularity) and cost. It is also influenced by the handling facilities that exist at either end. At those factories and depots which were built when railways were the main form of transport, we still rely on rail to a large extent. But our policy is to adapt them so that we can secure complete freedom of choice. In the main, having decided the degree of service we require for any particular product, we then select the form of transport which provides it at the lowest cost. Last year, in a representative group of more highly developed countries in which we operate, 21 per cent of our margarine moved from factory to depot by rail, 77 per cent by road and 2 per cent by water. These proportions differed for soap where 48 per cent went by rail, 37 per cent by road and 15 per cent by water. But such global figures tend to mask the different patterns which exist in different countries.

To illustrate this point, I shall take soap first. As the quality of soap does not deteriorate during transit, speed is not so important as it is for a perishable product such as margarine. In the United Kingdom 52 per cent of our soap was moved from factory to depot by rail last year, 37 per cent by road and 11 per cent by water. In the Netherlands, virtually none went by rail, 30 per cent by road and 70 per cent by water, whereas in Western Germany none went by rail, 80 per cent by road and 20 per cent by water. The reasons for these differences are instructive.

In the United Kingdom we have our own depots which handle not only soap, but also margarine, a wide range of other food products and toilet preparations. Those depots which are situated on the coast are served by all three forms of transport; those inland are served by road and rail. On certain routes there is at present relatively little difference between the rates and service offered by road and rail, and for these we use both forms of transport. On others the difference is more marked, and we generally choose the one which provides the better service at the lower cost. It will be interesting to see whether the new railway charges scheme is effective in encouraging a greater use of rail transport. But we must remember that the frequent threat of strike on the part of any particular form of transport can only make industry hesitate to commit itself too much to that form.

THE CONTINENT

On the Continent the selection of the method of transport for soap depends largely on the availability of depots. In the Netherlands, the geography of the country and the volume of sales of soap do not justify the establishment of our own depots. As the inland waterway companies provide a system of depots which we can utilise, we use mainly water transport. In France the railways provide this facility, and in both countries the

provision of these facilities is accompanied by attractive freight rates. In Western Germany depots are provided by the road and inland waterway companies. While water freights are the cheapest in Germany, the road rates are tied by law to rail rates so that service in this instance is the deciding factor.

For margarine, the picture is entirely different. Our main concern is to get it into the home in a fresh condition and without any loss of quality. This means speedy movement with frequent and relatively small consignments. In other words, margarine is a product basically suited to road transport. Yet in the United Kingdom about half of the movement from factory to depot is by rail, whereas in France and Western Germany, all of this movement is by road. The explanation of this is that in the United Kingdom, for margarine as for soap, there is little basic difference between the service and rates which rail and road offer, so the choice again depends on existing conditions. In France and Western Germany, on the other hand, climate plays an important role Summer temperatures are so high that for margarine we have to insist on speedy service and insulated vehicles. Road transport is quicker than rail, and ordinary box lorries can be temporarily insulated at a low cost. On rail we would have to use specially built insulated wagons which are costly and not always available. Also, the relatively small consignments of margarine from factory to depot cannot take advantage of the railways' best load rates, whereas lorries can start with a full load and speedily serve a number of depots en route. I deal later with the situation in the Netherlands.

ROAD TRANSPORT

Distribution from the depot to the customer is primarily by road transport, as for all products this final link in the chain of distribution is concerned with small quantities and frequent deliveries. But even here we have a choice—a choice between vehicles owned by us, vehicles exclusively hired by us, and vehicles operated by independent hauliers. In the United Kingdom, where approximately a million tons a year pass through our depots, we find it profitable to use both our own transport and contract transport, at present in the proportion of 80 per cent to 20 per cent. In this way we can ensure that the products, delivered as composite loads, arrive at their destination in a proper condition. In Belgium, where we have recently established composite depots, all our deliveries are made by local hauliers under an annual contract. In the Netherlands we use public road transport for delivering soap from depot to customer, mainly because there is an abundance of scheduled road services for short distances. In both France and Western Germany we employ a large number of driver salesmen for margarine who sell and deliver it at the same time. Soap, on the other hand, is delivered in both these countries by local hauliers.

As I mentioned earlier, the depot system forms the general pattern of distribution for our products, but there are some exceptions where delivery to the customer is made direct from the factory. One such case is in the Netherlands, where 75 per cent of all margarine is delivered direct from factory to customer, and the bulk of it by the railways. The distances involved are not very long, and the Netherlands has a very high density of population. The Dutch railways, which have been modernised since the war, have concentrated on providing a combined rail-road service covering the smallest hamlet, and they enter freely into contracts with large customers on special terms which differ from the published rates. The Netherlands railways have never enjoyed a monopolistic position; they have always had to compete with water and more recently with road, too. This has largely dictated their commercial policy. We have a single contract with them covering the nationwide movement of our margarine, and the arrangement whereby they accept our invoice as consignment note simplifies our own administration. Further, the speedy service of the railways ensures that margarine sent in parcel by rail at night will be delivered in a fresh condition at customer's premises the next morning or at the latest in the afternoon.

UTILISING MOST ECONOMICAL SERVICES

If we are to use the available means of transport intelligently, we must be prepared to adapt our methods to circumstances which may vary from place to place and from time to time. In Australia in recent years we have changed from coastwise shipping to rail in transporting a substantial part of our soap tonnage to depots, because coastwise shipping has become relatively dearer and the delays in ports have meant longer and uncertain transit times. In South Africa, on the other hand, we are engaged in a change-over from rail to coastwise shipping because since last September coastwise traffic has become relatively cheaper, while the congestion and delays on the railways were becoming so frequent as to interrupt the flow of goods. In the same way we switch from our own transport to public transport and *vice versa*, according to which can give us the necessary service most economically. In the Netherlands, for example, during the past twenty years we have changed from public transport to our own transport for delivering margarine to customers, and now we have returned to public transport.

But flexibility in the use of different forms of transport is not the only way of reducing cost while maintaining a high standard of service to our customers. Another way is to use efficient methods of handling, movement and storage. Handling methods have been revolutionised by the fork-lift truck and the pallet which came to us from the other side of the Atlantic after the war. This method has the advantage of moving and storing goods in unit-loads of a predetermined number of standard packages to each pallet, the number varying according to the product. It enables them to be stacked much higher without damage, and to be moved more easily both vertically and horizontally. It simplifies the administrative work in storekeeping and it greatly speeds up the turn-round of transport vehicles, both rail and road. Unfortunately many warehouses (public and privately owned) are old-fashioned and cannot be adapted to use this method effectively. But industry has been rather more progressive in this field than either the transport authorities or the public warehousing companies.

INTRODUCTION OF PALLETISATION

In the United Kingdom, after the war, when we re-examined our distribution methods in Unilever, we decided to exploit this new system of handling wherever possible, and to replace those main depots which could not be adapted to use it. The new depots have been sited at nodal points in the consuming areas where they can be served by both road and rail and in some cases by water as well. They are constructed without pillars so as to give a clear floor space and to allow a stacking height of sixteen feet. This simplified form of construction and the fact that pallets use more air space and less floor space (involving a 30 per cent saving of ground area) has meant a consequential saving of some 40 per cent in the cost of warehouse construction. At the same time the introduction of palletisation has reduced warehouse labour costs by 60 per cent. In one of our new depots it now takes only 0.44 man-hours for each ton moved, whereas under the old system it took 1.22 man-hours. Six of these new depots have already been built; a further nine are in the process of construction and sites for seven more are being sought. Their individual cost varies from £85,000 to £300,000, but the amounts invested show a good return. In one depot, which cost £200,000 to build, we have reduced our handling and storage costs by £21,000 a year—indicating an equivalent yield of over 10 per cent on the investment. These economies are typical of our experience. In our Swiss factories, for example, palletisation has saved between 50 per cent and 65 per cent of the man-hours in handling and some 25 per cent of the storage space, yielding an adequate return on the investment.

NEED FOR INCREASED SKILL

The new handling methods not only reduce the physical labour in warehouse work but also require increased skill on the part of the employees. In the older depots the main quality required of the warehouseman was physical strength. He needed little training or experience, so that his basic wage came within the labouring category. Now that all the fatiguing work of lifting and moving has been greatly reduced, we need more and more warehousemen who are intelligent and have initiative; they must acquire a skill and be capable of looking after costly equipment. The emphasis is now on the quality of labour.

The overall saving in handling costs is obviously greater where it is possible to load straight from the packing line on to pallets and then to transport them on the same pallets to depot and finally to wholesaler and retailer. In the United Kingdom the railways have already done much to take palletised loads and they now return pallets free of charge, as do certain continental railways. Although we appreciate this service provided by the railways, the sending of large numbers of empty pallets across the country clearly offers scope for further economies. In this connection we have been interested in the successful experiment launched by the Swiss Federal Railways in 1950. With the co-operation of industrial and commercial undertakings, they instituted a Pallet Pool for standard-sized pallets and recently the road hauliers have joined it. Under this system, when traders dispatch loaded pallets they receive at the same time the same number of empty ones; thus any unnecessary movement of empty pallets is eliminated.

The new methods of handling are equally effective in other sectors of our business. In one factory where output has been increasing, we have been able to halve the number of man-hours involved in handling, increase wages (because of the revaluation of jobs), and reduce handling costs from 7s. 8d. a ton to 3s. 6d. The annual saving amounts to £20,000 compared with a capital outlay on fork-lift trucks and pallets of £24,000. A different example of the value of these mechanical methods is shown at another of our factories where a large increase in production has been achieved on a very restricted site. By extending the facilities for handling without extending the site, we have been able to expand output from 149,000 tons a year to 490,000 tons. It involved a major operation of co-ordinating all three forms of transport—rail, road and water.

Another development of mechanised handling is the new $5 million warehouse which we opened last year at our Hammond factory in the United States. The products coming from the packing lines are electronically sorted by brands, automatically stacked on to pallets and delivered either to the storage area or to the shipment bay without being touched by hand. This operation was designed to economise in labour, to speed up delivery and to reduce damage to packages and products.

Palletisation and automatic warehousing are not the answers to all handling problems. There are, of course, other types of mechanised aids. But in any case such methods are only profitable if the volume of goods handled is sufficiently large and if the saving in labour costs offsets the capital outlay for the equipment. And these conditions vary from country to country. For example, in the United States a fork-lift truck pays for itself if it saves only 600 man-hours a year, whereas in the Netherlands the annual saving would have to be 3,400 man-hours.

In all this, I cannot stress too much the importance of fostering good human relations. The developments, which I have mentioned, require the full co-operation of employees at all levels. It is still only teamwork that makes these mechanical methods economically effective.

So far I have ignored the question of transport costs and location of factories, because it is of secondary consideration as far as finished products are concerned. We find that provided adequate transport facilities exist, the economies we can reap from large-scale production tend to be greater than any saving we may achieve on this aspect of transport. Thus, we tend to concentrate production in single units. In Canada, which has an area of nearly 4 million square miles but a population density of only four to the square mile, we have concentrated our four regional factories into one national factory, and now, for instance, we send edible fats 2,700 miles from Toronto to Vancouver. Much of this, incidentally, goes by road vehicles for speedier transit and they use the better United States highways for part of the journey.

RAIL, ROAD AND WATER COMPARISONS

Another problem confronting industry is that the relationships between rates for rail, road and water are constantly subject to change. Thus a manufacturer is compelled to equip himself to be able to use any one, or any combination of the forms of transport as these changing circumstances dictate. In almost every country of the world, inland transport has become a political issue for fiscal or other reasons. It is only in the exceptional case that transport rates are entirely governed by economic factors relating to transport. It is a healthy sign to see France and now the United Kingdom introducing railway charges schemes which are to some extent based on costs of operation. But on the whole, transport is too much at the whim of domestic politics. We have recently witnessed an example of this in Germany, where railways are state-owned and road hauliers forbidden by law to give special concessions even on regular loads which can be transported at low cost. Because of this, German industry has been encouraged to invest in large and often specialised fleets of long-distance vehicles—indeed Germany is the only country where we operate such a fleet to serve our depots. But the German Government has now imposed a severe tax on such transport, and thus the position for German industry has been radically changed. The consequent waste of capital could have been avoided if the Government had not substituted rigid regulations for economic pricing.

Here, surely, is scope for close consultation at all levels between industry, commerce, the transport authorities and the appropriate Government departments. They can discuss how to make the most effective use of existing investments in transportation. A small example of such fruitful co-operation occurred recently in connection with our own business in France. Under a mutually satisfactory arrangement, whereby we made use of the railway depot system, the French railways in turn were able to move a given tonnage of soap with 36 wagons a day, whereas under the old method of distribution this would have required 69 wagons a day. Close consultation can also help in the formulation of future plans and long-term developments. The British Government has recently sanctioned a £1,200 million investment plan for railways which will cover 15 years, and some £150 million for roads over the next four years. Other plans are in the making on the Continent and elsewhere. Since industry will be the chief user of both these means of transport and must bear the reflected cost of such investments, it should surely be consulted as to how the money can best be used in the national interest.

I have tried to show you how in Unilever we handle this transport problem in different countries. We have found that we must not be tied to any one form or method of transport either in thought or in fact. We must be flexible and ready to put new ideas into practice. The intelligent use of transport depends in the end on men. The transport officer no less than the factory manager must be trained to be supple in ideas and in operation. He must have imagination, brains and a comprehensive knowledge of his subject. He must be able to seize opportunities as they arise—and indeed anticipate them—and he must be able to adapt himself quickly and effectively to changing conditions. Transport men of this calibre can help not only industry but also the transport undertakings themselves. We have also found it advantageous to appoint transport advisers in London and Rotterdam, whose task is to study transport problems, to co-ordinate policy and to stimulate the consideration and application of new ideas relating to transport, in its widest sense, throughout our organisation.

It is strange that the world of transport, which should be one of mobility, is to a certain extent characterised by a rigidity of outlook and policy. In the main the origin of this rigidity is the unwillingness of the older forms of transport to accept the consequences of technological change and to meet the changing demands of industry. This tendency applies to management, labour and governments. It does not exist everywhere, and I have already given several examples of laudable awareness on the part of transport authorities. But it is, I fear, still strongly embedded in many countries. It appears not infrequently nowadays under the guise of national or international co-ordination. Insofar as this means a more efficient use of all forms of transport, we welcome it. But where it is used as a means of resisting progress by the imposition of undue restrictions, it can only be condemned. Too often, even the trade unions have resisted labour-saving methods or have applied practices that vitiate their effects, while some authorities still maintain a bureaucratic approach to the economic problems of transport. Managements are often reluctant to admit that the economic life of rolling stock, equipment or track may have come to an end long before they have become technically obsolete. The whole idea of economic obsolescence is unwelcome to them. The airway companies have already learnt the lesson of writing off aircraft costing millions of pounds after only a few years of use. It is true that the railways have suffered from fiscal restraint and legal obligations, and in certain periods of their history they have been subjected to unfair competition. But now that governments are committed to full employment in an era of expanding production, the opportunity surely exists for labour, management and officialdom to do away with all the remnants of the old defensive attitude and to adjust themselves with open minds to the requirements not only of today but of tomorrow as well. Transport undertakings who do this will, I believe, be able to give a better service to their customers, offer more attractive jobs to their staffs, reduce their operating costs, and still show an adequate return on capital invested. The general lesson we have learnt from our own experience is that in transport as in industry a dynamic outlook is vital.

The Chairman concluded by moving the adoption of the Report and Accounts for the year 1954.

Sir Herbert Davis, Vice-Chairman, seconded the resolution and it was carried unanimously.

The proposed final dividend of 9¾ per cent on the Ordinary Stock and a dividend of 6 per cent on the Deferred Stock payable on June 9, 1955, were approved, the retiring Directors were re-appointed and the remuneration of the Auditors, Messrs Cooper Brothers & Co. and Messrs Price Waterhouse & Co., who had been re-appointed under the provisions of the Companies Act, 1948, was fixed.

The proceedings terminated with a vote of thanks to the Chairman, Directors, and all employees.

UNILEVER N.V.

The Annual General Meeting of the Members of Unilever N.V. was held on May 26th at Museumpark, Rotterdam. Mr P. Rykens presided and made a speech in similar terms to that delivered by Sir Geoffrey Heyworth at the Annual Meeting of Unilever Limited, reported above.

The Report and Accounts for the year 1954 were adopted. The proposed final dividend of 8¾ per cent (being the equivalent of the final dividend for the same year to be paid by Unilever Limited to its Ordinary Stockholders calculated in accordance with the provisions of the Equalisation Agreement) was approved, the retiring Directors were re-appointed and the Auditors, Messrs Price Waterhouse & Co. and Messrs Cooper Brothers & Co., were re-appointed.

YORKSHIRE INSURANCE COMPANY

RECORD PREMIUM INCOME

The annual general meeting of the Yorkshire Insurance Company Limited was held on May 24th at York. Lord Middleton, MC, the chairman, in the course of his speech, said: I may summarise the year's results by saying that in the Life, Fire and Accident Accounts, premium income has reached a record level, our overall income having risen by over £2 million, an increase of no less than 10 per cent, and our General Reserves and departmental funds have increased by nearly £5 million.

The Life Department has had an excellent year, 8,457 new policies having been issued for Sums Assured totalling over £20 million, a new landmark for the Company.

Fire Account: The Fire premium income for the year—£4,261,000—shows an increase over the preceding year of approximately £92,000 and we are able to transfer £383,488 to the Profit and Loss Account.

Accident and General Account: The aggregate premium income of which rose during the year by over £539,000 to £7,932,000 and we have been able to carry £263,424 to Profit and Loss Account.

Marine Account: Our Marine premiums totalling over £1,848,000 show a small reduction on the previous year. We have transferred £150,000 to Profit and Loss Account and have left in the Fund over £3,266,000, representing 176 per cent of the current year's income. The Directors recommend the dividend be increased to 19s. 6d. per £1 of paid-up capital.

The report and accounts were adopted.

THE WHITEHEAD IRON AND STEEL COMPANY

A SATISFACTORY TRADING YEAR

PLANTS FULLY OCCUPIED—BRISK DEMAND UNABATED

REVIEW OF COMPANY'S HALF-CENTURY OF PROGRESS

MR G. H. LATHAM ON RETURN TO PRIVATE OWNERSHIP

The forty-eighth annual general meeting of The Whitehead Iron and Steel Company, Limited, was held on May 23rd at the Westgate Hotel, Newport, Mon.

Mr G. H. Latham, LLD, JP (chairman and managing director), who presided, said: When the company was absorbed into the nationalised iron and steel industry in 1951 we had approximately 1,800 shareholders. The company was returned to private ownership in February of this year. As you know, the issue of the ordinary shares was an overwhelming success and because of the enormous amount of work involved there has been insufficient time to analyse fully the new share register, but it is interesting to reveal that we now have no less than 5,800 shareholders. This can be taken as a fair measure of the present day interest in our activities.

REVIEW OF COMPANY'S HISTORY

I recollect on a previous occasion, many years ago, I gave a brief history of the company to the shareholders on our register at that time, but I think it might be appropriate to repeat some of this information for the benefit of our new shareholders.

The original private company was formed in 1903 by the late chairman, Mr L. D. Whitehead, who purchased at scrap value an old discarded mill at Tredegar.

The mill was rebuilt and made serviceable and the first products were iron bars, rolled from discarded wagon axles. As some indication of the size of the company it is interesting to note that when I joined Mr L. D. Whitehead in 1905 the total number of employees was only about a dozen.

In 1906 Mr L. D. Whitehead went to America and bought a semi-continuous rolling mill, which was a duplicate of one of the very few continuous rolling mills then operating in the USA. We found the greatest difficulty in raising money to finance the project because at that time those engaged in the industry were opposed to the new method of continuous rolling, which was frequently described as "impossible." However, the mill was started up in 1907, but our teething troubles were so great that by 1909 we had completely depleted our meagre financial resources.

TEETHING TROUBLES OVERCOME

It must be remembered, at that time, no one in the country knew anything at all of the process of continuous rolling. The company was forced to import a few skilled technicians from America to help start the plant; but the cost was more than the company was able to meet. It is the sort of thing that has happened many times before to pioneers and will doubtless happen many times in the future. The situation was saved by taking boys from school and training them from the beginning to do the various jobs in the plant. Theoretically, there was an alternative: to train existing operatives in the new methods. But in practice, men who had been performing jobs for a lifetime in the same way, were too wedded to old-fashioned methods to accept revolutionary changes. This devotion to the familiar is a human failing and one to be reckoned with in the larger sphere of general industrial re-equipment. It was only by dogged perseverance and hard work that we succeeded after three years in getting the plant going.

LONG EDUCATIONAL PROCESS

The next significant date in the development of the undertaking was 1922, when the continuous strip mill at Newport was brought into operation. The site was acquired in 1913, but construction could not be commenced until the end of 1918, after the first world war. Benefiting from previous experience we took only three months to get this mill running satisfactorily, but unfortunately, the company encountered another difficulty.

This time it was the consumers who proved conservative They had been used to taking our finished material in straight lengths as produced in all contemporary mills; whereas the production of our new mill was wholly in coils of one long continuous length. The company was in fact forced to start an intensive campaign with the object of popularising the new product and it even had to show customers how better production could be obtained on automatic machines by feeding them from a coil of one long continuous length of steel strip, instead of in straight lengths of from 10 to 20 feet.

The educational process was a long one and, meantime, the mill could not be run full time. This forced us to attempt, with some success, to turn these grave difficulties into positive advantage by constructing the finishing end of an auxiliary mill, in which the hot metal from the first half of the strip mill was turned into small round, square and flat bars, thus giving the company entry into a new market. Again with the object of helping to utilise coiled strip, it was decided in 1925 to put in the first 16 Robertson cold rolling mills.

SUCCESS OF COMPANY'S PIONEER WORK

It was pleasing to record that your company introduced continuous rolling into this country and also that the many continuous plants now erected all over the world have benefited from our pioneer work which was carried out in close collaboration with the Morgan Construction Company of America who designed the plant and with whom we have maintained the closest co-operation, on a basis which proved to be of mutual advantage when we constructed subsequent continuous bar and strip mills in our present works at Newport. From this very modest beginning your works has been developed into a very efficient plant which compares favourably with any similar plant in this country or indeed in any part of the world.

There is little wonder, therefore, that I joined my many colleagues in the steel industry in vigorously resisting nationalisation of our great industry, particularly as those in favour of nationalisation claimed that in privately owned plants there was a lack of initiative and enterprise!

CONCENTRATION OF PLANT

The first semi-continuous mill together with the merchant bar mills were operated successfully at Tredegar until 1931. These were then closed down, primarily because of the closure of the Ebbw Vale works which had been supplying the company with raw material. An immense saving in transport was achieved by the transfer of this plant from Tredegar alongside a new and more modern continuous hoop and strip mill which by this time was operating at our Newport works. This concentration of our plant proved to be even more successful than was at first contemplated and resulted in a considerable financial saving.

The company's main plant at Courtybella Works, Newport, is very favourably placed, being on the seaboard. This makes it extremely economical to receive all raw materials by rail or sea and, at the same time, enables us to make our full contribution to the export trade. Shipment to all parts of the world can be made through the port of Newport, which provides adequate deep-water accommodation for both inwards and outwards traffic.

FIFTY YEARS' PROGRESS

I think the following figures will be of interest as an indication of the progress which the company has made during the past fifty years:

	1904	1929	1954
	£	£	£
Fixed assets	1,109	371,002	1,281,463
Investment in subsidiary companies	...	17,450	1,102,688
Investment in associated company	...	...	50,000
Current assets	6,921	214,046	3,797,278
	8,030	602,498	6,231,429
Less Current liabilities	4,614	296,232	2,098,625
	3,416	306,266	4,132,804
Deduct Future taxation	...	...	439,582
Net assets	3,416	306,266	3,693,222

ACQUISITIONS AND DEVELOPMENTS

In 1925 your company acquired the wire mills, then owned by J. C. Hill & Company, Limited, Cwmbran, which incorporated a hot galvanising plant. It was at this works that the first electro-galvanising plant was developed, which proved to be an improvement on the hot dip process. In these very early days we developed electro-deposition of zinc and tin coatings, which, as you know, have been emulated by even the most modern plants and has become standard practice not only in this country, but most countries in the USA and on the Continent.

In 1933, in order to secure freehold land attached to the works established at Caerleon, we acquired the Caerleon Brick Works, which has proved to be a very valuable asset and is now producing over 300,000 quality bricks each week.

In the early 1930s the demand for highly finished cold rolled steel products for industries such as the automobile, motor and pedal cycle, furniture and others, increased rapidly; consequently, your company turned its attention to the installation of modern equipment for producing this type of material with a superior finish and a high degree of accuracy which had not been previously achieved in this country. This project was so successful that your company became, not only a well-known source of supply for hot rolled products, but also suppliers of highly finished cold rolled steel.

Since we installed the first two-high cold reduction mills, the technique of cold rolling improved, and in 1936 we installed one of the first four-high reversing mills. In the same year we were pioneers in developing an electric annealing plant, which was to act as complementary equipment to an additional number of temper mills we erected at that time.

In 1939 we supplemented our existing cold reduction plant by the installation of a four-stand tandem continuous mill, and again in 1943 we put in an additional reversing mill and a three-stand tandem mill, which had the effect of substantially increasing our output of cold-rolled material. We have since installed an additional four-high four-stand tandem mill, which has still further increased our output.

Your company also operates a modern plant for bright drawn bars with a capacity of 4/500 tons per week.

A VERY EFFICIENT UNIT

In 1938 the company acquired the engineering and foundry business of W. A. Baker & Company Limited, Westgate Works, Newport. The object was to utilise this new works for the maintenance of our substantial plant at Newport. It was a convenient source of supply for ferrous and non-ferrous castings and at the same time Bakers used a considerable tonnage of our finished products as their raw materials. The modernisation of these works was completed in 1946 and it is now a very efficient unit capable of dealing with light and medium engineering, high class castings in electric steel (high-frequency and basic-arc), cast-iron, etc. Highly alloyed steels, such as corrosion and heat-resisting steels, are a speciality.

This subsidiary company has a very pleasant association with The Black Clawson Company of America through its British company, The Black Clawson International, Limited, which provides for the manufacture of modern paper-making and paper-board machinery, absorbing the major part of the output of our very substantial engineering shops.

Fifty per cent of the share capital of Godins "The Rollers of Steel Sections" Limited was acquired in 1940 and the remaining 50 per cent in 1948. This company specialises in the production of cold-formed sections, ferrous and non-ferrous.

FEATURES OF YEAR'S TRADING

I think now might be an appropriate time for me to draw the attention of our shareholders to the salient features of our trading for the year ended October 2, 1954. The [illegible] report and statement of accounts is [illegible] your hands.

[illegible] £8.5s. £21.50 or [illegible] £5.5s. [illegible] part of the year 1954 [illegible] ns of a recession in the [illegible] output of our various plants, but this proved to be of a temporary nature and towards the end of the year the demand for our products increased very substantially so that the final turnover for the year was 12.5 per cent greater than the turnover for 1953. The increase in the trading profit of the holding company was very satisfactory as it represented an increase of 28.2 per cent over the corresponding figure for the previous year.

PROFIT AND ALLOCATIONS

The consolidated profit and loss account shows that the group trading profit for the year ended October 2, 1954, was £954,520 an increase of £182,377 (23.6 per cent) compared with the previous year.

After making full provision for taxation and depreciation the net profit of £390,943 attributable to the holding company is £56,689 more than the corresponding figure for last year. The dividends paid and recommended (less income tax) absorb £120,455 and after crediting the surplus brought forward from the year 1953/54, amounting to £76,232, the surplus available at October 2, 1954, was £346,720. Of this amount £175,000 has been allocated to general reserve and £100,000 to the reserve for increased cost of replacement of fixed assets, leaving a balance of £71,720 to be carried forward.

The latter allocation re-establishes the policy we adopted prior to nationalisation. We still feel that it is desirable and necessary to allocate a reasonable proportion of the profits to this reserve each year.

The total amount distributed in dividend, viz. £120,455, represents 30.8 per cent of the profit available to the holding company so that 69.2 per cent is retained in the business. I think shareholders will be interested in the following analyses of the trading results for the year under review.

ANALYSIS OF GROUP TRADING RESULTS FOR THE YEAR ENDED 2nd OCT., 1954

	To nearest £'000	% of total income
Purchases of raw materials	8,897	74·0
Wages and salaries	1,130	9·4
Works and administration expenses	868	7·2
Depreciation	144	1·2
Taxation	522	4·4
Distributed to shareholders (net)	120	1·0
Retained in business	338	2·8
Total income	12,019	100·0

ANALYSIS PER £1 OF INCOME

	s.	d.
Purchase of raw materials	14	10
Wages and salaries	1	10
Works and administration expenses	1	5
Depreciation		3
Taxation		11
Distributed to shareholders (net)		2
Retained in business		7
	20	0

The book value of the net assets of the holding company as at October 2, 1954, was £3,693,222, as compared with £3,415,570 for the previous year.

I would like to call your attention to the capital re-organisation of your company, which is referred to in the directors' report, on page 4 of the annual report and statement of accounts.

You will see that whereas the capital of the company when we were nationalised in 1951 was £783,835 of ordinary stock, the capital re-organisation now provides for an increased issued share capital of £1,250,000 together with loan capital of a similar amount. We felt that the remaining transitional figures given in the directors' report would also be interesting to shareholders.

THE OUTLOOK

During the year under review the whole of the company's plants have been fully occupied, and there is no reason to believe this happy state of affairs will not continue throughout the present year.

We have been fortunate in raw material supplies being adequate to enable our rolling mills to operate at full time, although supplies have been scarcely adequate to enable us to operate the plant to the fullest advantage. If we could obtain adequate supplies of semi-finished steel to meet our full requirements, we could contribute an increased output in small sections and sizes which are in such great demand today, without any increase in our labour force.

Generally speaking, the brisk demand for all our products seems to be unabated, and there is every reason to believe that the whole of our production during the next twelve months will be readily absorbed by the consuming industries.

In conclusion, I should like to pay tribute to the enthusiasm and loyalty of all our staff and employees who have contributed to the satisfactory results I am able to report.

The report and accounts were adopted, and the dividend recommendation approved.

The retiring directors, Dr Brynmor Jones and Mr G. I. Rushton, were re-elected and the other formal business duly transacted.

BRITISH ROPES

PROFITS MAINTAINED

The thirty-third annual general meeting of British Ropes Limited was held on May 25th in London.

Mr Herbert Smith, the chairman, in the course of his speech, said: The Group Trading profits follow very closely the results recorded for the two previous years, the amount of £1,904,000 for 1954 comparing with £1,830,000 for 1953, and £1,868,000 for 1952.

The total capital and revenue reserves of the Group, excluding Amounts set aside, aggregated approximately £4,216,000 at December 31, 1954, an increase of £1,064,000 as compared with the previous year, and these reserves are now in total not far short of the Issued Preference and Ordinary Capitals of £4,295,000.

During 1954 the demand for wire increased considerably and this trend continues.

Sales of Wire Rope in the Home market continue at a fairly steady level as regards total tonnage, but there have been marked changes in the demand for the different types of rope which have meant considerable changes and alterations to plant.

The demand for our various fibre products remains steady with an increasing sale of Baler Twine, and with the continual increase in the use of Baling Machines a greater quantity is likely to be used, and our sales should increase. Our twines for Agricultural purposes are sold as "Red Star" brand, and have a reputation for quality of which we are proud.

The report was adopted and a final dividend of 11 per cent on the Ordinary Stock (making 15 per cent for the year) was approved.

CADBURY BROTHERS LIMITED

GROUP SALES TOTAL £72½ MILLION

TRADITIONAL POLICY OF DOWNWARD PRICE ADJUSTMENT

EFFORTS TO STIMULATE WORLD PRODUCTION OF COCOA

MR L. J. CADBURY ON FIRST YEAR OF TRADING FREEDOM

The fifty-sixth annual general meeting of Cadbury Brothers Limited will be held on June 13, 1955, at Bournville, Birmingham.

The following is the statement by the chairman, Mr L. J. Cadbury, which has been circulated with the report and accounts:

I am sending my Chairman's statement with the firm's accounts this year. I hope that having them both together will be more convenient to shareholders than having them separated as in the past by a period of three weeks. An illustrated brochure is also being sent out, which deals particularly with our overseas interests and how our development programme is being paid for. I will therefore begin this statement by dealing with the Company's financial affairs for 1954.

It will be seen from the Cadbury Brothers Limited accounts that its sales and those of its subsidiaries at home and abroad rose from £59½ million to £70 million. If the sales of the other subsidiaries of our parent Company, the British Cocoa and Chocolate Company, are added, they total £72½ million. After allowing for depreciation, etc, and taxation, we are left with a Consolidated Profit of £3½ million. We are transferring £2 million of this to our general reserves and retaining £650,000 in our subsidiaries. The sheet enclosed with the accounts shows diagrammatically more details of these overall figures.

The increased turnover of the group and the high price of cocoa have required more money to finance the business. "Stock" is up by £10 million; "Debtors" by £1½ million. On the other side, in addition to substantial sums ploughed back, there are increases in our "Acceptance Credits" and "Balances due to Bankers." Since the date of these accounts we have been able to negotiate a £3 million Unsecured Loan as from February 1st for ten years at 4½ per cent.

FIRST COMPLETE YEAR OF TRADING FREEDOM

Looking at 1954 from a trading point of view, it is a remarkable fact that it was the first complete year of freedom from restriction that our industry has had since 1938.

Going back still further over the last forty years, we have for nineteen of them operated under the restriction of war conditions or postwar controls. If we take into account that we still had to ration our customers after the first World War for several years, nineteen becomes twenty-four.

However, it now really does look as though the fifteen years' seller's market is coming to an end and that before 1955 is out it will be the consumer who will be calling the tune. If so, we shall have to deal with such once familiar problems as more seasonability, the unpredictable vagaries of the market, the desire for multiplication of lines and packings. We have already experienced in our overseas companies the rapidity with which a seller's market can turn into a buyer's, and the long spell of comparatively easy trading our industry has enjoyed may be coming to an end during 1955.

GROWTH IN CADBURY SALES

Turning to Cadbury sales, they showed a tonnage increase of nearly 16 per cent. Bournville Cocoa, Bourn-vita and Drinking Chocolate all showed satisfactory increases. Sales of Quick-Mix Drinking Chocolate in particular were so successful that they outstripped our supplies, a situation which should be corrected by the installation of further plant in time for next winter. The heaviest section of our sales is, of course, in Moulded Chocolate. Here 1954 saw the end of "Blended," a line that fulfilled a very useful purpose during all the years when full-cream Milk Chocolate was severely cut. With the remarkable increase in supplies of home liquid milk our production of Cadbury's Dairy Milk Chocolate has been so stepped up that during the last few weeks we have been able to put it on freer sale.

Despite the increase of output mentioned above, we had nevertheless to ration all our more important lines during 1954. We could have pushed up our production a little further if we had been able to recruit more labour; but with a local unemployment rate of .5 per cent (the lowest in the country), this was not possible. Even if we had been fully staffed we could not have done much more as our buildings and plant were being used very nearly to their maximum capacity.

Under these circumstances we are very glad we decided some years ago to build a new factory in an entirely fresh area, at Moreton in the Wirral Peninsula. Here labour is more available. We have ample space and have been able to put up a plant designed from scratch to suit the most efficient production of the lines we have decided to make there. Moreton made a useful contribution to our output last year and we hope this year to be employing over 1,000 people on well-mechanised layouts. We have started to duplicate our original buildings and have plans for still further development in this new and expanding industrial community. We estimate it will cost £5! million to complete them.

At Bournville we also have some extensive building schemes in hand. They are mainly, however, for rehousing certain departments of the works and enlarging sections that have got out of balance with the general scheme. It is not our policy to make any major increase in the overall size of the factory. We believe we are a big enough single unit under the circumstances that exist in this area.

The increasing tonnage with which we have to deal has put a great strain on our distribution system. We have therefore purchased or are negotiating new sites for rail-head distribution depots at Glasgow, Leeds, Gateshead, Cambridge and Exeter, extensions are in hand at West Hampstead and Cardiff, while a completely new depot is going ahead in Belfast.

COCOA PRICES

Of our raw material supplies, cocoa has of course been our main preoccupation.

Nineteen fifty-four was a year of extremely high cocoa prices and violent fluctuations.

Various reasons have been given for these happenings, such as British African cocoa being in the hands of a single seller. Certainly the single seller has not produced that steadiness of price that some of us were led to expect, but fundamentally the trouble has been a slight fall in world production and a rise in world consumption in 1953 and 1954. Thus stocks declined, and there was no buffer to take the shock.

Prices began to increase back in March, 1953, when cocoa was £235 a ton; by December that year it was £365; in the New Year it reached £470, and panic buying in the summer caused a peak of £550. Forward sale of the 1954-55 crop thus started in July at £500.

Fortunately, the good May-June crop in Brazil and devaluation of her currency eased the situation, and in September the market was favourably impressed with the first official estimate of the new African crop, an estimate which unluckily in the event proved too optimistic. In addition America was not an active buyer of African cocoa, and it seems likely that her consumption will be reduced by 10 per cent over the year. All these factors combined made the supply position easier as the season progressed, and it finished with the price down to £300 a ton.

The average price at which we have bought is above that figure. This was inevitable. To meet our needs at home and overseas we have to buy a substantial proportion of the African crop as it is marketed by the Board to give us the cover we want for the rest of the year. We cannot, therefore, postpone our purchases to the end of the season on a gamble that we shall be buying at the bottom of a falling market.

DOWNWARD ADJUSTMENT IN PRICES

As it is, we now know the cost of our cocoa for the rest of the year, and have recently been able to make some downward adjustment in prices of Bournville chocolate and one or two other packings. This is our traditional policy. It will not be possible to decide whether any further cuts can be made until we see how the cocoa market is behaving next winter.

We are still doing all we can to stimulate world production. A buying agency has been started in the Cameroons, and a delegation went to Brazil in May and June last year. Potential cocoa-growing areas in the South Pacific have been visited, and the Malayan venture continues. It still remains that the quickest way to obtain an immediate increase is the elimination of pests and diseases in the large producing countries of West Africa. An encouraging start in spraying against Black Pod disease has taken place this season in Nigeria, and the Gold Coast's determined campaign against Capsid, long delayed as it is, if it is successful, can put an entirely new complexion on their expectations. Cutting-out remains the only method of controlling Swollen Shoot and about 40 million trees have been cut out so far.

COCOA'S IMPORTANCE IN GOLD COAST ECONOMY

By virtue of its great importance to the economy of the country, cocoa plays a very large part in Gold Coast politics. Mr Gbedemah, the Minister of Finance, in his recent Budget speech emphasised the dependence of the Government on the revenue it derived from the cocoa export duty, likely to be this year £40 million, which is of course additional to the profit retained by the Cocoa Marketing Board.

The revenue from the export duty is used for the country as a whole, but this season over half the cocoa came from the farmers in Ashanti and this has been the cause of a political agitation. A new party has thus emerged which wants less control from Accra and which may cause trouble for Dr Nkrumah; after all the Gold Coast as a political entity is little more than fifty years old. With a reduction in price and high export duties, the Government must consider whether they are not taking too much of the revenue and leaving too little for the farmer. It is in their interest as well as in that of the cocoa manufacturers to maintain every effort to increase their output, which will never be accomplished unless the farmer is satisfied that he is getting a square deal.

We made a small trading loss on our BWA agencies, but continue to believe that the presence of our organisation there has a stabilising influence that is well worth the effort it involves.

Sponsored by this firm, Messrs Longman published in March a technical book on growing cocoa by Mr Urquhart. It will be of great value to those engaged in the practical side of the business. The first edition was immediately sold out, and it is now being reprinted.

MILK IN GREATER ABUNDANCE

On April 1, 1954, as a result of the Government's general policy of decontrol, the Milk Marketing Board had returned to them from the Ministry of Food the marketing powers that were suspended soon after the outbreak of war in 1939. Following this, we began to receive milk in greater abundance and at lower cost.

Our milk intake for the year in England and Wales was up by 8 million gallons. This was due to a general increase in milk production among our farms and to the extra intake at Llangefni, the milk depot in Anglesey we bought from the Milk Marketing Board in February last year. The relative remoteness of this new area from the liquid milk market is an asset from the point of view of the manufacturer, and it should form a useful addition to our milk resources.

A better stock position as well as the improved supplies and lower price of milk in this country caused us to halve production at Rathmore, our milk factory in Southern Eire.

OVERSEAS ACTIVITIES

Overseas, our Joint Cadbury-Fry Export Department sold nearly 11,000 tons, worth £3.8 million, an increase of 37 per cent and 33 per cent respectively over 1953. These figures represent over half the country's total export of cocoa, chocolate and chocolate confectionery.

The biggest item in this increase has been the resumption of USA cocoa contracts at over £½ million; our dollar sales also include large shipments of block chocolate to the USA and of assortments and biscuits to Canada.

We have had considerable success in increasing our cocoa trade, loose and proprietary, on the Continent. In Germany, where we are faced with a severe tariff barrier, we are experimenting with having our goods made for us under contract by a local firm, to whom we supply the beans.

At our overseas factories, Australia and Canada showed substantial increases in output of 6 and 8 per cent respectively. In South Africa sales by weight have remained level, but those of New Zealand and Eire have fallen.

We have considerable building programmes overseas, particularly in Canada and Eire.

ORIENT STEAM NAVIGATION COMPANY

STEPS TO ATTRACT NEW TRAFFIC

At the fifty-fifth annual general meeting of Orient Steam Navigation Company, Limited, held in London on May 23rd, Mr A. I. Anderson, the chairman, said that the operating profit, after making a transfer to contingency reserve and provision for depreciation, amounted to £679,954. While this showed an improvement over last year—due mainly to the first half-year's working of Orsova, the exceptionally good results of the first two Pacific voyages and the effect of the fare increases introduced in February, 1954—the amount set aside for depreciation, though adequate on the basis of first cost, was a long way short of that required for replacement.

Reviewing the operation of the company's fleet, Mr Anderson said that the initial response to the new Pacific Service had been sufficient to warrant the planning of subsequent sailings at approximately two monthly intervals. He hoped that this would encourage more tourist traffic originating in North America to Australia and New Zealand; but up-to-date hotel facilities were urgently needed in these two countries if their undoubted tourist appeal was to be exploited to the full.

Traffic on both the Suez and Pacific routes followed a similar seasonal pattern and as a new experiment towards making the best possible use of the available tonnage, one outward and one homeward sailing between this country and Australia was this year being routed via the Panama Canal. Although the fares for these sailings via Panama had to be about double those via Suez, the support already received from Australian passengers was a striking illustration of the attraction of a new route.

The new cheap "Boomerang" excursion ticket for travel between Australia and this country in the off-season had proved popular and appeared to be attracting new traffic.

Mr Anderson said that the steady increase in costs experienced since the War still continued, and it had only been possible to permit charges to lag behind them by devising new means of filling passenger berths which would otherwise have been empty. He emphasised, however, that there were limits to what could be done in this direction.

The report and accounts were adopted.

BRITISH PAINTS (HOLDINGS)

SALES MORE THAN MAINTAINED

The twenty-fifth annual ordinary general meeting of British Paints (Holdings) Limited was held on May 24th at Newcastle upon Tyne, Mr J. W. Adamson (the chairman) presiding. The following is an extract from his circulated statement:

Despite the abnormally bad weather during 1954 sales have been more than maintained and after a moderate start the year improved and paint sales finished at a satisfactory level.

A substantial increase was shown in sales in our raw materials division, where we produce our own synthetic resins, pigments, dry colours and certain chemicals. The resin works had a record output and the target for this year, which has been set at a higher figure, will most likely be achieved since new and interesting materials are due to be produced there for the aircraft and plastic moulding trades by arrangement with two famous American firms whose products in these fields are first and foremost.

From our plastics division where are produced decorated wall boards and phenolic sheets, we will be manufacturing a new decorated board for housing and the furniture trades, which is most attractive and resistant to heat.

POPULARITY OF PAINT PRODUCTS

Our paint products, some of which are shown in colour in this year's statement of accounts, continue to enjoy a popular demand and specimens of our advertising showing some of our brands are also shown. Our marine division continues to paint annually millions of tons of shipping throughout the world and with the consent of the owners and builders, to whom our thanks are due, we show photographs of some of the world's newest tonnage coated with our "Torpedo" brand marine paints.

The company's order books show cause for satisfaction and unless there is a deterioration in the international situation, a serious setback in the country's economy or a recession in trade, the outlook can be considered encouraging. Most of our overseas subsidiaries have also enjoyed their share of prosperity in 1954, and some of them show record sales and profits.

PROFIT AND ALLOCATIONS

Of the profit of the group, £800,226 taxation takes £461,477. Dividend on preference and ordinary stock will absorb £122,100 and the carry forward is £829,407.

It has again been decided to allocate a further £50,000 to overseas investments reserve and general reserves receive £79,518.

Your directors have decided to pay a final dividend of 20 per cent, making 25 per cent less tax for 1954 on the ordinary stock.

The total assets of the group amount to £5,627,216 while liabilities including the balance dividend appropriation and outside shareholders' interest in subsidiaries amount to £1,828,664, share capital £1,468,997; reserves, the usual provision for income tax on the profit for the year, plus unappropriated profit totalling £2,329,555, make up the net capital of £3,798,552 employed in the group. Current assets exceed current liabilities by £2,659,751.

We have received the usual faithful and enthusiastic assistance from our staff and workpeople and they have again been rewarded with their annual share of profits bonus which amounts to approximately £56,000. The report was adopted.

CEREBOS LIMITED

A VERY SUCCESSFUL YEAR'S TRADING

RECORD HOME AND EXPORT SALES

MR W. ARNOLD INNES ON MERIT OF COMPANY'S PRODUCTS

The Fifty-first Annual General Meeting of Cerebos Limited was held on May 25, 1955, at Cerebos House, London, N.W.10.

Mr W. Arnold Innes, the Chairman, presided.

The following is his Review which has been circulated with the Report and Accounts for the year ended December 31, 1954.

I am happy to be able to report once again a very successful year's trading. This has been achieved despite the steadily rising cost of labour, fuel, raw and packing materials.

ACCOUNTS AND DIVIDEND

The Consolidated Balance Sheet with the comparative figures for the previous year clearly sets out the position of the Company and its Subsidiaries as at December 31, 1954, but a few comments thereon may be of interest to Stockholders.

The value of the Fixed Assets of the Group in the form of Land, Buildings, Plant and Equipment after making full provision for depreciation, together with the Goodwill and Trade Investments items, now amounts to £3,217,210—an increase of £128,360 on last year's figures. In the main this increase reflects the further expenditure on the Middlewich factory reconstruction and re-equipment programme during the year.

Nett Current Assets at £1,390,627 have increased by £174,183.

Reserves and Surplus, including the sum set aside out of profits in cover of Future Taxation, stand at £2,414,487—an increase of £302,718 over the previous year. It will be observed that the strong financial position of the Group has been well maintained.

Capital Commitments at approximately £269,700 are slightly higher than the corresponding figure at December 31, 1953, and reflect the expenditure contemplated for the improvement of the plant, equipment and other facilities referred to later in this review.

The Consolidated Profit and Loss Statement includes for the first time the trading results of the Scott (Midlothian) Limited Group of Companies. The accounts of these Companies have been drawn up as at December 31, 1954, and cover a period of sixteen months.

Due to the incorporation of the combined trading results of the Scott Companies the nett Profit shown in the Consolidated Profit and Loss Statement of £630,718 is not comparable with last year's figure of £480,287.

The nett Profit of the Group, with the amount brought forward from last year, makes a total of £927,336, out of which it is recommended to transfer £250,000 to General Reserve, leaving £677,336 available.

Your Directors have decided that the results achieved justify their recommending the payment of a Final Dividend of 23¾ per cent (less tax), which, with the Interim Dividend of 6¼ per cent (less tax) paid in November last, makes 30 per cent (less tax) for the year. This Dividend will absorb £330,000, leaving £347,336 to be carried forward.

HOME SALES, MARKETING AND ADVERTISING

I can again report that our 1954 sales, both in tonnage and sterling, exceeded those of any previous year.

At probably no other time has the housewife been so selective and discriminating in her purchases of household products; it is also probably true to state that at no other time has she been offered such a wide variety of foodstuffs.

Under such conditions it is gratifying that the demand for our proprietary goods continues to increase, with the result that we are adding daily to those millions of homes where Cerebos products are in daily use. In this way our fixed policy of manufacturing to the highest possible standard of quality at the most economic price has justified itself by the high opinion held by consumers throughout the country of our various brands.

This discriminating demand has helped us to consolidate our increased share of business in the total market and to improve upon it during the year under review. Incidentally, during 1954 the relatively low retail price of our proprietary products has again remained unchanged—a factor which has won favour with all distributors and the millions they serve.

Before passing on to other matters I would like to take this opportunity to express to our Trade friends our sincere thanks for the enthusiastic co-operation they have again extended to us. We hope to preserve indefinitely what is probably the happiest relationship existing between trader and manufacturer.

Our sincere thanks are also due to the numerous industrial firms who rely on us for their Bulk Salt requirements and whose support we have enjoyed for so many years. Salt is used in a considerable number of important industries and we shall continue to do our utmost to produce the most suitable grades to meet the varying demands made upon us.

EXPORT AND OVERSEAS TRADE

We have had another progressive year in the Export field, our sales for the period being once again an all time record although, in common with other exporters, we were badly hit by the serious dock strikes which occurred in the Autumn. As a result, we had a heavy carry over of orders at the end of the year.

It is not generally realised that stoppages such as we have experienced have a lasting effect upon Export Trade in that, even after work is resumed, it is a matter of some two or three months before ports return to normal and during that time supplies of our products become very scarce in many overseas markets. Consumable goods which are not available obviously cannot be absorbed so that the final result is that we lose permanently a substantial volume of trade to local manufacturers and foreign competitors who naturally seize the opportunity to get their products substituted for ours.

While it would be too optimistic to say that there is any very definite trend towards the easing of import restrictions, it is noteworthy that several countries have resumed the granting of permits for our products and this has helped considerably in building up the satisfactory annual turnover. There is, however, something about table salt which gives it an importance out of all relation to the value of the trade and causes schemes to be proposed requiring substantial capital investment merely for the purpose of refining locally a moderate quantity of prepacked table salt, which can be imported upon much more favourable terms. Many of these schemes collapse before they reach completion but others struggle on for a few years until it becomes clearly apparent that they will never become self-supporting.

As we fully realise the danger of relying to an undue extent upon any one product, we are doing all in our power to broaden the basis of our overseas business and I am happy to say that today non-salt products represent a far larger proportion of the annual turnover than was the case in the past. The progress we are making with our other proprietary lines is particularly gratifying and I am convinced that there is still plenty of scope for the further expansion of this trade.

Our Australian Company has had a successful year, reporting increased profits from which an initial dividend has been received. Plans for the erection of a well-equipped modern factory proceed apace and building operations will shortly commence upon a site about twelve miles from the centre of the city of Melbourne. Town Planning permission has been granted and there is good reason to hope that the factory will be completed and equipped by the end of the year. The new Works should enhance our prestige in Australia and will provide us with all the facilities required for our manufacturing and distributing operations for some years to come.

Before leaving the subject of Australia I would just like to say that Mr K. R. Clements, who has been associated with the Gravox business over a long period of years, has accepted the position of Deputy Chairman responsible for the executive control of the business. We regard ourselves fortunate in obtaining the benefit of Mr Clements' services and are quite sure that our interests will be well cared for.

Our Export business to Canada continues to progress but I am not satisfied that the time has arrived when we should consider any full scale programme of local production involving high capital expenditure. With its rapidly growing population and vast mineral wealth, this market appears to offer great scope to certain English manufacturers. It should be borne in mind, however, that local industry is already highly developed and that the field in which we operate is well established and well protected.

To conclude my remarks upon our overseas trade I can only say that the progress we continue to make is a testimony to the intrinsic merit of our products and the skill and enterprise shown by all connected with our organisation overseas. Unfortunately the future of the Export Trade, not only of this Company but of the country as a whole, depends very largely upon the policies of various Governments in regard to import duties and quotas. The situation in this connection fluctuates a good deal and it is impossible to predict the future course of events. Subject to this I am sure that we can look forward to further steady progress.

PRODUCTION

The work of modernising our principal Middlewich factory continues and good progress has been made. The new Vacuum Plant is now in initial production and it is expected that full, efficient output will be attained after a short testing period. Other development schemes at our various Factories are moving satisfactorily, and despite the difficulties attendant upon such major installations, the Factories have maintained the necessary production to meet the increasing demand for our products.

Our constant attention is being given to improving the efficiency of all our Factories, the objective being the economic integration of the various units of the Group. For example, a recent step taken in this direction has been in the field of chemical and industrial research, a high degree of co-ordination having been obtained.

Improvements in methods and economic management have enabled us to reduce certain costs, and these reductions, assisted by the increased volume of sales, have partially offset the impact of higher wage rates and of higher prices of raw and packing materials.

DISTRIBUTION

Our commercial fleet is now nearing the strength required for our present needs, although further expansion may have to be considered if the demand from our customers continues to increase.

During the past year a closer integration of the Group delivery system has been secured, and by operating a combined service and joint depots encouraging economies have been effected. Our long distance trunk services have continued to ensure that our depots throughout the country are always well stocked with our products.

The increased business now being handled in the London area has necessitated the enlarging of our Willesden warehouse, which will provide additional facilities necessary to maintain and improve our service to customers in Greater London.

SUBSIDIARY COMPANIES

It is with deep regret that I have to report the death in May last of Mr Roger Greene. Mr Greene was one of the original Directors of Cerebos (Ireland) Limited and played a prominent part in the formation of that Company. His wise counsel and specialised knowledge will be much missed. Mr W. Morris Hutton, who has an intimate knowledge of the grocery trade in Ireland, has been appointed to fill the vacancy.

Once again I am able to report that our operating subsidiaries continue to make progress and their successful trading is evidence of their outstanding position in their respective fields of the grocery and allied trades.

STAFF AND EMPLOYEES

In a relatively short review of this kind it is only possible to touch briefly upon the principal aspects of our activities during the year, but I trust that my comments will portray something of the steady progress of your business during the past year.

On behalf of the Board I would like to express our gratitude for the devoted efforts of our officials and staffs of all your Companies at home and overseas, without which the excellent results presented to you today could not have been achieved.

In conclusion, I wish to record my warm appreciation to all my colleagues on the Boards of Cerebos and its associated Companies for the excellent support which they continue to give me in the management of the Group as a whole.

The Report and Accounts were adopted.

Mr F. N. Patterson, the Director retiring by rotation, was re-elected.

The proceedings terminated with a vote of thanks to the Chairman.

PROJECTILE AND ENGINEERING COMPANY LIMITED

MR J. WADDELL'S STATEMENT

The fifty-third annual general meeting of the Projectile and Engineering Company Limited was held at the offices of the company on Tuesday, May 24, 1955, Mr J. Waddell (chairman) presiding. In his statement, which had been circulated with the accounts, the chairman said:

ACCOUNTS

The figures before you in the profit and loss account once again reflect a successful year's trading, and, while the accounts will require no detailed analysis in this statement, there are a few points to which I would draw your attention.

Arising from the Board's capitalisation proposals, which were carried through in 1954, the authorised and issued capital of the company now stands at £750,000, having absorbed the whole of the capital reserve and £300,000 of the general reserve. In the opinion of your Board, the new level of issued capital is more realistic than the old figure and much nearer the total of shareholders' funds employed.

It will be seen from the directors' report that your Board now recommend a further appropriation to general reserve amounting to £80,000, increasing the total of that reserve to £280,000. Following this and the other appropriations, there is a reduction in the amount carried forward on profit and loss account, but shareholders will have noticed that the "carry forward" on that account has been steadily rising over recent years.

On the asset side of the balance sheet it will be noted that the additions to fixed assets during the year have been at a rather lower level than in recent years. The additions in the main arise from the Board's normal practice of replacing with modern machinery items of plant no longer operating at the high level of efficiency called for by modern production methods. No major plant expansion scheme has operated during the year, and your Board have considered this a period of consolidating the company's position, following the investment in and the installation of a considerable amount of new plant which was spread over the previous three or four years. The good results which have flowed from that plant expansion and improvement programme have fully justified your Board's confidence in the company's progress and in the management.

The turnover for the year—spread fairly equally over all departments—was considerably higher than in the previous year, but, under the much more competitive conditions prevailing, the ratio of profit showed a slight decline.

DIVIDEND

In view of the excellent trading results for the year, your Board has pleasure in recommending the payment of a final dividend of 12½ per cent, less income tax, on the 10s. ordinary shares which, with the interim dividend already paid, makes a total equivalent to 15 per cent on the present ordinary share capital of the company.

MACHINERY DIVISION

Production and sales of the "Peco" injection moulding machines and die-casting machines have continued to increase since their introduction in 1947, and the range of new designs will be widened from time to time to meet the needs of our customers.

These machines, for which there is a steadily increasing demand, are now renowned throughout the world, being generally accepted as the best of their kind. Your company's policy is to continue the expansion in this field of manufacture and arrangements are well in hand to provide increased capacity by using some of the facilities now provided for the manufacture of armaments, the production of which, in future, will be on a reduced scale.

The pressure of competition in Europe is now becoming a little more acute, but "Peco" designs are subject to constant review and improvement and it is felt that all reasonable competition can be met.

MOTOR INDUSTRY

I made reference last year to the changing requirements of the motor industry and the consequent reduction in demand for the lighter types of chassis frames manufactured by your company. I am now glad to say, however, that during the year the reduced output of this section of the works has been more than compensated by increased production of commercial vehicle chassis frames, together with many other components for the industry.

THE CURRENT YEAR

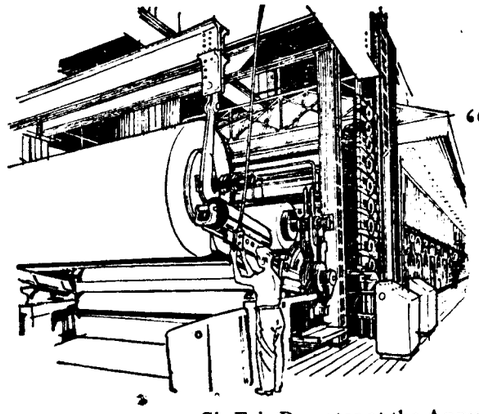
I am glad to advise shareholders that the value of orders in hand still remains at a very high level and your Board looks forward to a successful year's trading. However, I feel it necessary to offer a word of caution. In general your company now faces rather keener competition than in the past, with rising cost of labour and material, and it is clear that where a rise in prime production costs occurs, especially if accompanied by the need to adhere to keen selling prices, an encroachment on profit margins must result unless offset by a corresponding fall in indirect cost. Such reduction can only be gained by yet higher production efficiency. This term, which is so often loosely used, connotes among other matters effective production planning and routing; favourable rates of stock turnover; the minimising of the rate of labour turnover, and accurate costing and management-control accounting. You may be assured that to this important section of the company's activities the closest attention will continue to be given.

RISING COSTS

In addition to rising costs your company is feeling the effects of the country's shortage of steel sheet and plate—particularly in connection with supplies for the motor industry—and this, in turn, tends to control the volume of production in that section of the business, which, at the best, is likely to be rather lower than for last year.

In conclusion, I would, on your behalf, like to thank the staff and all other employees for their efforts and co-operation during the past year.

The report and accounts were adopted.



"The strength of a free Press depends ultimately upon the paper resources of the printing presses—that is to say, upon a regular and sufficient supply of newsprint"

Sir Eric Bowater at the Annual General Meeting of The Bowater Paper Corporation Limited

Sir Eric Vansittart Bowater announced a programme for considerable expansion in the paper industry at the Annual General Meeting of The Bowater Paper Corporation Limited on 25th May, 1955. The Meeting was held at Chester in order that shareholders could visit Ellesmere Port to tour the Mersey Mills and adjoining Multiwall Sack Factory.

Sir Eric stated that the past year had been one of great achievements and great decisions. All plants, factories and mills had reached the highest production level in their history. Earnings for the 15-month period to December last exceeded £13 million, and the Directors recommended a final dividend of 15 per cent. on the Ordinary capital, which, with the interim dividend of 7½ per cent paid last October, totalled 22½ per cent for the fifteen-month period—equivalent to a rate of 18 per cent per annum, compared with 16 per cent for the previous year. All employees in the British Isles were to receive a bonus equal to three weeks' basic pay, in recognition of the enthusiasm and efficiency with which they have carried out their duties.

Sir Eric quoted a famous British humorous periodical (*Punch*) which had wittily rebuked a section of the British newspaper Press for "artless duplicity" in criticising Bowaters' profits in the light of British newsprint needs. *Punch* had shrewdly pointed out that the greater part of Bowaters' earnings came from diversified overseas interests. Sir Eric added: "Despite the increase of £2.5.0 per ton (last January) . . . the cost to publishers in the United Kingdom of the newsprint made in the home mills is still the lowest of any that they buy . . . That increase barely covered the higher prices for raw materials and the cost of manufacture and distribution that our industry had had to meet. Never have we attempted, nor shall we in future attempt, to exploit any shortages in supply, and I believe this is generally well known."

Referring to the newspaper strike Sir Eric stated: "We felt it to be our duty to continue full production in the interests of both our employees and our customers. The paper maker has a high obligation in a democracy, for the spoken word is not enough to maintain free discussion in modern times. A free Press is also essential, and the strength of a free Press depends ultimately upon the paper resources of the printing presses—that is to say, upon a regular and sufficient, might I say, abundant, supply of newsprint."

Sir Eric gave further details of the Master Plan for the expansion of the British mills and factories, and he disclosed that this development programme would cost about £25 millions. The programme should be completed in four to five years, and included two new paper machines at Mersey Mills and two at Thames Mills, thereby adding some 225,000 tons of various grades of paper to the Organisation's British output annually.

In addition, a new groundwood mill would be built at the Mersey Mills, consuming home-grown wood, whilst another building board mill would also be built in the North.

A further project related to the Corporation's recent purchase of the St. Andrew Mills, makers of "Andrex", "Camelia" and other high-quality cleansing and toilet tissues, whereby Bowaters would build a factory beside the Thames Mills to develop to the fullest possible extent the tissue market.

During the year the Bowater Steamship Company had been formed to run the Corporation's new fleet of ships, in replacement of a former fleet seriously depleted by war losses. Two new ships had been launched, and another would shortly be ordered.

Speaking of the new Bowater mills in Tennessee, U.S.A., which began production last year, Sir Eric stated that the output rate, already high, had risen in the past six weeks from 145,000 to 160,000 tons of newsprint a year, and from 60,000 to 65,000 tons of sulphate pulp. The machines had also created an all-time world record for newsprint production by operating at 2,100 feet a minute.

The demand for newsprint through the free world was extremely high, and both circulations and the sizes of newspapers continued to increase. It had therefore been decided to instal a new paper-making machine at Tennessee immediately, in addition to the two existing machines. The new machine should be in production by the autumn of 1956 and by 1957 it was hoped that the output of these machines would reach 275,000 tons a year. The additional funds needed for this development, $25,000,000, are being obtained entirely in North America on satisfactory terms.

The Corporation's Canadian mills at Corner Brook, Newfoundland, were to embark on a considerable expansion programme, to be financed entirely out of their own resources. The Corporation had formed a separate company, The Bowater Power Company Limited, to take over and operate the Deer Lake hydro-electric power station near Corner Brook, originally designed to serve the mills but now also serving many other customers in a rapidly developing area. The resulting cash received by the Corner Brook company, Bowater's Newfoundland Pulp and Paper Mills, from the sale of these assets had been applied in redeeming the whole of that company's funded debt.

It is intended that most of the cost of British developments will be provided from the Organisation's own resources, but new capital will still be required. The Corporation proposed shortly to offer Ordinary shares on favourable terms, by way of rights, to Ordinary shareholders, and a resolution for the increase of the Corporation's capital by the creation of additional Ordinary shares was passed at the Meeting. Later in the year the Directors hoped to be able to propose a reorganisation of the capital of the Corporation and its subsidiaries in the United Kingdom, in order to render the capital structure more flexible. It is also hoped that a further funding issue of Ordinary shares can then be made, as foreshadowed in July, 1954.

Bowater's development programme involves, in the United Kingdom alone, a £25,000,000 expansion plan. Four new high-speed paper machines, each costing more than £1,000,000, each longer than a football pitch, form the core of the expansion of the Organisation's mills in Kent and Cheshire.

And in the Tennessee Mills, the installation of another machine alongside the two which were brought into operation as recently as July, 1954, will soon increase the newsprint capacity of these mills, the most modern in the world, by 50 per cent.

The Bowater Organisation

GREAT BRITAIN · UNITED STATES OF AMERICA · CANADA · AUSTRALIA · SOUTH AFRICA

REPUBLIC OF IRELAND · NORWAY · SWEDEN

Copies of the complete speech by Sir Eric Bowater, Chairman of the Corporation, are available on application to the Secretary, Bowater House, Stratton Street, London, W1.

LONDON BRICK COMPANY LIMITED

YEAR OF GREAT ACHIEVEMENT

MR A. T. WORBOYS ON A NOTABLE DEVELOPMENT

The fifty-fifth annual general meeting of London Brick Company, Limited, was held on May 24th at Kingsway Hall, Kingsway, London, W.C.2. Mr A. T. Worboys, CBE (the chairman), presided, and in the course of his speech, said: Turning to the balance sheet first, you will see that under the heading of "Capital, Reserves and Outside Shareholders," the authorised capital at £6 million and issued capital of £400,000 8 per cent Cumulative Preference Stock and £3,900,000 Ordinary Stock remain unchanged. Including £292,062 unappropriated balance of profit and loss account, revenue reserves and surplus now amount to £1,217,062. This compares with the figure of £815,261 for the previous year.

No one experienced in the running of manufacturing businesses can have any doubt of the necessity of providing adequate reserves. I think you will agree with me that our determination to pursue a sound and conservative financial policy is in the best interests of stockholders.

PROFIT AND LOSS ACCOUNT

The trading profit and sundry income for the year amounted to £2,205,996, as compared with £1,940,351 for last year. After providing £400,000 for depreciation and £1,027,566 for taxation and other charges, there remains a net profit of £778,430. To this has been added £290,261, the unappropriated profits at the beginning of the year, and £16,346 for taxation adjustment of previous years making available a balance of £1,085,037.

After deducting the transfer of £400,000 to general reserve, the net dividend for the year on the 8 per cent Cumulative Preference Stock, and the net interim dividends of 17½ per cent on the Ordinary Stock, there remains an amount of £292,062 to be carried forward. The directors do not recommend the payment of any further dividend for 1954.

The amount distributed for the year is on the increased capital and is an additional 3½ per cent, or 25 per cent increase on the dividend for the previous year which, incidentally, benefits our employees under our profit-sharing bonus scheme.

SUBSIDIARY COMPANIES

Dealing now with our two Subsidiary Companies—Stewartby Housing Association Limited is in full operation and all the houses are let and prove of great advantage to our employees.

Having regard to our increasing interest in Transformers (Watford) Limited, the manufacturing Subsidiary Company, I feel stockholders should know something of the Company's activities. The demand for the Company's transformers by the British Electricity Authority and by the Area Electricity Boards is increasing, and a reputation for a high standard of workmanship and design has been established.

Orders received during the year are again at a record level, some 50 per cent higher than the previous year, so keeping pace with the increased production facilities.

Export business has been secured in overseas territories. The upward trend in both orders and production has been carried forward into the current year, which inspires confidence in our ability to contribute to the development of the world's electrical power distribution.

PRODUCTION TARGET ACHIEVED

Returning to the parent Company, the year has been one of great achievement. At our last meeting I told you that there was every indication that we should exceed our target of 2,000 millions in bricks and brick equivalents, and it is with some pride that I now tell you that we have achieved our ambition. The production figure for the year is a record—2,050 million bricks and brick equivalents. Our delivery figures, too, are greater than in any previous year in the Company's history.

Following upon the freeing of the Building Industry from control, we have encountered a heavy demand by private enterprise for houses built for sale, in addition to a growing demand for industrial building, but we hope, arising from increased production, to shorten the waiting period for supplies. This should enable our customers to make better planning arrangements.

We take pride in the fact that our extensions and developments have resulted in our playing an important part in the national housing programme, a position which has been generously acknowledged by different Ministers.

Control has gone, but we hope to maintain contact with our appropriate Ministries and give what advice and assistance are needed.

NEW DEVELOPMENTS

Last year I detailed our approach to development and instanced the co-operation existing between our Research, Engineering and Works Departments. I also mentioned the possibilities of a new variant to the range of our facing bricks. In this direction success was achieved in the early autumn. The brick, now known as the "Golden Buff," was brought on to the market in August, and within a matter of weeks the whole output was eagerly taken up, and today the demand is such that, within twelve months of introduction, steps are being taken substantially to increase the output.

The cumulative effect of many improvements has still further raised our efficiency and, whilst the developments and improvements are too numerous to allow me to mention each individually, there is one to which I want to refer. It was introduced deliberately in an endeavour to break the circle of rising costs—followed by increased prices.

In the spring of last year we decided to modify the shape and to increase the volume of the indentation or "frog" as we brickmakers call the cavity in our pressed brick. In making this alteration as an experiment, we were encouraged by the advice given to brickmakers by the Building Research Station to reduce the weight of bricks wherever possible. Our own favourable experience of lightweight building units gained over a period of many years from selling our well-known Cellular brick, in which the cavity principle is incorporated to the fullest practicable extent, still further encouraged us to make the change. Having demonstrated during this year the economy that can be secured by reducing the weight of bricks, we have recently had to decide on a standard shape and size of frog for future production. We therefore have standardised the size of the frog in such a manner as to retain the shape for so many years associated in the building industry with the efficiency of London Brick Company Limited. For still further reductions in weight we must look to our Cellular bricks and to our hollow clay blocks.

THE PRICE OF BRICKS

I have previously expressed concern over the price of bricks and regret that it has not yet been possible to make a general reduction. I am afraid this uncomfortable position still persists. We are entitled to some credit arising from increased production and efficiency which follows from our determination to go forward with our programme of research, mechanisation and improvements and although, as I say, it has not been possible generally to reduce prices, we have been able at least since we last met to stabilise prices in spite of increased charges in various directions. These increases, which are substantial, we have been able to bear, but our hopes of maintaining this position or making any price reductions have received a setback as a result of further increases in wages, fuel and transport charges.

SATISFACTORY PROGRESS OF EXTENSIONS

Throughout last year extensions at two of our hollow clay block works proceeded satisfactorily. Trial block production was commenced at the end of December, less than nine months after the building had been raised from ground level. We now have the largest and most modern clay block works in the world, incorporating design of buildings, plant and machinery of which we can be justifiably proud, ensuring that the maximum use is made of mechanical handling in all sections. At the moment, and as part of this year's programme, extensions are proceeding at the Warboys Clay Block Works.

In reporting to you the record output achieved by our Company last year, stockholders will realise that this could not have been achieved without the full support and co-operation of all our staff and employees, and I take this opportunity of thanking them for their hard work and willing effort.

You will, I know, expect a few words on the current position. Our order and contract books predict that the whole of our output will be eagerly taken up and we shall be fully extended to meet demands made upon us. We have now almost completed five months' trading with satisfactory results and I look forward with confidence to the results that I shall place before you when we meet again next year.

The report and accounts were unanimously adopted.

PRESSED STEEL COMPANY

ANOTHER GOOD TRADING YEAR

STEEP RISE IN OUTPUT

MAJOR ALBERT PAM ON THE OUTLOOK

The twenty-eighth annual general meeting of the Pressed Steel Company, Limited, was held on May 25th at Winchester House, Old Broad Street, London, E.C., Major Albert Pam, OBE, chairman of the company, presiding.

The secretary, Mr F. E. Cairns, CA, read the notice convening the meeting and the report of the auditors.

The following is the chairman's speech, which had been circulated with the report and accounts for the year to December 31, 1954:

Ladies and gentlemen, I am glad to be able to tell you that, as the enclosed accounts show clearly, we have had another good trading year. You will see that the profit for the year, after allowing fully for taxation and for our usual reserve allocation of £250,000 for the increased cost of replacement of our plant, machinery and equipment, is £1,151,331. We therefore have to deal with an aggregate of £2,221,255; we have to deduct from this aggregate the cost of the service on our two issues of preference shares, together £38,957, and also the interim dividend paid on our ordinary stock £136,721, making a total of £175,678.

Out of the balance of £2,045,577 the directors recommend a transfer to general reserve of £500,000 and the payment of a final dividend on the ordinary stock of 15 per cent, less tax, requiring £273,442, which, enables the company to carry forward £1,272,135, against £1,069,924 brought in from last year. So we have increased our total distribution by 5 per cent and increased the carry forward by £202,211.

FACTORS AFFECTING PROFIT

I realise fully that some people are disappointed with these results and believe that we should have shown a profit of at least the amount we saved by the abolition of EPL. But competition has increased and our customers are asking us all the time to reduce our prices so that they can compete better in the export markets. One of the most important reasons for the slightly lower profit margin is that we have this year had to produce many new models, and these of course need a lot of extra labour during initial production. The ouput is slowed up and the costs rise until all the adjustments have been completed.

We have also had to import more sheet steel than we used to do; this foreign steel is much more expensive than British, and we cannot pass on to our customers all the increased cost. About 30 per cent of the steel used in motor car bodies now has to be imported, which is a heavy burden on the industry. For years now we have been trying to help the British motor car manufacturer to reduce his export prices, and we are of the opinion that we have done a great deal in this respect, much more than is generally appreciated.

INCREASING DEMAND

Our output in the number of bodies and parts, and in the £-sterling value, has risen very steeply. Our customers have been increasing their demand for our products and in most cases we have met these demands fully. There are of course cases in which we have not been able to send out all that we have been asked for—this is attributable chiefly to the number of pressings which a modern motor car body requires. We foresaw the heavy demand for pressings more than two years ago and ordered a large number of new presses to deal with it. But these new presses are only being delivered slowly by the British manufacturers—we have not bought an American-made press for many years, although at one time the United States were the only source of supply.

NEW MACHINE SHOP

In Cowley we have this year opened a new machine shop, which I am told is the best equipped in the country for work such as we do. It has all the most modern machine tools and equipment of every kind. It is in a new building and the move to this has allowed us so much more room where the old machine shop was located that we have been able to erect a number of assembly lines there, which we badly needed.

In Linwood we have asked Scottish Industrial Estates to erect for us the building which we had originally planned and then decided that we did not after all require at that time. This will enable us to construct the increased number of railway waggons for which we have received orders and also, possibly, other products for British Railways for which we are now tendering. Linwood is fully occupied with railway waggon construction, ammunition boxes, fuselages for fighter aircraft, and various equipment for Cowley.

Our Refrigeration Department has been able to maintain its previous percentual advantage over other makers in this country; this applies to the combined commercial and domestic installations. Theale has been producing the "sealed units" for our refrigerators in the number we require. This number, of course, varies according to the season of the year, but as Theale works all out for the full 12 months, we can make enough for our needs.

DECISION TO ERECT NEW FACTORY

And I now get to the most important decision to which your directors have come in the recent past, and that is to erect a new factory within easy reach of Cowley, where we can manufacture and assemble those motor car bodies for which we have no room at Cowley. You know that the number of employees in our service was limited after the war to the maximum which we had employed up to then. When the motor car trade expanded so largely in the early 1950's, we told the local authorities that we should hamper the export trade if we failed to deliver the bodies which the trade wanted, and they said that, in the circumstances, they would close their eyes to the excess number we employed.

However, we fully realised that this was only a temporary matter and that we must provide for something much more permanent. We had for years been trying to find a site, not too far from Cowley, which had available labour. We then heard there was a suitable site for industrial development at Stratton St. Margaret in the Highworth Rural District, just outside the Swindon boundary. In addition, Swindon Borough has a housing scheme which has been approved, and this would provide an adequate number of houses for those employed.

A HANDY SITE

This seemed to all of us to be just what we had been looking for and after investigations, which were favourable, we decided to go on with this scheme. In January, before I went to America, we had agreed to build a factory of 300,000 square feet on the site and to engage labour in London. I went to see the site when I came back from the United States and found that our contractors had a large quantity of earth-moving equipment on the spot and had already levelled quite a lot of land and started to sink the concrete pillars on which the buildings will stand. We very much hope that by the end of this year, we shall be able to start production in the new factory at Swindon—there is plenty of room there for very large developments, as we have bought about 138 acres. There will, we are assured, be houses available for our senior staff and management — this is a matter which we have constantly in mind, as we fully realise its importance.

I did not explain how handy the new site at Swindon is. It is less than 30 miles to Oxford and convenient for Birmingham and Coventry, with an excellent direct railway service. We are all confident that this new extension will be of the greatest use to your company. I should like to add that the officers of the Borough of Swindon and of the Highworth Rural District have been most helpful and co-operative.

THE FUTURE

As to the future, this is anybody's guess. At present there appears to be a good demand for motor cars, and while this lasts we shall prosper; if demand falls, we shall not make so much money, but we have got good diversification and do not depend altogether on motor cars, although they represent our most important business. I have just been in the United States, where generally the population can see no end to the expansion of production, although when you ask them who is going to consume all that is being produced by every industry, they say that there is no limit to what America can consume! This I cannot believe, and in a way the same question applies to our own industrial position, where production has increased enormously and is still increasing. In fact, in his Budget Speech the Chancellor of the Exchequer said that production must increase if we were to pay our way, but he did not say who was to buy all that was made.

Finally, I hope that you will allow me, on your behalf, to thank the management, the staff and all employees for their good work and the interest which they have shown in the past year—the results of the company for 1954 are the best proof of this.

The company's accounts were signed by the auditors and approved by the board before the announcement by the Chancellor of the Exchequer of a reduction of 6d. in the standard rate of income tax. This will affect the accounts submitted to you herewith, but as the accounts, as printed, are the audited accounts, we have no practical alternative to sending them out in their present form. The necessary adjustment will be made in the accounts for 1955, but the 15 per cent dividend paid to you will be subject to a tax deduction of only 8s. 6d. and not 9s.

The report and accounts were unanimously adopted; the proposed dividend was approved and the retiring directors, Mr F. E. Cairns, CA, and Mr W. E. Lambourn, were re-elected.

Brigadier Schrieber proposed a vote of thanks to the Chairman and Directors and moved a resolution increasing the Fees of the Board with effect from January 1, 1955. The resolution was seconded by Colonel Archdale and carried unanimously.

INNS AND COMPANY

RECORD TRADING RESULTS

The twentieth annual general meeting of Inns and Company, Limited, was held on May 20th in London.

Mr Walter Wallace (Joint Managing Director) presided, and in the course of his speech said: The Company has had a good year's trading, and you will be happy to know that every department of your business has had an increase in turnover during the year under review. This has resulted in a record trading profit for the year 1954, as shown by the accounts, of £540,378, and a net profit of £432,417, being increases of £107,302 and £80,144 respectively over those of the previous year.

The Fixed Assets show, under the heading "Freehold Land and Buildings," an increase of £52,469 over last year, and it is worthy of comment that the total cost to the Company thus amounts to over £1 million and, after depreciation, shows a value of £844,603, as set out in the Balance Sheet.

This is an asset, not only of great capital value, but of real trading value to your Company, and is represented by Freehold lands well situated for a convenient and economical carrying on of your Company's various businesses. This asset of Freehold Land and Buildings is entirely free from any mortgages, charges, debentures, loans or other encumbrances.

Your Directors' policy has been consistent throughout the Company's history in the maintenance of the Company's plant at a high standard of efficiency, and this policy has been pursued during the year.

Shareholders will observe from the Balance Sheet that the Company is in a strong financial position.

I again call your attention to the very heavy demands made upon your Company in respect of taxation, and the Board regret that the Chancellor has not yet taken any steps to allow relief in respect of wasting assets, as recommended by the Millard Tucker Committee.

I am happy to report that trading for the current year compares favourably with that of 1954, all departments being operating satisfactorily.

Your Company is well equipped to carry out successfully whatever demands may be made upon it in connection with any Road Programme or other National Works.

The report and accounts were unanimously adopted, and the total distribution of 30 per cent, less tax, on the ordinary shares was approved.

P & O STEAM NAVIGATION COMPANY

COMPANY'S ANNUAL GENERAL MEETING, MAY, 1955

CHAIRMAN'S SPEECH

The Chairman, Sir William Currie, GBE, began by thanking the staffs ashore, afloat and at the Agencies for loyal and efficient service. It was the Management's aim to foster the "human touch" and make those at sea feel part of one family with those ashore.

On the Accounts, the Group surplus after Taxation at £5,226,000 did not differ materially from the 1953 surplus of £4,953,000. The proportion of the surplus remaining with the P & O Company was £1,693,000 from which £311,000 had already been paid in dividend, a final dividend of £985,000 was proposed, making a total of £1,296,000 for the year, and £400,000 to be placed to Reserve. The deferred dividend, which stood in 1939 at 6½ per cent, had risen in 1949 to 12 per cent and thereafter had been increased every single year. The dividend policy had thus been neither static nor unattractive to Stockholders.

There had been good reasons for conserving the Group reserves during the ten postwar years, because there had been so many unknown factors such as type, number and cost of ships for replacement; secondly, the impossibility of estimating the scale and requirements of the trade opportunities open as a result of the war; and the increasing price levels.

A postwar pattern had emerged last year which enabled them to take stock. That seemed an appropriate moment to look at their capital structure and have a survey made by Lazards and Deloittes.

The financial structure of each of the important subsidiaries and of the P & O Company itself had been examined. Some of the subsidiaries were taking steps to increase their capital and permission had been received from the CIC to capitalise further P & O reserves and to make a new scrip issue of one for one. It should not be assumed that any larger total distribution on the Deferred Stock would necessarily follow from that issue. It was, however, the intention to reduce to some extent the disparity between the interim and final distributions.

The non-shipowning subsidiaries were not a separate interest but were all linked in different degrees with the shipowning companies of the Group. It would thus be misleading to isolate them in the Accounts.

As for the organisation of the Group, the P & O was both a trading and a holding company, but it represented historical growth and not deliberate creation. Subsidiaries were left enough freedom to keep them vital. P & O could only shed its trading interests and become purely a holding company at the cost of heavy additional tax burdens, so they had decided to follow a line of administrative devolution. The Chairmen of five of the subsidiaries had been appointed to the P & O Board.

The practice of financing capital expenditure programmes as far as possible from the business was well justified. They must take a long-term view of their policy on capital investment, but this must eventually pay for itself and earn a fair return having regard to the risks run.

The net dividends paid in 1954 represented 1:1 per cent of the net assets of the Group.

Nevertheless they were firmly convinced that investment in ships would be necessary in the future and could be made remunerative.

TELEGRAPH CONSTRUCTION & MAINTENANCE

The ninety-first annual general meeting of The Telegraph Construction & Maintenance Company, Limited, was held on May 24th in London, Mr John N. Dean, chairman, presiding.

The following is an extract from his circulated statement:

My first statement to you enables me to record another satisfactory year, despite the fact that the profit rate is becoming lower due to ever keener competition. In the early part of the year, orders came in very slowly for our cables division, particularly so far as power cables were concerned, but in the latter part there was a substantial improvement, and we ended the year with an order book, in each division, very substantially larger than in the opening period: in fact, our combined order book is nearly an all-time record. The effect of these leaner months, however, coupled with a reduced rate of profitability, has slightly reduced our balance of trading account.

The year 1954 was again a period of unprecedented activity in our engineering division, for not only has the expansion of our cables division been proceeding, and the new plastics division at Farnborough been set up on a wider basis, but the Transatlantic telephone cable project has been transformed into a first-class engineering reality.

The plastics division is very active indeed. Our research division has had a very busy and satisfactory year, and recently we have widened the scope of the division.

The report and accounts were adopted.

CROSSE & BLACKWELL (HOLDINGS)

NEW SALES RECORDS

The thirty-fifth ordinary general meeting of Crosse and Blackwell (Holdings), Limited, was held on May 25th in London, Sir Sydney Parkes, CBE (the chairman), presiding.

The following is an extract from his circulated statement:

During the year we have welcomed the disappearance of the last of the food controls, but it has not been without a steep increase in the price of many commodities. Then again we have been concerned at the rising tide of charges for freight, fuel and labour, all very important factors in our business. The answer to all these questions is a greater volume of sales.

The products of our main trading company, Crosse and Blackwell, Limited, continue to enjoy an ever-widening demand, and I am very pleased to report a healthy increase in sales.

In the overseas markets we have again achieved a new sales record, but import quotas and exchange control in some countries have hindered full development.

The trading profit in the consolidated profit and loss account amounts to £1,147,757 and, after providing for all expenses, but before taxation, the total is £988,740, compared with £1,199,177 in 1953. Taxation takes a smaller amount, estimated at £522,000, against £665,000 the previous year. The net profit for the year is £446,679, being £66,846 less than in 1953. The directors recommend a final dividend of 7½ per cent actual, less income tax, making a total of 12½ per cent. The report was adopted.

BRITISH INSULATED CALLENDER'S CABLES

GROUP TURNOVER MAINTAINED

MR W. H. McFADZEAN ON PROBLEM OF RISING COSTS

The tenth annual general meeting of British Insulated Callender's Cables Limited will be held on June 14th in London.

The following is an extract from the Statement by the Chairman and Managing Director, Mr W. H. McFadzean, CA:

Although Turnover of the Group has been maintained in total, Profit on Trading has fallen by £981,494 to £7,362,580, almost wholly due to lower profit rates. Many factors have contributed, but the two most important have been the uneven load and intensified competition.

Competition is a challenge that must be accepted, and your Group are meeting it by ever-increasing efficiency in technique in production and indeed in every field of our activity.

Following the fall in Trading Profit, one would have expected a decreased charge for Taxation. This charge is, however, little altered at the immense sum of £2,736,162, as the benefit of the decreased tax payable this year following the lower profits has, from a comparative point of view, been offset by the special credits brought into the 1953 Accounts from (a) Excess Profits Levy Refund, and (b) the release of taxation provisions made in earlier years following settlement on several major outstanding points.

Stockholders will recall that although we are providing adequate Depreciation to write off the cost of our Fixed Assets such provision is insufficient to provide for their replacement at present prices. An up-to-date assessment shows the necessity of increasing the Reserve for replacement of Fixed Assets to £3 million by the £500,000 now proposed.

Having in mind the heavy capital expenditure to which we are committed, the further strengthening of General Reserve by £500,000 is clearly desirable.

Your Directors also recommend the same distribution to Ordinary Stockholders as was made last year, namely, a Final Dividend of 7½ per cent, less income tax (making, with the interim of 2½ per cent already paid, a total of 10 per cent, less income tax), plus a Special Distribution of 2½ per cent, free of income tax, out of the "Realised Capital Profits Reserve." As this latter Reserve will then be reduced to £148,509, it will be appreciated that this is essentially a special distribution.

Total Assets now amount to almost £65 million, with Reserves of one and a half times the Issued Capital.

As one of the largest fabricators of copper in the world, the BICC Group are vitally concerned with the supply and price of that metal. The supply position in this country during 1954 was normal, but the price increased substantially over the year and there were many wide fluctuations from day to day.

The problem of introducing greater stability into the copper market is continuing to receive the active consideration of many parties. I hope in the interests of the country and the Industry an early solution will be found.

We have made a good start to 1955, and in the absence of exceptional happenings I feel we can look forward to a satisfactory year.

JOHNSON & PHILLIPS, LIMITED

MR G. LESLIE WATES'S REVIEW

The fiftieth annual general meeting of Johnson & Phillips, Limited, was held on May 19th in London.

Mr G. Leslie Wates, JP, CompIEE, chairman and joint managing director, in the course of his speech said: The early part of the year was particularly difficult and the intake of new business was at a very low rate. There was, fortunately, some revival towards the end of the year. Costs, however, on all accounts continue to rise.

I will now refer to the expenditure, exceeding £80,000, on the reconstruction of certain buildings and the contribution of £50,000 towards this from the revenue reserve. We have taken the opportunity to extend and modernise the Cable Shops and also to rebuild the Cable Test and Research Department. I think I can without risk of denial claim that our present Paper Cable Shop is one of the best in England. I reported to you last year that we had acquired a factory at New Cross and that we have called it the Elizabeth Works. This will provide more room for certain of our departments.

The balance sheet shows Current Assets at £4,721,000 and Current Liabilities, including the proposed dividend, at £1,867,000, an excess of liquid assets of £2,850,000, which is satisfactory. We have during the year issued the balance of the Cumulative Redeemable Preference Shares to assist with the purchase and alteration of the Elizabeth Works.

The directors constantly have before them the question of provision of further capital for the company, but have no recommendation in this connection to make to shareholders at the present time. We propose for the time being to rely on the Bank facilities. The report and accounts were adopted.

THE RHODESIA BROKEN HILL DEVELOPMENT COMPANY LTD.

(Incorporated in Northern Rhodesia)

RECORD ZINC PRODUCTION

SIR ERNEST OPPENHEIMER'S REVIEW

The following are extracts from the Statement by the Chairman, SIR ERNEST OPPENHEIMER, which has been circulated with the Report and Accounts for 1954.

The year under review, marking as it did the jubilee of the Company's foundation, is of more than ordinary interest. Fifty years ago, when the Company began operations, it was a pioneer faced by many obstacles in a primitive, undeveloped country; to-day the thriving town and community of Broken Hill are evidence of its achievements. These achievements are the results of a policy of courage and tenacity consistently pursued despite many reverses and difficulties.

In 1954, zinc production achieved a new record and lead production was the highest since 1947. The fiftieth anniversary celebrations held on the 16th December last year thus set the seal on a half century of courageous and successful endeavour.

We can now claim that the Company has reached a stage of relative stability and has many years of fruitful activity ahead of it.

During 1954 the London Metal Exchange prices for both lead and zinc were reasonably steady, with a general trend upwards, and the profit for the year shows a welcome increase of about 18 per cent over that for 1953. True, lead production was still adversely affected by continuing difficulties in the operation of the new lead plant; but the consulting engineers are satisfied that it is inherently sound in design, although the operational problems, almost inevitable with any new plant, have been more troublesome than was anticipated.

The Directors in their report refer to changes made in the balance sheet to show the Company's capital and capital reserves more realistically in relation to expenditure on assets of a fixed nature. I should like to draw the attention of members to the significance of the figures now presented. These show that retained profits—which have been provided from earnings subject to taxation—are in excess of the total subscribed by way of share capital and share premium.

Another change will affect the future publication of metal production figures. In the past these have been issued monthly. Your Board feels that quarterly reports, by averaging output over periods of three months, will give a truer picture of activity than monthly ones, and also bring the Company's practice into line with that of other mining companies.

The current capital expenditure programme provides for the erection of 365 new houses for married Africans. During the year African conditions of employment were further improved by the institution of a non-contributory pension scheme and a paid leave scheme. These benefits are in addition to the existing long service and retirement bonus payments made to African employees. In June, 1954, twenty-eight African employees who had been with the Company for 20 years were each presented with a wrist-watch as a token of their long service.

Relations with the Northern Rhodesia Mine Workers' Union and the Mine Officials and Salaried Staff Association continue to be harmonious. Details of amendments to the bonus scheme for European employees are given in the Directors' Report.

SUMMARY OF OPERATIONS

	1954	1953
FINANCE		
Operating profit	£1,489,973	£1,277,887
Taxation	£452,000	£381,856
Dividends—total	£812,500	£650,000
Dividends—per unit of stock, net	1s. 3d.	1s.
METAL PRODUCTION		
Tons of ore treated—short tons	135,886	141,649
Average grade—percentage of lead	19·2	18·0
percentage of zinc	28·7	29·1
Production—long tons: zinc	26,550	25,130
lead	15,000	11,510
ORE RESERVES		
Proved reserves	1,463,400	1,543,500
Indicated reserves	909,100	973,700
Total extractable reserves—short tons	2,372,500	2,517,200
Average grade—percentage of lead	17·3	17·2
percentage of zinc	26·0	26·7
Allocation of reserves:		
Extractable reserves—short tons:		
Oxide ore	914,800	1,009,700
Sulphide ore	1,457,700	1,507,500
Total	2,372,500	2,517,200
Broken ore in stopes underground—short tons	159,300	140,000
Surface stockpiles—oxide ore—short tons	237,000	254,000

Copies of the Report and Accounts can be obtained from the London Office of the Company, 11 Old Jewry E.C.2.

THE BRITISH OXYGEN COMPANY, LIMITED

GRATIFYING EXTENSION OF SALES

The sixty-ninth annual general meeting of The British Oxygen Company, Limited, was held on May 24th in London.

Mr J. S. Hutchison (the chairman), in the course of his speech, said: The Consolidated Profit at £4,736,856 after charging Depreciation of £2,189,618 shows an increase for 1954 of £411,881 which came directly from a gratifying extension of sales and improvement in earnings of our larger Overseas Associated Companies. In Britain, the growing business of the Chemicals Division made an additional profit contribution but considerably increased turnover of the Industrial and Medical Divisions no more than enabled us to meet reduction of selling prices in some spheres and to absorb increase of costs in others. There was little change in the Equipment and Electric Welding fields.

INDUSTRIAL AND MEDICAL DIVISIONS

In Britain, 1954 was a year of marked expansion in the use of Industrial gases. The increase in oxygen sales was again mainly in the larger quantity bracket and we have passed on the benefit of increased scale in price reductions and in absorption of cost increases.

Dissolved Acetylene and Propane have shown satisfactory sales increases in relation to their use as fuel gases with oxygen.

Argon maintains its rapid advance in popularity for special welding and other purposes where an inert atmosphere is of importance. Our policy of continual price reduction as use grows has helped to establish Argon in a very short time as a gas of considerable industrial importance. As expected, sales of the other rare gases again increased although the totals remain relatively small.

Sales of Medical Oxygen, Nitrous Oxide and other anaesthetic gases grow steadily and the criterion here, of course, is excellence rather than quantity.

OXYGEN SUPPLY POLICY

Our policy is to make oxygen available to each type of user on the most economic basis, supported by a very progressive technical service and with reliability of supply. Four principal methods are used. Small, intermittent or scattered demand is met most easily and cheaply by supply in high-pressure cylinders, and this is a daily supply service. Larger demand on one site is met more conveniently and more economically by the installation of liquid oxygen evaporating equipment in customers' premises, which gives great saving in transport, and in handling when the oxygen is piped to the points of use. This second method caters for quantities of from 20,000 cu ft to 2 million cu ft or more per week. In the third case of greater use again, increased convenience and balance in economics are afforded by a supply pipelined direct from a nearby oxygen producing works which may be directly matched to use by the simple opening and closing of a valve.

Lastly, where there is a really large continuous use in the chemical, steelmaking and gasification industries for example, a case arises for the special siting of an oxygen production plant in proximity to the main point of use, and we have several such projects in hand. At this end of the scale oxygen is measured in tons and when a ton of oxygen is 26,000 cu ft and a "tonnage" oxygen plant may produce 100 tons or 200 tons or more of oxygen per day seven days per week, it will be understood just how soundly the economics of such a supply must be based and the value there is in our long experience in the problems involved in such cases.

PROSPECTS

In the main Industrial Gas field in Britain costs are still moving against us. We know that we shall have a large increase in sales but this will lie mainly in the very large quantities category which is accorded the keenest price basis. These very large additional supplies, too, are drawn from costly new plants which require time to settle into their due place in the general economy of our nation-wide organisation. I do not foresee, therefore, any great change in the results of the Industrial Division during the nine months' period to the new balancing date on September 30th next.

Equipment manufacture and Electric Welding interests are governed by notable increases in costs and improvement is likely to be gradual rather than quick.

The Chemicals Division should maintain its as yet modest contribution to our profits despite the sharp continental and other competition its various products have to face.

Our Overseas Companies continue to enjoy favourable conditions. Last year, I suggested, correctly as it turns out, that there might be some improvement Overseas—this year I am sure there will be.

Overall, there are many features of encouragement and I look to a favourable result in 1955. Our whole business today is entering a phase of wide development, full of opportunity, and I have great confidence in the outcome. A development phase, however, can be an expensive phase, and I am sure it is wise to take a prudent view about the improvement in results to be expected—at first.

The report and accounts were adopted.

UNITED MOLASSES

The twenty-ninth annual general meeting of United Molasses Company Ltd. will be held on June 14th in London.

The following is an extract from the statement by the chairman and joint managing director, Mr G. W. Scott, CBE, for the year 1954:

The combined gross profits of the company and its proportion of subsidiary companies' profits amounted to £4,313,573, compared with £4,946,906 for the previous year. This reduction in gross profits bears out my forecast of twelve months ago, namely that the impact of lower shipping freights would result in some decline. In spite of this, however, the net profits show a small increase from £1,277,873 to £1,319,427 entirely due to the reduction in the charge for taxation largely occasioned by the welcome lifting of excess profits levy and the relief obtained from investment allowances.

Once again in order to supplement the return to ordinary stockholders your directors have felt justified in recommending in addition to the final dividend, that a special cash distribution of 4 per cent, not subject to income tax, be paid out of the capital profits which have been credited to the capital reserve during the year.

Molasses prices during 1954 remained relatively stable and reasonable and these conditions were largely responsible for an increase in consumption. Furthermore, the exceptional value of Molasses for animal feeding purposes is becoming more widely appreciated.

Present indications are that the gross profits for the ensuing year will be satisfactory, but possibly at a slightly lower level than those for 1954. Profits should, however, be maintained at a level sufficient to cover normal dividend requirements.

THE SEA INSURANCE COMPANY LIMITED

GROUP ASSETS EXCEED £16 MILLION

The seventy-ninth annual general meeting of The Sea Insurance Company, Limited, was held on May 24th at the Exchange Hotel, Liverpool. A statement by the chairman, Major A. Harold Bibby, DSO, DL, had been circulated with the report and accounts for the year ended December 31, 1954.

Before dealing with the accounts for 1954, Major Bibby referred to the increase in capital and said that of the authorised capital increase from 500,000 to 1 million shares, only 100,000 shares had so far been issued, the balance of 400,000 remaining under the control of the directors; he added that the new issue had been an unqualified success.

There were no changes to report in either the head office or local boards during the year, but a local board had been established in South Wales and Mr Julian S. A. Hodge and Mr Cyril R. Morgan had agreed to become the first members.

THE ACCOUNTS

Referring to the accounts, the chairman reported that the total income of the company, excluding life and capital redemption, amounted to £4,047,700, as compared with £4,130,483 in the previous year.

In connection with marine business, premiums had fallen from £1,992,678 to £1,827,407. These figures reflect the continued policy of restricting underwriting and of declining to accept business which gives no reasonable prospect of profit.

Nineteen-fifty-three marine underwriting account has been closed after charging £487,346 to meet outstanding claims and a credit balance of £132,298 has been transferred to the profit and loss account.

The premium income of the fire department amounted to £1,213,266 and a profit of £80,074 was transferred to profit and loss account.

Major Bibby reported that for the first time the accident department premium income had exceeded £1 million, although the year's results had been unprofitable and the account shows a loss of £69,440.

Turning to the Beacon Insurance Company, Limited, accounts, the chairman referred to the marked progress of the life assurance and capital redemption accounts. The life assurance fund has increased by nearly £500,000 and total new business reached a record figure of £7,028,413.

A sum of £135,000 has been reserved for United Kingdom taxation.

A final dividend of 15 per cent was approved, making 25 per cent for the year, the same as the previous year.

The total group assets now stand at £16,252,935, an increase of £504,963 over last year. The market value of investments is substantially in excess of the value shown in the balance sheet.

The Accounts were adopted and Major Bibby paid tribute to the work done during the year by the Company's agents at home and abroad. The Meeting closed with a vote of thanks to the Chairman and Directors, also officers and staff of the Company.

HIGHLANDS & LOWLANDS PARA RUBBER COMPANY, LIMITED

MR T. B. BARLOW'S REVIEW

The Forty-ninth Annual General Meeting of The Highlands & Lowlands Para Rubber Company, Limited, was held on May 24th in London.

Mr T. B. Barlow, the Chairman, in the course of his speech, said: The Accounts for 1954, after allowing £67,255 for depreciation of buildings and machinery, show a group profit of £64,337 which is within £150 of the 1953 figure. It has been possible to write back £38,000 of Taxation over-reserved in previous years and with the balance from 1953 there is a sum of £154,612 to appropriate. The Board have transferred £28,500 to Replanting Reserve, £46,500 to Taxation Reserve, and recommend a dividend of 10 per cent costing £26,995, and £52,617 is carried forward. A cash distribution of 2½ per cent costing £11,737 is also recommended and, being of a Capital nature, the 2½ per cent will not attract either income tax or surtax.

One of the financial papers in reviewing the Company's Accounts states that the estate cost of production of rubber was 10.8d. per lb, a statement which may easily be misleading because it refers only to estate expenditure and omits export duty and cess 1.54d., depreciation 3.01d., freight and selling charges .88d., London expenses .27d., and replanting 1.5d., which gives a total of 18d. per lb. All these are necessary items to the continued production of rubber, and presuppose that it is sold on c.i.f. terms. A further ½d. for landing should be added to give a cost figure comparable to the London spot price.

Your Board have for many years refrained from quoting figures of cost because they can be calculated in so many different ways. The true figures, which must of course include either replanting expenditure or obsolescence allowance.

Estates.—The chief event is that during the year 632 acres have been replanted of which 541 acres were rubber and 91 acres oil palms. The rubber figure constitutes a record for the Company and although 541 acres of old rubber have been cut out, the crop for the year increased from 3,576,762 lb to 3,750,286 lb and the crop per acre rose from 421 lb to 467 lb.

NATURAL AND SYNTHETIC RUBBER

It would be idle to ignore the very great increase in synthetic production and now that many of the American synthetic plants have been sold to private interests, which are the chief consumers, there can be no doubt that they will continue to be worked to the greatest financial advantage and there will be keen competition for the natural rubber market.

The potential outlets for rubber are so vast and are expanding so rapidly that there does not seem to be cause for undue alarm, but it is idle to overlook the fact that the producer of the synthetic product is often directly controlled by a consumer and therefore knows exactly what is required. In this way the synthetic rubber industry conforms to most modern industries which by their vertical organisation recognise and act upon the fact that distribution is a function of production.

If the plantation industry is to hold its position no time must be lost in improving the plantation product. Much work has already been done in the matter of technically classified rubber. This Company was one of the earliest to make use of the assistance offered in this matter by the RRI, but this can only be the beginning of the process of producing a natural product with the required physical and chemical characteristics.

The time is probably soon coming when it will no longer suffice to produce a commodity to be sold on its appearance. And if in the face of the growing competition of a synthetic product with uniform chemical reaction, natural rubber is marketed as a substance of varying chemical and physical reactions, the outlook will be dim.

There can be no doubt that if Malaya is to retain its advantage and main source of revenue, the industry must agree on considerably greater scientific research.

OUTLOOK

Singapore has had its local elections and returned a Labour Party to office. The Malay States are to hold their elections in July and it would seem probable that the local leaders will recognise the necessity for maintaining and attracting foreign capital, for it is only by foreign capital that Malaya has been built up during the last 60 years into one of the most prosperous territories in the world.

As to our prospects for the current year, palm oil is a quiet market at about £80 a ton and in view of the weight of current and near-future shipments from West Africa it would not be surprising if the market goes lower. The Company's estimated palm oil crop for 1955 of 1,900 tons is 150 tons more than the previous year. With just over 1,000 acres of young palms planted in 1950 and 1951 coming into bearing, the palm oil crop will continue to increase.

World production and consumption of natural rubber appear to be evenly balanced at 1,845,000 tons and 1,830,000 tons. A difference of 15,000 tons in totals of this order is obviously of very little consequence. The current price of about 27d. per lb is apparently reasonably satisfactory both to producers and consumers alike, so that the outlook for the current year—always providing nothing unforeseen occurs—would appear to be fairly good.

The Report and Accounts were adopted.

E. POLLARD AND COMPANY

The forty-third annual general meeting of E. Pollard & Company Limited was held on May 24th in London.

Mr H. Edward Pollard (chairman and managing director), who presided, said:

The profits for the year are £191,000, which is a decrease of about £3,000.

In April, 1955, a Capital Dividend of £80,000 was received from a Subsidiary Company and your directors are recommending a Capital Dividend out of this sum at the rate of 20 per cent on the Ordinary Share Capital. This dividend will be paid without deduction of Income Tax and will not be subject to Income Tax or Sur-Tax in the hands of the shareholders.

Taking the year as a whole, I feel that the results were satisfactory. We experienced, particularly in the latter half of 1954, a stronger demand for all our products.

As regards the Shopfitting section, the improvement was concentrated in the last three months of the year, and then almost for the first time since the war ended we were at full production.

There has been a very steady increase in the sales of Hammond and Champness high quality, fast silent lifts. Haskins Rolling Steel Shutters have a substantial export trade as well as a very steady home market demand.

Competition has been fairly strong in both these products, but we ended the year with a record book of contracts.

We are starting 1955 with a full order book.

The report was adopted

UNIVERSITY OF READING

The Council invites applications for an ASSISTANT LECTURESHIP IN AGRICULTURE with special reference to Farm Management and Work Husbandry. Applicants should have an honours degree in Agriculture or Agricultural Economics or possess equivalent qualifications. The salary will be within the range of £550 p.a. to £650 p.a.—Further particulars may be obtained from the Registrar, by whom applications should be received not later than June 30.

BEECHAM GROUP LIMITED have a vacancy for an Assistant Technical Controller for their Overseas Division. The successful applicant must be a Qualified Chemist or a Qualified Chemical Engineer and must have held the position of Works Manager of a factory within the Pharmaceutical or Chemical Industry and be experienced in modern production methods. The position entails co-ordinating the technical activities of Overseas factories (under the direction of the Technical Controller) in the field of both production and quality control and will necessitate visiting overseas factories when necessary. Profit Participation and Pension Schemes in operation.—Apply in writing only, giving full details of age, qualifications and experience, to Personnel Controller, Beecham Group Limited, 68 Pall Mall, London, S.W.1.

COMPANY SECRETARY AND ACCOUNTANT shortly required by leading wholesale fashion firm to take full charge of its office administration. Five-day week. Responsible and progressive position with good salary. Experience of punched cards, useful but not essential.—Write Managing Director, Dorville, 14 John Prince's Street, London, W.1.

ECONOMICS Graduate, several years' experience Market Research, seeks position as economist with manufacturing company operating or developing a market research department.—Box 947.

ULSTER FARMERS' UNION

Applications are invited for the position of

DEPUTY SECRETARY

whose duties will include work in connection with the establishment of Agricultural Marketing Schemes and the compiling of statistical and economic records relating to Northern Ireland agriculture.

Applicants who possess a University degree in law or in economics will receive prior consideration. An agricultural background is a desirable asset.

Subject to qualifications and experience, the salary will be £1,000 x £50 to £1,250 and the upper age limit will be 40. The appointment is subject to a probationary period of one year.

Applications, accompanied by copies of testimonials, to be addressed to The General Secretary, Ulster Farmers' Union, 18 Donegall Square East, Belfast, not later than Saturday, June 11, 1955.

EXCELLENT opportunity and good prospects for three technical and business managers for expanding private companies, situated 15 miles S.W. of Central London, engaged in Domestic Appliances, Refrigeration and Automatic Controls respectively. Salaries offered range between £1,000 and £1,500 p.a.—Applicants between 35 and 45 to furnish, in confidence, particulars of age, education qualifications, experience, present and required emoluments to Box 965.

VACANCY with reputable London Company for British-born man aged 35-45. Qualifications: Sales Executive on a nat... with proven record. University education preferred and German an advantage. Perfect health. Car ... Four-figure post with permanency and pro...

COMPANY employing approximately 200 ... goods and selling to electrical indust... —Box 952.

ROYAL TECHNICAL COLLEGE OF EAST AFRICA

(Principal: Major General C. Bullard, CB, CBE, B.Endg, MIMechE, MIEE.)

Applications are invited for the following posts in the Commerce Department, tenable from January, 1956:

LECTURER and ASSISTANT LECTURER in ACCOUNTANCY, to teach up to final professional standard. Candidates should have professional qualifications and, preferably, degrees; also professional and teaching experience.

LECTURER in LAW, to teach mercantile and company law to final professional level; ability to teach other legal subjects, such as elements of English law and law of real property, to lower level an advantage. Candidates should be graduates, preferably with professional and teaching experience, but accountants with experience of teaching legal subjects would be considered.

LECTURER in PUBLIC ADMINISTRATION and ECONOMICS. Qualifications: good hons. degree, experience of teaching P.A. to diploma standard, ability to assist with teaching of economics. Knowledge of organisation and methods an advantage.

ASSISTANT LECTURER in ECONOMICS and GEOGRAPHY, to lecture up to inter. standard. Qualifications: degree and, preferably, teaching experience.

The College, established under an autonomous Governing Council by the Royal Technical College of East Africa Act, 1954, is being built in Nairobi as the main instrument in British East Africa of higher technical and commercial education for students of all races and will admit first students in March, 1956.

Salary scales (including temporary c.o.l.a.): Lecturers, £1,162-£1,637 p.a.; Assistant Lecturers, £937-£1,241 p.a., or slightly lower for transferred staff wishing to retain Colonial Government pension rights. (Scales quoted are for staff who would contribute to proposed College pensions scheme or maintain existing rights under, e.g., FSSU or Ministry of Education, with College paying employer's contributions.) Starting salaries according to qualifications and experience. Partly furnished houses or flats provided, rent according to salary. Free first class passages to and from Kenya on first appointment, leave and normal retirement for persons appointed and wives; up to equivalent of one adult passage for dependent children under 21. Leave on full salary at rate of four days for each month's resident service. Tours of service 24-36 months.

Write for further information to Secretary, Advisory Committee on Colonial Colleges, 1 Gordon Square, London, W.C.1. Closing date for applications (six copies) June 20, 1955.

NEW ZEALAND MARKET

A well-established, keen and experienced importing firm with first-class trade credentials and offices in Auckland, Wellington and Christchurch desires to expand its activities. We seek exclusive agencies from manufacturers. Can we discuss the sale of your product in New Zealand? References Bank of New South Wales, London. Write direct to Mair and Co. (Importers), Ltd., P.O. Box 1477, Christchurch, N.Z

B.Sc.(ECONOMICS) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE

provides postal tuition for the above Degree (open without residence), which is a valuable qualification for executive appointments in commerce or industry, government or municipal posts. The College founded 1887, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas, free from Registrar (60), Burlington House, Cambridge.

CHIEF ACCOUNTANT: Departmental stores group (5,000 employees) invites applications for this senior executive appointment at its head office in Liverpool. Candidates should be about 35 years of age, professionally qualified, and have a minimum of 10 years' experience in industry. The company seeks a man who has wide experience of the introduction and application of budgetary control; he should also be conversant with the most modern accounting and statistical methods. In addition he must have an enquiring mind accustomed to the production of control information, rather than mere figures, for management. The commencing salary will be £2,500 per annum plus pension rights under a contributory scheme. Applications, stating age, education, full details of career and salaries earned should be made to Cooper Brothers and Co., Chartered Accountants, 14 George Street, Mansion House, London, E.C.4.

CHEMIST required by large Rubber Factory situated in the London area. This post is a unique opportunity presenting unparalleled prospects for an energetic, capable and experienced man; salary minimum £1,100 per year, but according to ability and experience; non-contributory pension scheme, together with use of car. Housing accommodation would be provided if necessary.—Applications to be sent to Box 963 and will be treated in the strictest of confidence.

THINKERS' HOLIDAY ORGANIZATION.—1955 Summer School, "Democracy in the Atomic Age." Buxton, August 13-27. Speakers include H. J. Blackham, Prof. E. Devons, Prof. S. E. Finer, the Rev. G. J. G. Grieve, Wilfrid Harrison, Sir Will Lawther, Prof. H. Levy, D. A. Routh.—For details apply to The T.H.O., 8 Kenton Street, London, W.C.1. Visitors from abroad especially welcome.

"TRAINING FOR MANAGEMENT."—Pitman Home Study for all Management and Secretarial Examinations; also Hospital Administration. Personal tuition. Details of courses from Pitman Correspondence College, 54, Pitman House, Godalming, Surrey.

BEFORE YOU BUY those shares, see what the *Investors' Chronicle* has to say. It is the best-informed and widest-read financial weekly. Two issues free of charge from 30 Grocers' Hall Court, London, E.C.2.

THE Economists' Bookshop, 11-12 Clement's Inn Passage, London, W.C.2, invites you to submit lists of books on Economics, History and Social Services, you may wish to sell (*periodicals excluded*).

STENOTYPING (MACHINE SHORTHAND), the modern method of taking notes, dictation and verbatim reports. For prospectus of secretarial courses including Stenotyping, call, write, or 'phone Palantype College, 229/231 High Holborn, W.C.1. Telephone: HOLborn 9162.

COLEG PRIFYSGOL CYMRU
UNIVERSITY COLLEGE OF WALES, ABERYSTWYTH

RESEARCH STUDENTSHIPS IN THE SOCIAL SCIENCES

Applications are invited from graduates of any British or Commonwealth University for two Research Studentships in the social sciences. The Studentships (of an annual value of £300-£400) will be awarded for one year in the first instance, but will normally be renewed for a second year. Applicants should state their proposed subject of research, which should be within the fields covered by Economics (including Agricultural Economics), Economic and Social History (including Welsh History), Human Geography and Anthropology, International Politics, Political Philosophy and Law.—Applications, giving the names of two referees and addressed to the Registrar, should be received not later than July 23rd.

P. J. CARROLL & COMPANY, LIMITED

TOBACCO MANUFACTURERS, DUNDALK, IRELAND

invite applications from suitable, qualified Accountants for the position of "Comptroller," which will be an interesting post with a substantial salary and excellent prospects.

Considerable importance will be attached to the personality and presence of a candidate, who must have experience in Manufacturing Industry, together with a sound knowledge of Budgetary Control, Standard Costing, Forecasting, Statistical Methods and the provision of control information for Top Management.

Candidates should address their applications, giving full details of age, experience and qualifications, and marked "Comptroller," to the Chairman, P. J. Carroll & Company, Limited, Dundalk, Ireland.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited, Dept. 99, Lenham, Maidstone, Kent. Harrietsham 381.

KENT.—ABSOLUTE TRANQUILLITY within easy daily reach. A most outstanding old cottage, unique and beautiful situation, rare period perfection and modernisation. Four large bedrooms, two large and one small reception, built-in garage, picturesque outbuildings, exquisite half-acre garden entirely enclosed by stream and wall. R.V. £36, price much below valuation, substantial mortgage.—BM/ABE, W.C.1.

MORE BUSINESS AWAITS YOUR EXECUTIVES if they have the use of a 1955 self-drive car. Lowest possible rates. Contract hire by arrangement. No maintenance costs. Choice of over 200 cars and 12 different models. Also guaranteed repurchase scheme and Autopak self-drive package tours in GB and Europe. Ask your secretary to write for new brochure giving full details.—Autohall, Dept. 2, 302-6 King Street, Hammersmith, W.6. Riverside 2881. Cables, Autohall, London.

THE BSc ECON DEGREE of London University is open to all without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services. Wolsey Hall (est. 1894) provides postal tuition of a high order for the three (in some cases two) examinations, at reasonable fees. More than 1,000 Wolsey Hall students have passed London BSc Econ (Final) exams. since 1925.—Prospectus from C. D. Parker, MA, LLD, Director of Studies, Dept. P17 WOLSEY HALL, OXFORD.

ECONOMICS GRADUATE (female) required by Large Motor Manufacturing Organisation. Analytical mind and good knowledge current economic developments in major countries essential. Duties will cover study of changing conditions and relationship with export trade of UK. Apply, stating full qualifications, experience and age.—Box 950

ANGLO-GERMAN ASSOCIATION: A discussion between Mr Peter Tennant, Overseas Director of the F.B.I., and Miss Alison Outhwaite, of *The Economist*, with Lord Pakenham as Chairman, on "Germany between East and West." The present trend of German political thinking in the light of the Koenigswinter Conference. At the British Council Cinema, 6 Hanover Street, W.1, on Wednesday, June 1st, at 6.30 p.m. Tickets 2s. 6d. each (Members free).

EXPERT POSTAL TUITION

For Examinations—BSc Econ, LLB and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education etc. Also many non-examination courses in business subjects. —Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2)

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

Other Notices appear on pages 809 and 826.

The Economist: Annual Air Subscription Rates

...nglo-Egyptian Sudan: £5. 10s.	Europe (except Poland): £4.15s	Israel: £6	Pakistan: £6
...stralia: £8.5s. (sterling)	Gibraltar, Malta: £3.15s	Japan: £9	Rhodesia (N. & S.): £5.10s.
...ada: $21.50 or £7.14s	Hongkong: £7	Malaya: £6.15s	S. America and W. Indies: £7.15s.
...c Africa: £5.5s.	India & Ceylon: £6	New Zealand: £9 (sterling)	Union of S. Africa: £5.10s
...pt: £5.5s.	Iran: £6 Iraq: £6	Nigeria, Gold Coast: £5.5s.	U.S.A: $21.50 or £7.14s.

...ted in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2. Published weekly by THE ECONOMIST NEWSPAPER, LTD., ... at 22. Ryder Street St James's, London, S.W.1. Postage on this issue: Inland 2d.; Overseas 2½d.—Saturday, May 28, 1955.



FLUORINE CHEMICALS

This drying kiln is but one process in the C.Z.C. Fluorine chemicals division at Avonmouth. As ever increasing research in the magnificent laboratories yields more potentialities of this new group of chemicals, so is production adapted and enlarged to meet the commercial demand. Fluorines have a great future and Consolidated Zinc Corporation who are pioneers in this field, are ready to meet it.

THE CONSOLIDATED ZINC CORPORATION LIMITED

95 COLLINS STREET, MELBOURNE, C.1 — 360 ST. JAMES STREET WEST, MONTREAL
37 DOVER STREET, LONDON, W.1

The Economist

FOUNDED 1843

SECRETARIAT LIBRARY
6-JUL 1955
MADRAS GOVERNMENT

ONE SHILLING

Fratricide on the Railways

Nettles to Grasp

Brazil in the Red

Foreign Money in London

The Devaluation of Skill

THE ELECTION OF 1955: Why the Conservatives Won
AMERICAN SURVEY: Military Cross Currents
THE WORLD OVERSEAS: What Kind of Wehrmacht?
BOOKS: The Prime Minister

Annual Postal Subscriptions: by ordinary mail £3; by air see page 899
THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON . S.W.1
VOLUME CLXXV · NUMBER 5832



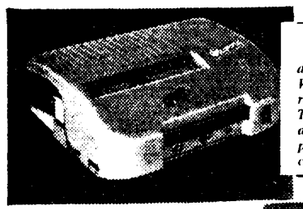
HARTLEY ELECTROMOTIVES PRESENT

The first complete range of office dictating equipment

A TIRELESS, supremely efficient secretary always at your elbow! That's the service you get from these machines. And at astonishingly little cost. See for yourself how much precious time you and your staff can save. It will cost you nothing to find out, and involve no obligation on your part at all.

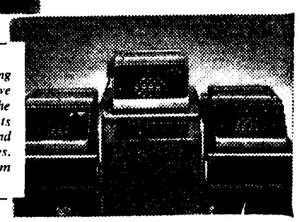
FREE!

- ★ An expert to survey your needs and give advice.
- ★ Two weeks' trial of the equipment he recommends.
- ★ The services of an installation clerk to train your staff.
- ★ Our leaflet and full details. ‡ Write now!



NEW BAIRD STENOCORD — *completely portable dictating and recording machine. Weighs only 7¾ lbs. Gives 12 minutes recording time on each magnetic belt. The belt can be used again and again, and can be mailed at printed-matter postage rates. Available at a really competitive price.*

NEW TAPE-RITER DICTATING EXCHANGE — *full dictating facilities for all executives. You have a battery of three Tape-Riters in the typing pool and dictating points (equipped with the Tape-Riter Hand Microphone) in up to twelve offices. Reduces typing staff to a minimum and increases efficiency.*



See the whole range on **STAND No. 96**

BUSINESS EFFICIENCY EXHIBITION

OLYMPIA • JUNE 6th — 16th

‡ Write to Dept. T.R.2.

HARTLEY ELECTROMOTIVES LTD.

(A DIVISION OF THE HARTLEY-BAIRD GROUP)

37-39 THURLOE STREET, LONDON, S.W.7

Telephone: KNightsbridge 5211-5.



- *Humber and Hillman chauffeur driven or self-drive limousines or saloons.*
- *Clients met at dock or airport.*
- *British and Continental tours arranged.*

ROOTES CAR HIRE

ABBEY HALL · ABBEY ROAD · LONDON N.W.8

Phone: CUNningham 5141 · Cables: Rooteshire, London

ALSO AT

MANCHESTER, BIRMINGHAM, MAIDSTONE, CANTERBURY, ROCHESTER, FOLKESTONE, WROTHAM HEATH

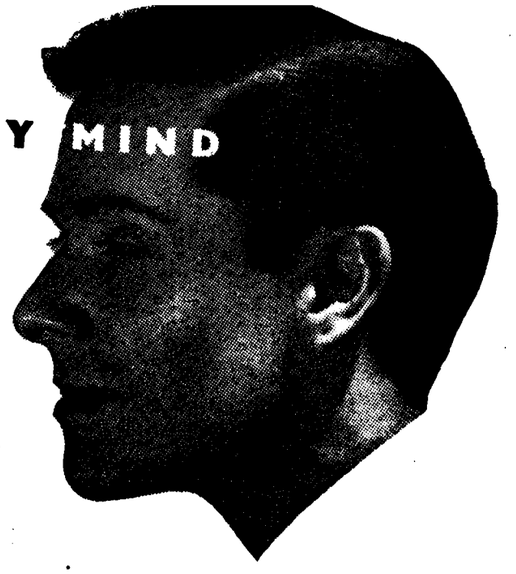
It pays to advertise —when your advertising gets READ

ADVERTISEMENTS WORK VERY WELL INDEED IN

THE READER'S DIGEST

—a magazine strictly for *reading*, which has achieved a *million* sale. This means *several* million readers—responsible and intelligent people, men and women well worth selling

IT CROSSED MY MIND



that here am I with a standard of living

quite a bit above the average; yet in one respect I am

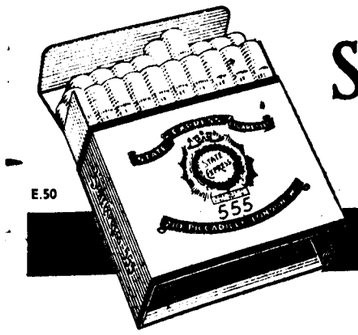
going on in a groove, when for the sake of

the odd pennies I could be enjoying

the best cigarettes in the world—

3/11 FOR 20

also in packings of 10 · 25 · 50 · 100



E.50

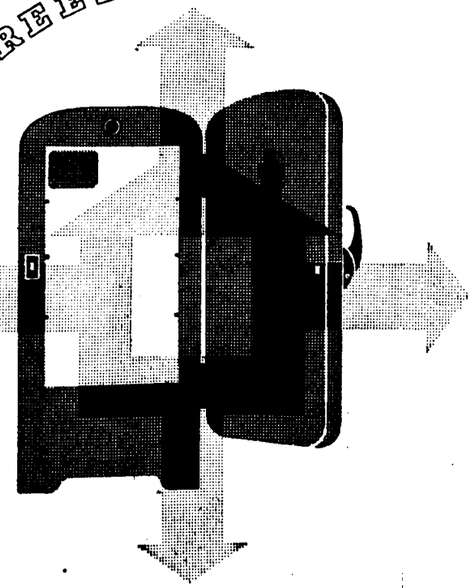
STATE EXPRESS 555

The Best Cigarettes in the World

THE HOUSE OF STATE EXPRESS 210, PICCADILLY, LONDON, W.1

A. GAMES.

WILMOT BREEDEN



across the world

Wilmot Breeden products are in constant use on such domestic appliances as refrigerators, cookers, washing machines and boilers; there are handles, latches, hinges, die-castings, moulded plastic components and 'three-dimensional' badges.

This is another field in which our specialised experience in design and quantity production is being put to the service of industry both here and overseas.

WILMOT BREEDEN LTD

Stand 11 British Plastics Exhibition
Olympia June 1 to 11

BIRMINGHAM LONDON MANCHESTER GLASGOW MELBOURNE TORONTO



"I can see further!" says Timothy Brown

BECAUSE WHEN TIM'S PARENTS WERE CHILDREN, Ford, by making motoring possible for the millions, opened up the roads of the world, widened horizons, shortened distances .... Today, Ford cars, Thames commercial vehicles and Fordson tractors are everywhere. Ford has become part of the pattern of life for us all. Behind this achievement lay tremendous problems—of organisation, of economics, of transport—which Ford solved with characteristic energy and imagination. The revolutionary idea of 'flow production' for high quality motor vehicles at low cost—that comes from Ford. So today the great factory at Dagenham is unique in that it produces its own gas and electricity, makes its own iron, uses the economical water-borne transport provided by the Thames and controls production from raw material to finished vehicle. *All these facts mean fundamental and considerable savings in manufacturing costs.* What do those savings mean to *you?* Better and cheaper motoring. Better living. Always, progress.

"Into the Future" say FORD *of Dagenham*

FORD PRODUCTS — THE BEST AT LOWEST COST

The Economist

FOUNDED 1843

JUNE 4, 1955

ONE SHILLING

Fratricide on the Railways 833
Nettles to Grasp 834
Brazil in the Red 837

THE ELECTION OF 1955
Why the Conservatives Won . . . 839

NOTES OF THE WEEK
Back to Trouble; Labour's Choice; Satellite Eyes on Belgrade; Food on Khrushchev's Mind; Mediation and Frustration; State of Emergency; Mr Strydom and the Optimists; Red Light in Berlin; The Communist Case for Bases; Results on the Screen; The Stigma of Insanity; Forecast for North Africa; An Omen from Victoria; Odyssey for Sea Lawyers; Justice in Djakarta. 843

BOOKS 851

AMERICAN SURVEY
Military Cross Currents 855
Desegregation By Degrees; Ford's Package; Chains of Command; Highway Collision; Bulls and Bears in Congress; Aluminium—Feast or Famine?; Shorter Notes.

THE WORLD OVERSEAS
What Kind of Wehrmacht? . . . 861
Japan on the Brink; Home Thoughts for Tunisians; Norway Takes to Steel; Scripts and Politics in Asia.

THE BUSINESS WORLD
Foreign Money in London 867
The Devaluation of Skill 869

BUSINESS NOTES
Stocks Against the Strike; Markets After the Election; On the Right Track?; Reserves Unchanged; Omens for Output; One-sided Money Squeeze; News about Oil; World Bank's Stake in Italy; Between Seasons in Wheat; Course of Commodities; Prospects for de Havilland; Newspapers Fit to Sell; Plastics Under Pressure; Shipping for Steel; Troubles in Jute; Skirmish in Softwood; Shorter Note. 870

COMPANY NOTES AND SECURITY PRICES 879
STATISTICS 882

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

Fratricide on the Railways

THE most significant feature of the railway strike is that the public is becoming very angry about it. The most important point for a newspaper to emphasise is that the public is quite right to do so. The cause of the present national emergency, the cause for which thousands may be thrown out of work, is nothing more inspiring than a quarrel between two unions. In this quarrel, public sympathy originally lay with the leaders of the Associated Society of Locomotive Engineers and Firemen, who have been demanding extra rewards for skill and responsibility. They have now forfeited this sympathy by pursuing their reasonable demand with unreasonable rigidity and stubborn indifference to the public interest. They have refused to modify in the smallest degree the claim that was rejected by the railways tribunal and by the Transport Commission. They will not discuss the commission's counter proposals, which would have given their more responsible members even more than they asked. Worst of all, they have refused to meet the National Union of Railwaymen in order to seek agreement on the differentials between the locomotive men and other railwaymen. One has the impression that they would rather have less pay in the absolute, provided only that the guards and signalmen continue to have less still.

The obstinacy is all on the unions' side. The Transport Commission has shown that it is prepared to pay more to the more responsible locomotive men, and there is no reason to suppose that it would not be prepared to make corresponding adjustments in the pay of the top-grade signalmen and others, provided that were the end of the matter. What it cannot do indefinitely (and has been doing for too long already) is to stand by while the unions play leap-frog with their basic rates; and it must break the habit of regular capitulation to the threat of strikes. There can be only one way out of the impasse. The two unions must first agree among themselves on the kind of wage structure that they want, and must then jointly approach the Transport Commission. After that, the commission must ensure that any settlement which it offers will aid, instead of hinder, the very necessary redeployment of the labour force on the railways.

Neither of these steps is going to be easy. To call for inter-union negotiations is to ask the craft union to walk into the parlour of the industrial union, which would like to devour it and with which it has been carrying on a feud for nearly half a century. To say that the Transport Commission must keep its eye on the long-term consequences of any settlement is to say that it should adhere to its proposals for paying more to those who drive trains than to those who merely shunt them; and the objection to such classification of trains and duties is at present the one common ground between the two unions.

But the unions should recognise the situation in which their long bickering has now embroiled them. There is no way of banning strikes in a democratic country, but there are many ways of gradually loading the scales against strikers. There are traditions about strike-breaking

that can be altered and privileges that can be withdrawn from unions who reject arbitration. The only circumstance in which a Government—and especially a Conservative Government—would be tempted to start to move along this road would be if public opinion moved first, and moved a long way ahead of it. There could be no greater incentive to public opinion to move than the present futile, irresponsible and wildly unpopular stoppage. Do the leaders of the two railway unions—neither of whom is a hothead nor an agitator, and both of whom have for so long used the weapon of strike threats without actually implementing them—really want to set these forces in motion? If not, let them come together, discuss the wages structure and avert further hardship to their members — as well as disaster to the railways and the nation.

Nettles To Grasp

EVERY general election has its surprises, and last week's chief surprise was that the much-calculated "swing" never materialised. It is impossible to establish by figures that any electors who voted Labour in 1951 swung over to the Conservatives this time. Both parties lost votes; and though, in the country as a whole Labour lost many more than the Conservatives, they held their strength relatively well where their marginal seats were in danger. The result is that the margin of 67 seats in the House of Commons between the two major parties is less than could have been expected, on the basis of past experience, from the margin of 900,000 in the total vote.

Except perhaps to the party managers, this is not a matter for regret. Indeed, to have a majority of about 60 over all comers is just about the best position for a Government to be in. It has enough votes to be sure of its control of the House, but not so many that it does not feel impelled to work for victory next time by a positive programme. On the other hand, the result of the election gives some hope to Labour for next time, together with a clear warning that irresponsibility will not be rewarded by the electors. It is the right mixture of the carrot and the stick for both parties.

From the public's point of view, the essential thing—and the great gain—is that at last the long deadlock is broken. For the first time for ten years, the country has a government securely in office with at least two years before it will feel the shadow of another election falling across it. When the Conservative government took office in 1951 (in, admittedly, much more difficult circumstances than the present) it was quick off the mark in some acts of administration (notably in monetary policy), but painfully slow in others, while in its parliamentary programme it let many opportunities pass. This time there should not be any hesitation, and Ministers, if they are wise, will already be thinking of three Queen's Speeches; not only of one to open a short "tidying up" session of the new Parliament from now until the summer recess, but of another, which should be much fuller of meat, to open the new session in October, and yet another for October, 1956. It is by the work of the two full sessions, 1955-56 and 1956-57, that the Eden Government will make, or fail to make, its mark on history.

To ease the difficulties of distributing this week's issue of The Economist, *we have had to reduce its size. Normal issues will be resumed after the railway strike is settled.*

It would be absurd to try to forecast in any detail the contents of this two-year programme. But it may be useful to list some of the things that will have to be done in those two years or not at all. This is not to incite Ministers to fly in the face of public opinion. No democratic government ought (at least in theory) ever to do things of which the public will not approve. But there are at all times certain necessary things that will never get done unless there is time for them to show their merits before the vote is taken. And there are also certain other necessary things that excite momentary protest and are then promptly forgotten. It is in the early sessions of a parliament that the golden opportunities for constructive statesmanship occur.

Three Tasks Abroad

The forefront of foreign affairs is filled with the prospect of talks "at the summit" with the Russians. There is, unfortunately, more than a flavour of electioneering about the stage management, and the trouble about things that are done mainly for electoral purposes is that they do, after all, leave some commitment behind when the election is over. Sir Anthony Eden and Mr Macmillan are now committed not merely to holding the talks, but to an attempt to wring success out of them. There is, of course, nothing against this—provided that the commitment they have given to the British public's propensity for wishful thinking does not turn out to be more binding than their commitment to their own sense of realities. After the last election, Mr Macmillan found himself committed to doing something that he knew was foolish—building houses more quickly and more cheaply than was good for the economy. This time it is to be hoped that he and his party will be able to forget the clamour of the hustings enough to remember the real, long-term interest of the British people—which lies, Heaven knows, in realising a peaceful understanding with the Russians, but also in not being deceived by any false dawns. The Prime Minister too will need to remind himself daily of the need for a stiff backbone. His unequalled experience of diplomacy and his talents as a "fixer" might turn out to be disadvantages, if he allows Mr Molotov (who is equally experienced) to draw him, in eager pursuit of a settlement, out of alignment with Britain's allies. Ministers should not be afraid to go slowly and to build firmly, however many barbed supplementaries are thrown at them in the House of Commons.

★

Perhaps, by a striking change, Far Eastern issues may now be the less critical for Anglo-American unity. It has for several months been getting more apparent that the time is almost ripe for a meeting of minds between the British and American Governments. The Foreign Office and the State Department have never been nearly as far apart as, for domestic political reasons in each country, they have been compelled to pretend to be. These domestic preoccupations are now very much less, and it may be possible before long to close the gap in the alliance of the free nations. This does not mean, of course, that the British public, now that it cannot vote for another four or five years, is to be tied to the American chariot (though it will be so represented from every fellow-travelling platform). In point of fact, it is American opinion which is in the course of making the larger transition, and is coming round to something much closer to the British view, and there is still more work to be done by British negotiators in bringing the Americans to an understanding of the position of the uncommitted Asian countries. But if there is to be agreement there will have to be concessions from both sides, and the chief concession that will be required from the British will be a willingness to join (possibly under the ægis of the United Nations) in a guarantee that the present status of Formosa shall not be changed, or the right of its people eventually to decide their own government denied, by force. As this will involve defining one of the circumstances in which Britain would find itself compelled to fight the Chinese Communists, it will not be universally popular in this country (for all that Mr Attlee's announced policy for Formosa is, in its implications, very similar). It is to be hoped that Ministers will nevertheless feel emboldened to go ahead.

★

A third topic may be mentioned under the general head of foreign affairs. This is the integration of Western Europe—a subject in which Mr Macmillan has in the past shown a real personal interest. That Western European Union has at last come to birth is a matter for satisfaction. But nobody should think that it leaves the movement for European unity in a satisfactory state. The two great objectives remain—to raise the standards of living in a highly populated industrial complex; and to knit the new Germany so firmly into the fabric of a western, liberal, democratic community that it will never again have the wish, or the ability, to escape into militarism or tyranny. In rejecting the federal approach to these problems, the British Government has always professed its keen desire to help with alternative solutions. Western European Union is only the most formal of beginnings with that task; Mr Macmillan has an opportunity, and a duty, to make further progress.

Four Tasks at Home

The success of the economic policy that has been pursued since Mr Butler went to the Treasury was one of the great Tory arguments at the election. There can, therefore, be no question of any change in its main principles. The task of the next few years is to press on with the construction of the "two-decker" economy—a firm base of welfare and social justice to ensure that no citizen is deprived of his economic and social rights, with a superstructure of the greatest possible freedom for enterprise and efficiency. More of the same as before should be the main prescription—and if as much can be accomplished in each of the next five years as in each of the last three, any thought of turning backwards to the "planned" sterility of the siege economy will be out of the question.

But it is possible to identify four groups of questions in which action will be called for before the summer of 1957. The first—inevitably it stands first at the present moment—is the nexus that links prices, wages and industrial disputes. Given the facts of parliamentary democracy, of full employment and of free trade unions, it would doubtless be a counsel of perfection to urge the Government to bring the long-continued fall in the value of money to a complete stop. Certainly nobody in his senses would want inflation to be succeeded by such a deflation as would slow down the rapid rise in production of recent years. But because these things are true, it is not enough to shrug the shoulders and accept a rapid and continuous rise in prices as a necessary part of economic progress. In the last three years the cost of living has risen by 8 per cent in this country, while it has remained virtually stationary in the United States (which also has virtually full employment and free trade unions) and—what is perhaps more directly significant—it has remained stationary in Germany too. Wages have been, and are, rising more rapidly here than in either of the other two countries.

There is nothing unreasonable or impossible in the requirement that the vicious circle of rising prices and rising wages should at least be slowed down. To do it will require an imaginative combination of economic and political action. First, and most obviously, it will be right to keep a tight rein on the supply and price of credit. There should be no hasty reduction of Bank Rate. On the political side, something will have to be

done to discourage the purely factious, internecine labour dispute, of which the present strike by the engine drivers is a prime example. This is perhaps the exceptional field where even a Government that comes straight from victory at the polls—and especially a Conservative government—will be well advised not to get ahead of public opinion. But that is no reason why the public should not be given the information that it needs to form its own judgment. If irresponsibilities like the present continue, a time will come when even the British public will lose its patience and demand that some limits be put upon the present complete freedom of the trade unions to do as they like. That will be a testing time for the Government, and it will then have no chance of being allowed to distinguish between the legitimate and the illegitimate use of the strike weapon unless it begins now to help the public to tell the one from the other.

★

The second group of economic problems are those that cluster around the process by which a community increases its wealth-creating capacity; they are the problems of change and progress. Mr Butler has popularised the slogan of "investing in success"—and it is a good slogan, provided that the investment is in fact successful in producing more wealth. If the target of a doubling of the standard of living in twenty-five years is to be hit, there will have to be a more effective use of the community's savings than at present. For example, far too much of the nation's savings is still being withheld from productive use because it is pre-empted for houses—for houses which would not be needed if they were not made so artificially cheap. Ministers know perfectly well that the Rent Acts and the housing subsidies are, taken together, by far the most damaging distortion in the British economy today. Hitherto they have not felt able to admit it in public; but now they can. Not only could capital be liberated, but the housing problem would be solved, long before the next election, if the Cabinet will have the courage to face the temporary odium of letting the price of houses, new and old, rise towards their economic level. It would be the story of the food subsidies all over again, of immediate complaints and ultimate applause. It is hard to think of a more direct test of the Government's economic statesmanship.

Apart from thus increasing the volume of capital available for productive uses, the Government would be well advised to see that public investment programmes, with their first lien on the supply, do not take too much. There has long been a suspicion that electricity is taking more capital than it would need if its pricing policies were more economic, and the renewed trouble on the railways must inevitably increase doubts about the wisdom of sinking so much new capital in an industry that apparently gives itself so little chance of making it pay. The road programme, on the other hand, which had an air of improvisation, might well be speeded up; there is very little doubt that it will pay for itself many times over, if it is considered (as it should be) in relation to the yield of taxes on petrol and motor vehicles and to the earnings of the motor industry. "Paying for itself" is not perhaps the only criterion of an investment project. But it is much the most important, and it demands greater attention, particularly in relation to the plans of public bodies.

Monopoly and restriction are the enemies of rapid progress fully as much as inadequate savings or unbalanced investment. Perhaps, after decades of official encouragement of monopoly, the climate of opinion is beginning to change. Certainly it is a necessary part of the current philosophy of the Tories that it should change, as there cannot be any rapid advance without a much more flexible and competitive economy. The first test of the strength of Ministers' resolution on this point will come with the forthcoming report of the Monopolies Commission on some of the general effects of restrictive practices.

★

Taxation is the next field where early action is called for. Mr Butler will soon have the assistance of the report of the Radcliffe Commission (it is understood that the majority report has been ready for some time, but that a minority have been taking their time in dissenting). There are some large injustices, as between one class of taxpayer and another, still remaining in the system of direct taxation. But the primary need for fiscal reform is to adapt a system which has grown haphazard under the twin pressures of war and inflation to a modern industrial community, and in particular to lessen or remove the obstacles that it puts in the way of the incentives to effort, to thrift and to enterprise. When the matter is looked at from this angle, there should not be any difficulty in identifying the places where relief would do most good to the national economy. One would be relief to the higher earned incomes; the other would be some reduction in the fantastically heavy burden of taxation that is levied on the "ploughed back" earnings of companies. Surtax-payers and company reserves will not be popular recipients; but they are the cases in which it can be said with assurance (with virtual certainty in the first case) that any "sacrifice" of revenue would be quickly recouped.

Direct taxation is not the only sort that needs to be scrutinised. The Purchase Tax was from the start ill-conceived (far too much attention was paid to administrative convenience, and far too little to actual commercial effect) and an effort should be made to see whether it cannot be replaced by a simpler general excise. Nor (to return to direct taxation) should the excellent work of the second Millard Tucker Committee or pensions for the self-employed be ignored any longer.

The final group of economic questions that will have to be confronted at once is the international group. Some of these have direct industrial repercussions. The results of the election in Lancashire, though perhaps not all that Lord Woolton hoped for, should have been at least enough to convince Ministers that they were wise not to go further in offering protection as a solution to the cotton industry's troubles. Perhaps it takes more courage in Conservatives to resist suggestions for protecting particular interests than anything else they are called upon to do—and to reduce the protection of domestic agriculture is the most difficult of all. But here again the reminder that they need to keep constantly before their eyes is that they are staking their future, and the country's, on a general philosophy of expansion whose chances of success are reduced by every measure that encourages or perpetuates an uneconomic use of resources.

But the international economic problem that is nearest the centre of the stage at the moment is the much discussed and little understood one of convertibility for sterling. The Continent apparently expects an early and decisive announcement that will substantially liberate sterling from the present restrictions on its use. If so, the Continent is likely to be disappointed. This is not to say that there is likely to be any backsliding; that also would run counter to the Government's whole philosophy. But the uncertainty of domestic politics was only one of the reasons for a cautious and gradual approach, and the others still remain. So far as "non-resident current-account sterling" (that is, pounds acquired by foreigners, not as a result of capital transactions, but in current trade) is concerned, it is already almost fully convertible *de facto*. The questions at issue are, firstly, whether the *de facto* ability to convert these pounds into dollars shall become a *de jure* right with a promise that it shall not be withdrawn; and, secondly, whether the promised conversion shall also be at a promised fixed rate of exchange. These are matters too complex for adequate discussion at the end of a long article. But both of them boil down to this: are our economic affairs sufficiently well in hand that we can be quite sure of getting out of any future balance-of-payments crisis without recourse to restriction of payments or to changes in the exchange rate? That is a question that it may be possible to answer with assurance when progress has been made with the other matters that have been discussed in this article. To answer it with a bold affirmative now might show something more than the courage and decisiveness that can be expected of Ministers after an election. Events might still prove it more reckless than realistic.

Brazil in the Red

IN the Brazilian jungle powerful wildcats sometimes get tangled helplessly in the creepers and lianas. Then the ants and flies can finish them off at their cruel leisure. The same defeat of strength, paralysed and reduced piecemeal, sometimes seems to characterise Brazil itself. Larger than the United States, it is a land of great natural wealth and may be destined, towards the turn of this century, to become one of the centres of gravity of the world's population. But its political and economic structure labours under a heritage of crisis which historians date back to the 1850s; and there is little relation between Brazil's inherent wealth and its standard of living or place in world affairs. The physical realities of the country underline this paradox: ultra-modern cities on and near the Atlantic shore; but behind them the grasslands and jungles, in whose clearings Indians with large hats and small pumps refuel mail-planes.

Of the difficulties besetting Brazil, the political ones are at this time the most dramatic. Many Brazilians look to the October presidential elections, in the hope that they will resolve doubts that have perplexed the country since the overthrow of the Vargas regime. But whether these elections will produce a government capable of restoring confidence, or even take place free from interference, remains to be seen. Two contradictory tendencies underlie Brazilian politics: with its large body of partially illiterate and poor farmers and labourers, with its urgent need for centralisation and strong army tradition, Brazil would seem a classical setting for autocracy, on the military pattern, so common in Latin America. But it possesses a liberal middle class, whose views have so far been followed by the army, and the country is so intensely regional in outlook as to weaken the role of the central administration.

These conflicting tendencies are both at work in the presidential campaign now getting under way. Although the suicide of President Vargas caused only minor disorders, the image of a strong leader basing his power on the affection of the underprivileged still looms large. At least two important figures are seeking to use it in the present election. Sr Kubitschek, an ex-governor of the State of Minas Gerais, is leading the Social Democrats (SPD) in a campaign inspired by the techniques and ideas of the Vargas regime. The same is true in an even more radical degree of Sr Goulart, who served as Minister of Labour under Vargas and inspired the famous doubling of minimum wages that brought on the final crisis of the Vargas system.

Several other candidates are also in the field. A dissident faction of the SPD, supported by President Café Filho, has nominated Sr Lins, ex-governor of the State of Pernambuco. More important is the newly announced candidacy of General Tavora, formerly the

head of the presidential military household and a man respected for his integrity. But the attitude of the army remains the factor of uncertainty. Leading military figures have let it be known that a regime including Sr Goulart would not be acceptable, and this has aroused speculation as to whether the army might impose the re-election of the present government and disband Congress, creating a constitutional dictatorship somewhat on the model of Venezuela. If, on the other hand, it looked as if General Tavora could win a fair election, the army might choose to let matters take their course.

★

Although political uncertainties momentarily overshadow Brazil, the country's fundamental illness is economic. A mixture of inflation, under-production and lack of flexibility in export, has poisoned Brazil's monetary system, which is now dangerously near the edge of collapse. The rate of inflation continues with a monthly increase of nearly 1,000 million cruzeiros in the note issue, the cost of living is rising incessantly and has doubled since 1948, and Brazil's balance of payments situation is progressing from serious to desperate.

The collapse of Brazil's coffee market is the most widely known symptom of the general crisis. At the turn of the century, Brazil's annual export averaged 12.5 million bags out of a world total of 16.5 million ; at present it supplies only 11 million out of a total of 33. If the decline is to be blamed on any one thing it is on the policy of alternating between restriction of exports in the interest of high prices and sudden dumpings on a hostile market. The Coffee Institute has suspended purchases at the official minimum price for the remainder of the 1954-55 season. Such a step forces exporters to find their own price-level and discourages growers. But it is politically dangerous and the government has already promised that support buying will be resumed in the 1955-6 season. One line of solution involves the kind of international coffee price stabilisation agreement already concluded with Colombia, but the only long-term answer is a recognition by Brazil that it must look to other exports to achieve prosperity.

At the root of Brazil's difficulties are the fantastic commercial arrears that threaten its foreign trade with extinction. At the end of 1954, Brazil owed some $2 billion and only the intervention of the Export-Import Bank and the International Monetary Fund enabled it to meet urgent interest payments. The gold and dollar reserves of the Bank of Brazil, which still amounted to $322.4 million at the end of 1953, fell to $104.2 million in 1954 and what little increase there has since been in gold holdings is entirely absorbed as security for the five-year $200 million emergency loan granted by American banks in November. Brazil's commercial debt towards Britain, Germany, France and Japan has risen constantly and in the first case has virtually halted trade. Even Germany, which has always been willing to give Brazil the benefit of numerous doubts in exchange for long-range political and commercial advantages, found itself saddled with a bad debt of $34 million at the end of March.

Instead of facing the cold truth that it will have to restrict imports and step up production and exports, Brazil has preferred to live in a carnival of inflation and emergency dollar loans given by the United States for obvious strategic reasons. Imports have been rising continually under the pressure of speculative buying.

Many complex monetary schemes—including the entire system of exchange certificate auctions and government-regulated premiums on foreign currencies—have been devised to meet the balance of payments crisis. The new Minister of Finance is known to oppose the export bonus system and is thought to favour a return to freer exchange rates. The result might bring some improvement to the free cruzeiro rate. But the main obstacle is the lack of an exchange reserve with which this free rate could be supported. As long as Brazil imports much and exports little, monetary weapons can bring only a temporary improvement in the cycle of inflation.

The crucial question, therefore, is—how can Brazil increase its industrial production? Here, there are definite signs of hope, if only because the continual inflow of capital and capital goods has expanded plant and machinery. Industrial production in 1954 averaged 7 per cent above 1953, and the increase in cement, iron and steel was particularly encouraging. But the greatest —if the most long-range—hope lies in the exploitation of Brazil's oil deposits. An important strike has been made at Nova Olinda in Amazonia, and it is calculated that under full production this region could satisfy one half of Brazil's domestic consumption by 1960. But if Brazil's oil deposits, as well as the iron ore thought to be in Amazonia, are to be exploited, foreign participation, both financial and technical, will be essential. If the legal structure of Petrobras, the national oil monopoly, is any example, however, Brazil appears to be better equipped to receive *ad hoc* loans than to welcome creative investment when it comes to the exploitation of natural wealth.

Foreign confidence in Brazil still exists. This is demonstrated by the great development plans initiated by the Schneider-Creusot group for heavy industry, by the participation of Japanese interests in Brazilian cotton mills, by the recent agreements with Metropolitan-Vickers, and by the joint action by American and Brazilian companies in the rubber and automobile industries. The Germans, moreover, seem willing once again to invest heavily in Brazil's future. But if this confidence is to survive the recurrent monetary crises, it will have to be met by a change of attitude on Brazil's part, by a realisation that a country should honour its obligations and pay its way abroad. Increasing imports and printing money to pay for them may lead to short-term political success, but they lead far more surely to long-range economic disaster.

The Election of 1955

The results of the election are analysed in detail in the concluding issue of this special section of *The Economist*.

Why the Conservatives Won

IT was not the swung, but the stay-at-homes, who decided this election. The total poll was 76.8 per cent compared with 82.6 per cent in 1951. Within these totals:

(1) Labour polled 12.4 million votes compared with 13.9 million in 1951. One-and-a-half million people—or more than one out of every ten of those who voted Labour last time—did not this time feel excited enough to turn out.

(2) The Conservatives polled 13.3 million votes, compared with 13.7 million in 1951. As they piled up some 165,000 votes in four Ulster constituencies where they were *unopposed* last time, it seems that over half a million people who voted Tory last time did not vote this time.

(3) The Liberals polled 722,000 votes, about 8,000 less than in 1951. In the constituencies with unchanged boundaries in which they fought in both 1951 and 1955, however, their votes went up by an average of about 450 per constituency. More than the whole of their increase in the share of the votes in these constituencies was at the expense of Labour.

Differential Abstentions

Theoretically, the proportion of votes cast for each party (49.7 per cent Conservatives, 46.4 per cent Labour, 3.9 per cent Liberals and others) showed a drop of 2.4 per cent in Labour's share of the poll: of this just over 1.7 per cent went to the Conservatives and just under 0.7 per cent to Liberals and others. When one subtracts the four Ulster constituencies that were not fought over last time and the Speaker's seat, the direct swing to the Conservatives was about 1½ per cent.

It seems clear, however, that this election is best described in terms, not of swings, but of differential abstentions. The average drop in Labour's turn-out in the constituencies that it contested was just over 2,400 ; the average drop in Tory turn-out was just over 900. Spread evenly across the country this should have given to the Tories each of the twenty-one unchanged Labour seats held by majorities of less than 1,500 last time, plus nearly a dozen others affected by boundary changes ; after allowing for certain Tory losses due to redistribution, it would have caused a Conservative majority over Labour of about 85, in place of the majority of 68 (including the Speaker) which has in fact been achieved. But:

(1) In marginal Labour constituencies, the drop in the Labour turn-out was below the average drop elsewhere. This cannot have been solely due to the excitement of the contest: in marginal Conservative constituencies just as many former Labour voters abstained as they did in the rest of the country, while Tory abstentions cannot be made to follow any sensible pattern at all. There seem to be two lessons from this: (*a*) it is possible to mobilise the Labour loyal to save "our member, Mr X," but it is not so easy to whip up Labour enthusiasm with the battle cry that "we can turn that Tory rascal, Mr Y, out." (*b*) Labour party organisations are often much more efficient in seats that have a sitting member than in seats that have not. The tenacity of the last few hundred Labour votes in marginal Labour seats is not a new phenomenon ; there were already signs of it in 1951, although not on the national scale that has been evident this time.

(2) The biggest drops in Labour turn-out—and drops which rather misleadingly put up the national average—occurred in safe, or fairly safe, Labour seats of a mixed residential and industrial type. In some of these—and in particular in what might be called the prosperous engineering constituencies in the Midlands—there was also an increase in Tory votes. In other words, in these areas there seems to have been a sizable old-fashioned swing to the Conservatives (witness Coventry 5.3 per cent swing, Birmingham 2.8 per cent swing, and surprisingly good Tory turn-outs in redistributed Walsall and Wolverhampton).

(3) The drop in the turn-out was generally smaller in the agricultural than in the urban areas. There was also hardly any swing to the Conservatives in them ; in Norfolk there was actually a small swing to Labour.

(4) The increase in the Tories' share of the poll in the Lancashire cotton area (1½ per cent) was almost the same as the national average. It does not seem that cotton was an issue for either side in this election.

(6) Compared with 1951, the Labour share of the vote fell in every one of the twenty-five districts shown in the accompanying table except the Eastern Counties (and even here it gained less than the Conservatives from the redistribution of absent Liberals' votes). The Conservatives' share increased in every area except South West England and Northern Home Counties (where there were more Liberal candidates) and the rest of Wales (where there were fewer Conservative candidates). In most suburban constituencies where there had been a particularly sharp influx of council house tenants Tory majorities obstinately refused to go down.

It may be worth examining the effect of Liberal interventions and departures in more detail.

(1) In the thirty-six seats with unchanged boundaries where Liberal candidates re-appeared after being absent in 1951, the Liberal share of the vote was just over 12¼ per cent ; in these constituencies the Conservatives' share of the vote fell by just over 5 per cent, while Labour's share fell by as much as 7¼ per cent. The Liberals seemed to get fewer votes in these constituencies whenever there was a danger that Labour might win.

(2) In the thirty seats with unchanged boundaries where Liberal candidates fell out compared with 1951, the Liberal share of the vote to be redistributed was 9½ per cent ; the Conservatives seem to have got just under 7 per cent of it and Labour just over 2½ per cent. The turn-out in these constituencies did not drop by more than the national average ; very few former Liberal voters can have abstained or deliberately spoiled their votes.

In the first group of constituencies the swing to the Conservatives (so far as anybody can talk about a swing in this election) was slightly below the national average, and in the second slightly above it ; nevertheless the implication seems to be that although the Liberals can help the Tories moderately by dropping out of particular constituencies, they do not help Labour much by re-appearing in them. This is not as quixotic as it may appear ; in present circumstances, it is quite possible that a Liberal vote should often be regarded as a sort of half-way house, where radicals who are fed up with Labour pause to draw breath before taking the plunge and voting Tory.

The Seats that Changed Hands

In all, Labour (including one Irish Labour) lost twenty seats, all to the Conservatives ; while the Conservatives lost four seats, all to Labour. There were no changes among the minor parties, except that Sinn Fein inherited the two Irish Nationalist seats in Ulster, though with decimated

SEATS THAT CHANGED HANDS

Unchanged Boundaries			Changed Boundaries
Conservative Gains from Labour :	Previous Labour Majority	New Conservative Majority	**Conservative Gains from Labour :**
Ayrshire Central .	1,693	167	Gloucestershire South
Belfast West*	25	18,141	Gravesend
Carlisle	3,192	370	Liverpool (Kirkdale)
Ealing North	120	246	Leeds North East
Halifax	763	1,535	Nottingham Central
Hornchurch	1,034	1,372	Nottingham South
Maldon	704	550	Plymouth (Devonp't.)
Preston South ...	16	474	Southampton (Test)
Walthamstow E. .	1,020	1,129	
Wandsworth Cent.	1,183	1,093	**Labour Gains from Conservative**
Watford	508	1,717	Bristol North West
The Wrekin	1,804	478	Glasgow (Govan)
			Romford
Labour Gain from Conservative :	Previous Con. Majority	New Labour Majority	
Norfolk S. W.....	442	193	

* Gain from Irish Labour.

majorities. It may be worth looking at these gains and losses with reference to the table of sensitive indicators published in *The Economist* of May 21st.

(1) Labour lost all eight of the seats that had been marked as "Expected Labour Losses" assuming no swing compared with 1951 ; these were the seats where it had been fatally wounded by boundary changes or by the disappearance of a Liberal candidate. Its other twelve losses were divided as follows : Seven of the seventeen seats we had marked as vulnerable to a one per cent swing ; two of the eleven we had marked as vulnerable to a two per cent swing ; two of the twenty-one marked as vulnerable to a three per cent swing ; and Carlisle, which fell to a four per cent swing and a surprisingly heavy re-alignment of ex-Liberal votes in the Tories' favour.

(2) The Conservatives lost only three of the ten seats that we had marked as "Expected Conservative Losses" on the assumption of no swing compared with 1951. In one of the seven "expected losses" that it held we had obviously misread the effect of boundary changes ; all the other six were held by narrow majorities, and it seems probable that the Tories achieved in these the swing—or differential turn-out—in their favour that was typical of all the non-agricultural marginal seats in which they had a sitting member. The Tories' fourth loss was the unchanged agricultural seat of Norfolk South West, where Labour marked up a one per cent swing in its favour.

(3) The new or renamed seats went in Labour's favour by only 18 to 17, compared with the 21 to 14 which it had seemed reasonable to forecast on the basis of no swing compared with 1951. Two of the three new seats that went the "wrong way" from Labour's point of view were Birmingham (Selly Oak) and Walsall South. They seem to have been the victims of the "Midlands swing" already referred to.

Candidates and Issues

Some people have argued that the lack of a uniform "swing" in this election has shown that local issues and personalities matter in politics after all. Unfortunately, the remarkably even distribution of changes in the share of the poll between areas—as distinct from between different constituencies—simply does not bear out any such contention about local issues (apart, possibly, from agriculture). The record of failures and successes in the marginal seats also does not bear out extreme emphasis on the importance of the quality of challengers. But there seem to be three exceptions :

(1) The advantage of being known as a sitting member is clearly considerable in a demure election. It is notable that seven of the twenty seats that Labour lost were not being contested by the previous sitting member.

(2) A second exception concerns the Bevanites. It is not necessarily true to say that Bevanite sitting members did badly in this election. Mr and Mrs Bevan, the Coventry duet, and Mrs Barbara Castle, did do rather badly ; but they were in the sort of areas where the general trend was towards a low Labour turn-out. On the other hand, Mr Mikardo, Mr Greenwood, Mr Harold Wilson and Mr Harold Davies all did rather well. But what does seem quite clear from this election is that when a local Labour party imports a Bevanite candidate to an area that has not had one before, the Labour vote is liable to drop like a plummet, and the indignant local Tory vote is liable to rise. Definition of the term "Bevanite" is always difficult, and information about the proclivities of Labour candidates hard to come by ; but in the only six cases of this sort where a check has been made, the swing against Labour was quite remarkably greater than the regional average. The achievement of Mr Zilliacus in very nearly losing the rock-solid Labour seat of Manchester Gorton (Labour majority down from 7,948 to 269) was one of the most striking in this election.

(3) A final striking result was the cut in Mr Palmer's majority in the unchanged Labour seat of Cleveland, from 5,481 to 181 ; the workers in this constituency are largely employed by Imperial Chemical Industries, which Labour had promised to nationalise.

Votes and Seats of the Parties

In the table below the country has been divided for the purposes of comparison into twenty-five regions, based on social and economic homogeneity, although widely different in size and population.

THE COMPOSITION OF THE REGIONS is generally clear but some details of the boundaries are as follows : *Greater London* includes all boroughs adjacent to County of London. *Northern Home Counties* extends as far as Berks (excluding Abingdon and Newbury), S. Bedford and, in Essex, to Epping, Chelmsford and Southend. *Mid-Southern England* includes the rest of Berks and all Dorset except West Dorset. *South-West England* includes Bristol and S. Gloucester. *Eastern Counties* includes the rest of Bedford, Peterboro', Huntingdon and Isle of Ely. *Black Country* includes Birmingham, Wolverhampton, Coventry and adjacent boros. also Cannock, Solihull, Sutton Coldfield and Nuneaton. *N.W. Midlands* includes Salop, rest of Stafford and Cheshire up to Chester, Runcorn, Knutsford and Macclesfield. *Manchester and District* includes Eccles, Middleton and Prestwich, Oldham, Stalybridge and Hyde, Cheadle, Altrincham and all boros. contained within these. *Merseyside* includes Crosby, Huyton, St. Helens, Widnes and all Wirral constituencies. *Rest of Lancashire* excludes Barrow and Morecambe and Lonsdale. *Yorks Woollen District* includes Sowerby, Keighley, Leeds, Wakefield, Colne Valley and boros. contained within these. *Yorks Coal and Steel District* includes everything in W. Riding south of Penistone, Hemsworth, Normanton, Barnsley and Don Valley. *Dlrham and Teesside* includes Middlesbrough and Cleveland. *Tyneside* includes all constituencies on the River Tyne as far as Consett on one bank and Newcastle on the other. *Glamorgan and Monmouth* includes Llanelly. *Clydeside* includes Glasgow, Greenock, Dumbarton and all Lanarkshire except Lanark. *Southern Scotland* includes everything else south of Stirling and Fife.

THE PARTIES HAVE BEEN DIVIDED as follows : *Conservative* includes Cons. and Lib., Cons. and Lib-Nat. Unionist, and Lib-Nat. *Labour* includes Labour and Co-op. but not Lab.-Ind. or ILP. Under *Others* are grouped all candidates who would not accept or would not be accorded the whip of any of the three main parties if returned to Westminster.

Two Conservative unopposed seats in Northern Ireland in 1950 and four in 1951 are excluded.

REGIONS	YEAR	LABOUR			CONSERVATIVES			LIBERALS			OTHERS			TOTAL POLL AS % OF ELECTORATE
		Votes	% of Poll	Seats	Votes	% of Poll	Seats	Votes	% of Poll	Seats	Votes	% of Poll	Seats	
GREATER LONDON	1950	2,163,121	47·1	51	1,985,484	43·2	44	393,674	8·6	...	50,629	1·1	...	82·5
	1951	2,294,842	50·4	49	2,149,560	47·2	46	85,328	1·9	...	25,361	0·6	...	81·1
	1955	**1,959,816**	**48·3**	**47**	**1,988,535**	**49·0**	**50**	**98,395**	**2·4**	...	**13,270**	**0·3**	...	**73·8**
NORTHERN HOME COUNTIES..	1950	491,848	40·6	9	577,072	47·7	17	137,253	11·3	...	5,063	0·4	...	84·8
	1951	549,131	44·8	5	663,093	54·2	21	12,454	1·0	...	...	...	...	83·5
	1955	**536,099**	**42·8**	**4**	**677,975**	**54·1**	**24**	**39,587**	**3·2**	...	...	...	...	**79·8**
SOUTHERN HOME COUNTIES..	1950	617,270	35·2	4	953,381	54·4	32	181,415	10·4	...	1,213	0·1	...	83·7
	1951	666,046	38·2	4	1,056,535	60·5	32	23,383	1·3	...	...	...	...	81·2
	1955	**592,562**	**36·0**	**3**	**1,014,555**	**61·7**	**34**	**30,490**	**1·9**	...	**6,514**	**0·4**	...	**76·5**
MID-SOUTHERN ENGLAND....	1950	421,874	37·8	3	569,281	51·0	21	123,246	11·1	...	948	0·1	...	83·2
	1951	449,064	40·2	3	623,425	55·8	21	44,865	4·0	...	...	...	...	81·5
	1955	**411,599**	**37·9**	**2**	**618,643**	**57·0**	**23**	**55,641**	**5·1**	...	...	...	...	**76·9**
SOUTH-WEST ENGLAND.....	1950	518,176	38·2	8	623,985	45·9	22	207,976	15·3	...	7,655	0·6	...	85·2
	1951	563,775	41·7	7	710,669	52·6	23	77,640	5·7	...	...	...	...	83·6
	1955	**500,073**	**39·0**	**6**	**675,194**	**52·6**	**24**	**107,660**	**8·4**	...	...	...	...	**78·6**
SOUTH-WEST MIDLANDS	1950	396,709	41·3	6	438,912	45·7	15	105,711	11·0	...	19,814	2·0	...	84·5
	1951	437,303	45·5	6	514,515	53·5	15	9,998	1·0	...	...	...	...	82·9
	1955	**380,652**	**41·6**	**6**	**502,316**	**54·9**	**15**	**18,483**	**2·0**	...	**13,666**	**1·5**	...	**78·9**
BLACK COUNTRY	1950	815,556	53·9	23	601,614	39·7	7	95,256	6·3	...	2,006	0·1	...	84·1
	1951	821,118	54·9	23	656,842	43·9	7	16,682	1·1	...	545	0·1	...	81·9
	1955	**715,718**	**51·6**	**24**	**648,092**	**46·7**	**8**	**19,698**	**1·4**	...	**3,076**	**0·2**	...	**75·0**
NORTH-WEST MIDLANDS.....	1950	434,708	48·0	9	422,095	46·6	10	48,802	5·4	...	...	...	...	85·3
	1951	448,470	49·5	9	457,751	50·5	10	...	...	...	...	...	...	84·0
	1955	**392,693**	**46·8**	**8**	**436,418**	**52·0**	**12**	**9,451**	**1·1**	...	...	...	...	**77·9**
EAST MIDLANDS	1950	897,235	50·9	24	685,077	38·9	13	165,925	9·4	...	15,147	0·8	...	85·9
	1951	940,920	53·7	24	770,801	44·0	13	40,652	2·3	...	...	...	...	84·1
	1955	**858,136**	**51·7**	**22**	**775,545**	**46·8**	**15**	**23,849**	**1·4**	...	**916**	**0·1**	...	**78·7**
EASTERN COUNTIES	1950	444,386	42·2	8	474,338	45·0	15	134,541	12·8	1	484	*Neg.*	...	84·5
	1951	481,894	45·6	5	539,955	51·0	19	36,192	3·4	...	...	...	...	83·0
	1955	**467,073**	**45·9**	**5**	**534,205**	**52·5**	**19**	**16,561**	**1·6**	...	...	...	...	**79·4**
YORKSHIRE COAL AND STEEL DISTRICT	1950	552,798	66·0	15	256,413	30·6	2	24,993	3·0	...	3,756	0·4	...	87·0
	1951	543,820	66·5	14	265,846	32·5	3	7,002	0·9	...	1,116	0·1	...	83·8
	1955	**485,625**	**65·7**	**13**	**252,457**	**34·1**	**3**	...	...	...	**1,461**	**0·2**	...	**77·2**
MANCHESTER AND DISTRICT..	1950	492,294	44·9	14	492,096	44·9	9	109,900	10·0	...	3,309	0·3	...	84·9
	1951	511,558	47·3	12	551,431	50·9	11	19,255	1·8	...	...	...	...	82·7
	1955	**436,885**	**45·4**	**11**	**500,547**	**52·0**	**11**	**24,775**	**2·6**	...	...	...	...	**75·6**
MERSEYSIDE	1950	391,798	45·2	9	411,366	47·4	9	60,891	7·0	...	3,446	0·4	...	82·5
	1951	409,451	47·8	9	441,915	51·5	9	4,477	0·5	...	1,340	0·2	...	79·8
	1955	**381,527**	**46·4**	**8**	**414,128**	**53·2**	**10**	...	...	...	**2,928**	**0·4**	...	**72·8**
REST OF LANCASHIRE	1950	665,639	46·7	17	646,723	45·4	13	109,866	7·7	...	2,926	0·2	...	86·9
	1951	683,596	48·9	14	674,751	48·3	15	39,620	2·8	1	...	...	...	85·0
	1955	**616,132**	**48·2**	**13**	**636,518**	**49·8**	**15**	**24,827**	**1·9**	**1**	**1,567**	**0·1**	...	**79·2**

REGIONS	YEAR	LABOUR			CONSERVATIVES			LIBERALS			OTHERS			TOTAL POLL AS % OF ELECTORATE
		Votes	% of Poll	Seats	Votes	% of Poll	Seats	Votes	% of Poll	Seats	Votes	% of Poll	Seats	
YORKSHIRE WOOLLEN DISTRICT	1950	528,156	50·2	17	393,444	37·4	5	129,535	12·3	1	1,392	0·1	...	86·1
	1951	546,815	52·2	17	431,100	41·2	5	68,948	6·6	1	...	...	...	85·2
	1955	**482,739**	**50·4**	**14**	**416,209**	**43·4**	**7**	**59,471**	**6·2**	**1**	...	...	...	**79·0**
ENGLISH BORDER COUNTIES	1950	202,011	44·4	6	170,810	37·5	4	53,551	11·8	...	28,857	6·3	1	84·1
	1951	223,428	48·1	6	213,558	46·0	5	26,995	5·8	...	158	0·1	...	84·3
	1955	**206,172**	**47·5**	**5**	**212,786**	**49·0**	**6**	**15,030**	**3·5**	...	**368**	**0·1**	...	**79·4**
REST OF YORKSHIRE	1950	260,784	38·0	3	347,875	50·7	12	77,000	11·2	...	1,121	0·1	...	83·7
	1951	278,305	41·0	3	382,962	56·4	12	17,679	2·6	...	...	...	...	81·1
	1955	**252,165**	**39·9**	**3**	**357,362**	**56·6**	**12**	**22,032**	**3·5**	...	...	...	...	**75·5**
DURHAM AND TEESSIDE	1950	434,184	60·1	15	236,185	32·7	...	51,240	7·1	...	367	0·1	...	86·4
	1951	445,080	61·3	13	281,207	38·7	2	...	...	...	...	...	...	85·5
	1955	**400,363**	**59·0**	**12**	**277,996**	**41·0**	**3**	...	...	...	...	...	...	**79·4**
TYNESIDE	1950	321,486	55·5	10	213,523	36·9	2	37,370	6·5	...	6,720	1·1	...	84·7
	1951	335,803	57·3	10	236,749	40·4	2	6,270	1·1	...	6,970	1·2	...	84·8
	1955	**299,745**	**56·3**	**10**	**277,945**	**42·8**	**2**	**5,082**	**1·0**	...	...	...	...	**77·5**
NORTHERN IRELAND	1950	67,816	12·1	...	352,334	62·7	8	...	...	...	141,288	25·2	2	77·5
	1951	62,324	13·4	...	274,928	59·4	5	...	...	...	125,964	27·2	3	79·9
	1955	**35,614**	**5·5**	...	**442,647**	**68·5**	**10**	...	...	...	**168,380**	**26·0**	**2**	**74·0**
GLAMORGAN AND MONMOUTH	1950	669,479	66·5	21	265,293	26·4	2	51,561	5·1	...	20,216	2·0	...	84·9
	1951	686,420	67·8	20	306,941	30·3	3	5,247	0·5	...	13,514	1·4	...	84·8
	1955	**607,620**	**65·0**	**20**	**302,822**	**32·4**	**3**	...	...	...	**24,429**	**2·6**	...	**78·7**
REST OF WALES	1950	219,195	42·0	6	153,313	29·3	2	141,529	27·1	5	8,596	1·6	...	84·8
	1951	239,698	46·3	7	164,328	31·7	3	111,574	21·6	3	1,997	0·4	...	83·6
	1955	**218,070**	**43·7**	**7**	**126,044**	**25·3**	**3**	**104,095**	**20·9**	**3**	**50,644**	**10·[illegible]**	...	**81·4**
CLYDESIDE	1950	494,934	52·0	17	392,166	41·2	7	33,588	3·5	...	31,226	[illegible]	...	81·8
	1951	522,277	53·9	16	437,076	45·1	8	1,415	0·1	...	8,469	0·9	...	82·3
	1955	**452,537**	**52·0**	**16**	**407,990**	**46·9**	**8**	...	...	...	**9,090**	**1·0**	...	**74·8**
SOUTHERN SCOTLAND	1950	544,456	46·2	16	547,129	46·4	12	71,079	6·1	1	15,291	1·3	...	81·6
	1951	577,704	47·7	15	601,818	49·7	14	26,074	2·2	...	4,728	0·4	...	83·4
	1955	**526,851**	**47·2**	**14**	**561,407**	**50·3**	**15**	**14,755**	**1·3**	...	**14,329**	**1·3**	...	**77·4**
NORTHERN SCOTLAND	1950	219,791	36·8	4	282,650	47·4	12	75,596	12·7	1	18,429	3·1	1	78·2
	1951	230,263	38·5	4	310,314	51·9	13	48,802	8·2	1	8,807	1·4	...	75·5
	1955	**208,576**	**37·5**	**4**	**304,606**	**54·8**	**13**	**32,518**	**5·9**	**1**	**10,562**	**1·9**	...	**71·3**
TOTAL	1950	13,265,704	46·1	315	12,492,559	43·4	295	2,621,498	9·1	9	389,899	1·4	4	84·0
	1951	13,949,103	48·8	295	13,718,064	48·0	317	730,552	2·5	6	198,969	0·7	3	82·6
	1955	**12,405,040**	**46·4**	**277**	**13,311,952**	**49·7**	**345**	**722,400**	**2·7**	**6**	**321,182**	**1·2**	**2**	**76·8**

SEATS WITH SMALL MAJORITIES

In addition to the seats with the small majorities listed below, there were 19 Conservative seats and 9 Labour seats won on minority vote.

Conservative Seats			Labour Seats		
	Majority over Labour	Liberal Vote		Majority over Conservatives	Liberal Vote
Majorities under 1,000 :			**Majorities under 1,000 :**		
Bradford North	69	...	Faversham	59	...
Plymouth (Devonport)	100	3,100	Barons Court	125	...
Ayrshire Central	167	...	Stalybridge and Hyde	155	...
Glasgow (Craigton)	210	...	Glasgow (Provan)	180	...
Ealing North	246	3,770	Cleveland	181	...
Carlisle	370	...	Norfolk South West	193	...
Oldham East	380	5,506	Wandsworth (Clapham)	225	...
Glasgow (Scotstoun)	428	...	Reading	238	...
Preston South	474	...	Manchester (Gorton)	269	...
The Wrekin	478	...	Blackburn	489	...
Eastleigh	545	...	Acton	525	...
Maldon	550	...	Willesden East	659	...
Hull North	590	...	Gloucester	748	...
Battersea South	679	2,219	Salford West	859	...
Nottingham Central	758	...	Uxbridge	876	...
Eye	889	5,582	Bristol, North East	876	4,236
Yarmouth	917	...	Wellingborough	926	...
Lanark	958	...	Holborn and St. Pancras S.	931	1,193
Hitchin	965	...	Edinburgh Central	939	...
Inverness	966*	13,386	Brierley Hill	949	...

* Majority over Liberal in a three-cornered contest with a Labour poll of 6,891.

Notes of the Week

Back to Trouble

THE rail strike has dislocated the time table at Westminster almost as much as at Waterloo ; and the opening days of the new Parliament will be very different from normal. The leisurely business of electing a Speaker and swearing in the other 629 members is to be compressed into two days instead of four ; and the official opening, originally scheduled for June 14th, has been advanced to June 9th. This is not just to enable MPs to start talking about the strike a little earlier. On the day that they assemble, next Tuesday, the Government will have to table the twenty-five Emergency Regulations published this week, and both Houses must approve these within seven days. The Commons will have to take the regulations almost at once, either postponing or drastically shortening the Address in Reply to the Queen's Speech—the traditional "grand inquest on the state of the nation," which normally runs for a week.

This is not the atmosphere in which Sir Anthony would for preference reshuffle his Government, nor is there much need. There have been three reshuffles in the last ten months ; and most senior Ministers are either new in the job or else, like Mr Butler and Sir Walter Monckton, old in it but irreplaceable. Lord Woolton is expected to glide from the scene, but with the party assured of four or five years in office there is no hurry. Mr Stuart may in due course leave the Scottish Office, but to single him out for removal would be a slur on both the Stuarts and the Scots. Mr Crookshank is also said to be earmarked for retirement ; Sir Anthony probably wants to become Leader of the Commons himself. But, at the moment, and until he has been to "the summit," he may well feel that he has enough on his hands.

Labour's Choice

As soon as the new Parliament meets, Labour MPs will have to pick themselves a leader, deputy leader, Chief Whip and twelve other people to complete the Shadow Cabinet. There can be no doubt that, as Mr Attlee apparently still wants the thankless job of leader, he can have it for the asking. Apart from any other consideration, the party could not conceivably agree on a successor other than some innocuous personality like Mr Griffiths—and a defeated Labour party is not in the mood for Mr. Griffiths's bromides. But the voting for the other party offices promises to be more open. Although Mr Morrison will presumably be confirmed as deputy leader again, there is a movement afoot to get rid of some of the rest of the "Old Guard" who were so strongly entrenched in the Shadow Cabinet and the Whips' Office in the last Parliament.

If it succeeds, where will the new men come from ? The election results have deflated Bevanite hopes of getting nearer control of the party. The basic Left Wing vote in the last Parliament was 57—a figure polled twice—and from this there have been four nimble-tongued casualties. They are Mr Driberg and Mr Freeman, who did not stand again ; Mr Foot and Mr Bing, who were defeated. By way of compensation, four or five of the seventeen new Labour MPs may prove to be Bevanite sympathisers. They will include that doubtful asset Mr Zilliacus. But even if the Bevanite vote creeps back above 57 again, it will still be in a four to one minority.

The Right, too, has had its losses. Sir Frank Soskice, to Labour's great shame, could not even get a seat and will have to be replaced on the Shadow Cabinet. Neither Mr Wyatt nor Mr Crosland succeeded in pulling off what were always forlorn hopes, and among the other Labour casualties the Right, as well as the Left, has lost some obscure but reliable supporters. The one section of the party that has emerged almost unscathed is the smaller "Keep Calm" group, which has always tried so hard to provide a corn plaster for a wound that needed cauterising. If the Opposition front bench is to be revitalised on non-Bevanite lines, it will probably be decided to include one or two of these "left of centre progressives." The prospect does not look very exciting. Labour's first priority is to get some of its intelligent younger men into positions where they can help Mr Gaitskell to produce a modern policy for the party that he may well be destined to lead before the next election. The Stracheyites hardly seem the ideal people to help him in that task.

Satellite Eyes on Belgrade

MR KHRUSHCHEV has nobody but himself to blame if his visit to Belgrade got off to a bad start. No sooner had he stepped off his plane than he started to say a number of things that could hardly fail to put Marshal Tito's back up. He launched into an emphatic and pointed appeal for a full-scale rapprochement between the Soviet and Jugoslav Communist parties. He humbly apologised for the Jugoslavs' past treatment, put all the blame on Beria and his associates, and after acknowledging in passing Jugoslavia's desire to develop relations with the West as well as the East, made a strong and repeated appeal for "the re-establishment of mutual trust" between the two Communist parties.

Much of this must have made the Jugoslavs very angry—

and not merely because it might undermine all their careful efforts to reassure the West about their good intentions. Even if Mr Khrushchev hardly expected his hosts to swallow his tale about Beria's guilt, it was a gross insult to their intelligence to behave as if they would. Moreover, Marshal Tito and his colleagues see nothing to be ashamed of in their relations with Russia since 1948. They are the last people to be gratified by any attempt to wipe the slate clean and to pretend that the Jugoslav comrades have always been good comrades because they never really committed the sins for which they were expelled from the Cominform. The Russian Communists, however, evidently see things differently. For them, to forgive a heretic is intolerable and if expediency dictates that he must, nevertheless, be forgiven, then the only thing to do is to pretend that he never really deviated.

Possibly Mr Khrushchev is too unsophisticated a traveller to foresee the effect of his remarks on the Jugoslavs ; but he must have known that they would cause much hard thinking in Eastern Europe. The final communiqué on the talks has not, at the time of writing, been issued, but it looks as if the satellites have occupied an important place in them. It is, however, by no means clear to what purpose they have been discussed, nor to what extent Soviet and Jugoslav policies towards the satellites are really out of step. The Jugoslavs are reported to be pressing the Russians to extend to the satellites the more flexible attitude that they have now adopted towards Belgrade. But there are also signs that the Russians are toying with a change of policy towards Eastern Europe. Was Mr Khrushchev's careful emphasis on a return to Marxist-Leninist teaching (leaving out Stalin) addressed to a wider audience than his Jugoslav hosts ? On present evidence, his visit to Belgrade looks like a fresh approach towards Moscow's cherished project of an " all-European security " system with a neutralised Germany at its centre and Russia as its dominating member.

Food on Khrushchev's Mind

MR KHRUSHCHEV'S small-talk repertoire, it is reported from Belgrade, is limited to virtually one subject: maize. And well it might be, for probably his reputation, if not his head, depends on the success of the present urgent drive for coarse grain. Before he left Moscow, Mr Khrushchev had given a bullish progress report on the drive begun in 1953 to cultivate virgin land. Some 20 million tons of additional grain are expected to be harvested in the " new " lands this year, the best prospects being reported in the warmer south and less good ones—as foreign experts expected—in the Baltic and the north-west regions. But even with this bonus the total yield will probably fall far short of the ambitious target of 180 million tons: the last yield reported, in 1953, was 130 million—and that was the inflated " biological yield " figure. Russian farmers, who do not always share Mr Khrushchev's enthusiasms, are being offered premiums as an incentive to greater output of maize. But with the present switch back to heavy industry and the need for maximum food output to combat the emerging inflationary pressure, Mr Khrushchev's reliance on shock tactics has to prove its value in severely testing circumstances.

Soviet sugar production, moreover, has suffered badly owing to drought in the Ukraine. Some 500,000 tons of sugar have already been imported this year by the Soviet Union, mostly from Cuba. This has helped to reduce the threat of a glut and has enabled the World Sugar Council—which classifies the Russians as a regular exporter—to restore the 20 per cent cut in the sugar exporters' quotas imposed last year. In this instance, the ill wind has blown in an unexpected direction: to Formosa, the second largest sugar exporter in the world. It is a long time since Chiang Kai-shek last received Soviet aid.

Mediation and Frustration

A SERIES of abortive meetings led up to the rail strike called at midnight last Saturday. On the Friday the Ministry of Labour's chief industrial commissioner, Sir Wilfred Neden, suggested the establishment, under an act of 1896, of a board of conciliation, consisting of representatives from both sides of the industry and an independent chairman. The Associated Society of Locomotive Engineers and Firemen refused point blank. On the Saturday Sir Wilfred tried to discover the minimum that the locomotive men would accept. Would they, for instance, accept 4s. for all engine drivers, 1s. for second and third year firemen, and nothing for cleaners—and what in that case would the NUR claim in consequence ? The locomotive men's leaders were plainly impressed by this idea, and no wonder ; but the NUR ensured that nothing came of it by saying that the repercussions in terms of further pay claims for its members would certainly be substantial. In any case the Transport Commission would not have accepted this purposeless surrender, and would have been wrong to have done so. It knew nothing about the suggestion beforehand. Since the strike began, the task of conciliation has fallen on the TUC's General Purposes committee, which at last, on Wednesday afternoon, got representatives of the ASLEF to call.

The TUC has also been busy with the dock strike. The executive committee of the National Amalgamated Stevedores and Dockers, contemplating the failure of their strike to spread to dockers of the Transport and General Workers' Union, want to call it off. But their members insist on staying out, and no face-saving formula is forthcoming from the TUC, which continues to tell the NASD to return its poached members first and put in its claim for representation on local committees afterwards. The NASD is in an awkward position. The dock strike was already an embarrassment to it when the rail strike, by making it more difficult to move goods away from the docks, turned the whole demonstration temporarily into a farce.

State of Emergency

IT is an irony of the present situation that while the action of the footplatemen is operating as a severe restriction of individual freedom of movement, the provisions of the State of Emergency proclaimed on Tuesday actually take existing restrictions off. The most important regulations free motor transport to use the roads to their maximum capacity and with the greatest possible flexibility as regards type of load ; they bring on to the roads vehicles that normally do not provide road transport ; they cause certain licences and controls (some of which shelter the railways from competition) to go by the board. Statutory duties to provide gas or electricity are waived, and so are the Transport Commission's obligations to provide trains—or, more particularly, to observe any existing obligations in the use of such trains as are left to it. Everyone responsible for transport or the movement of essential supplies, in short, is given discretion to put first the one thing that now matters —extracting the utmost possible productivity from the nation's remaining stock of transport equipment. So far, however, this has not extended to abrogation of the agreement with the Transport Unions about standing passengers on buses. The principal new controls introduced are those granted to the Ministries of Agriculture and Fuel and Power to regulate distribution. This will not immediately mean rationing, but it might involve some temporary rationing schemes if the strike went on long enough. That would be a strange sequel to the general election campaign —and would hold innumerable morals for both political parties.

Most of the other new powers merely ensure that the authorities will be free to safeguard movement of essential supplies without interference ; and in particular to use the Services to do so. So far the use of the Services has been confined to 250 Army trucks for postal delivery. This is not the most that the Army could do if called upon, but there is, as yet, no parallel in prospect with the situation in 1948 and 1949, when the Labour government used troops and Army transport to unload ships during the dock strikes. Few people in the Services could drive trains safely, and they would hardly be called in to do so unless the NUR joined the strike first ; and the additional road transport which the Army could provide (it is already taking care of routine service movements) might not greatly exceed a thousand trucks or so. " State of Emergency," in fact, is a rather awe-inspiring entitlement for the powers actually taken, or indeed for any further powers that might be taken, if the strike is prolonged ; but the term itself may be of some use in making clear to the strikers that the whole weight of the nation's resources will be used to defeat their attempt to enforce its capitulation by near-strangulation.

Mr Strydom and the Optimists

THE South African government is obviously in a hurry to get the Senate Bill on the statute book as soon as possible. After a 30-hour debate the Bill was given a second reading last Friday. Mr Strydom is quite unmoved by the widespread opposition to the Bill, which extends even to members of the Nationalist party itself.

In the bitter debate in parliament all the opposition parties and groups stood solidly together. Even the Conservative party, which had been formed by dissident elements of the United party who favoured compromise with the government on the Coloured franchise issue, refused to be associated with the Nationalists' plans. In the country, feeling is running deep ; but it is doubtful whether the reported " remobilisation " of the Torch Commando, which has fallen somewhat into disrepute, is in the best interests of the opponents of the government. In the present circumstances, only the United party, for all its shortcomings, is capable of giving an effective lead. But it will have to show itself more resolute than hitherto.

In some quarters the charitable interpretation has been put on the government's intentions that, as soon as the Coloured franchise problem is out of the way, the Senate will be restored to its orginal size and shape. This is supremely improbable, since it is the unconcealed ambition of the Nationalist party to secure the perpetual domination of South Africa by the Afrikaner *Volk* under its own leadership. For this purpose a " packed " Senate is far too useful a tool to be discarded once it has been shaped ; and the present Bill is, indeed, no more than a logical preliminary to other and more far-reaching measures.

Red Light in Berlin

THE fracas in Berlin this week was an alarm signal. Nothing on the scale of this battle between organised Communists and the West Berlin police had been seen before. Several thousand roughs, presumably members of the " Free German Youth," crossed the sector boundary to demonstrate against a gathering of the former members of a Panzer division. There were a considerable number of casualties among the police, and it will not be surprising if the West Berlin authorities soon ask the Allied commandants for the right to reinforce their men. Already, the attempt has been made to give revolvers to customs police, after a recent incident with the Berlin Communists. The danger of serious affrays in this precarious centre has grown.

It is possible that the attack against the ex-soldiers' meeting is the first of a new campaign of force. At the Warsaw military conference last month the East German premier, Herr Grotewohl, announced that henceforth his government would have a free hand to deal as it liked with the West Germans. Its actions—allegedly in the interests of reunification—would be supported by the Soviet government. In other speeches, Herr Grotewohl has threatened action in a way which could mean anything from organising a *coup d'état* in Bonn to throwing stones in Berlin. No doubt, the East German leaders intend to bring more pressure to bear on German businessmen, as they did when they suddenly raised the tolls on the *Autobahn* into Berlin. But violence, blackmail and subversion are also certainly on the Communist programme for Bonn as well as Berlin. The battle on the sector boundary will do little to further reunification, except by raising the spectre of a civil war in German minds ; but Herr Ulbricht and his colleagues can have no interest in any form of reunion except one which extends their rule. The possibility must be envisaged that they will concentrate their new powers on achieving an outright victory, using the stock-in-trade of both Communist and Nazi revolutionaries.

The Communist Case for Bases

THE withdrawal of Russian troops from Port Arthur, which was completed on Tuesday, has been going on by stages throughout May, accompanied by the presentation of bouquets, the raising of a memorial and profuse expressions of gratitude from the Peking government. The newspaper *Kwangming Jih Pao* said that China would "never forget the vital role played by Soviet armed forces in the defence of peace and security in the Far East"; and a local party official, Kuo Shu-shen, declared that "the heroic Soviet forces have contributed immensely to China's security." This contrasts strangely with what the Russians had to say about bases on foreign soil in their much publicised statements on disarmament of May 10th. They then said flatly that the establishment of such bases "increases the threat to the security of the states on whose territories they are being set up." The Chinese government now states exactly the opposite view, and thus implicitly sides with the Atlantic allies in their claim that Nato bases are genuinely defensive and vital to defence.

The Finns, who had the Soviet base at Porkkala, under whose guns lies Helsinki itself, imposed on them at the end of the war, would indeed feel a good deal more secure if the Russians dismantled their fortifications and marched away. But it is unlikely that the Russians will be consistent enough to do this; the concession announced in Helsinki this week amounts to little more than a lifting of the "blackout" formerly imposed by the Russians on Finnish trains passing through the base. The Port Arthur incident shows that the propaganda for the abolition of bases is meant for consumption outside the Iron Curtain only. It would be more realistic for the Russians to admit that, in the West as anywhere else, small countries depend for their security on the military assistance of their bigger allies; but that sort of realism would strike at the foundations of their foreign policy.

Results on the Screen

WHATEVER may be said of the use to which television was put as an electioneering instrument, there can be no doubt about the efficiency with which it was used as a medium for recording and commenting on the election results as they came in on Thursday night and Friday. Television was not only considerably ahead of sound broadcasting with the results, but its human brains were far quicker than sound radio's electronic brain in giving a general picture of the situation. And, although nowadays the scenes at the declaration of the poll are hardly those of Eatanswill, the cameras managed to convey the sense of excitement, and quite a lot of incidental comedy, outside and inside town halls in various constituencies. The tantalising postponements of the announcement of the key Watford result were an accident, but one that felicitously heightened the drama for the viewer; and there were several entertaining unrehearsed interludes—in one of which Cheltenham's defeated Socialist candidate replied to his Tory victor's platitudes about a "good clean fight" in terms which may have shocked Cheltenham, but which came to the ordinary viewer as a delight.

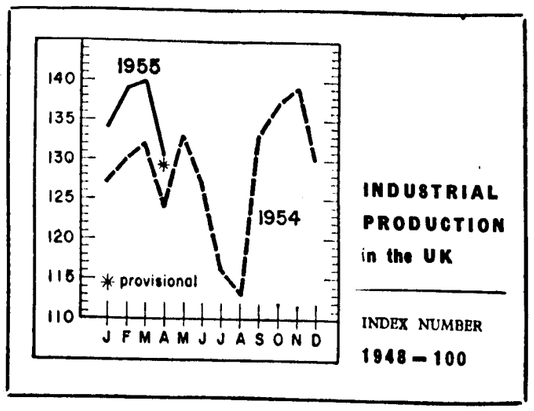
Immediately after the announcement of the first results, the commentators in the studio were forecasting a Conservative victory; shortly afterwards they had to explain to indignant telephone callers that when there was a swing to the Conservatives, and they said it was a swing to the Conservatives, they were not being unimpartial towards Labour. There was a certain slowness in spotting that peculiar things were happening in the marginal constituencies, and that the Conservatives had already failed to capture on the roundabouts some of the seats they were supposed to capture on the swing; but this was an easier point for the psephological mind to grasp in repose than it can have been in the remarkably quick-talking act in front of the cameras. Unfortunately, the commentary on parliamentary personalities was well below the intellectual level of the rest of the performance. But the BBC can be pleased at the discovery that election night is a subject perfectly suited to the combination of studio set-piece and outside telecasting. Side-by-side with the outside broadcast on the Coronation, this was the television service's most notable achievement to date.

The Stigma of Insanity

THE Royal Commission on the lunacy and mental deficiency laws has periodically been taking evidence without much publicity, and so far as mental illness is concerned, a main problem that may have to be decided is becoming clear. Since 1930, people suffering from mental illness have been encouraged to seek treatment by being allowed to enter mental hospitals as voluntary patients. They do not thereby have to undergo the stigma of certification, which involves them in a judicial process, subjects them to restraint and deprives them of some of their civil rights.

The voluntary patient formula has certainly enabled much mental illness to be treated at an early stage with correspondingly better chances of success. But there are still many people who refuse treatment, even though they are assured that they will not be certified, because they want to avoid the stigma of entering a mental hospital at all and thereby being labelled as "mental." Much of the evidence before the Royal Commission has, therefore, turned on the best way of avoiding this stigma, and the solutions proposed have tended to take two opposing forms. One is that the treatment of all mental illness should be focused on the mental hospital, which should be regarded as a specialist hospital, be upgraded to the status of one by the recruitment of far more staff, and which should reduce its custodial aspect to the minimum. It is through familiarity with the mental hospital as an active centre of treatment, where patients can come and go with as little formality as in a general hospital, that, in this view, the mental hospital barrier can best be broken down. The opposite point of view is that, wherever possible, mental illness should be treated in general hospitals or in special units attached to them. People suffering from neurosis, in particular, it has been argued by some witnesses, will not seek treatment because they are afraid of having to go into a mental hospital, associate with the "really mad," and be similarly stigmatised.

It will be interesting to see if the Royal Commission comes down on one side or the other. The first view can perhaps be regarded as rather idealistic, especially when most mental hospital buildings prevent the complete segregation of distressing cases from the milder ones. On the other hand, the opposing view would involve the withdrawal of skilled staff and of the milder cases to the general hospitals, and therefore the downgrading of mental hospitals, which would nevertheless still have to look after the majority of the mentally ill. Is there not a danger that people will then still be afraid to seek treatment, lest they be considered bad enough for admission to places that can be little more than care and protection institutions for the chronically insane?



Forecast for North Africa

PERSISTENT heavy weather over French North Africa has been broken by one bright interval. The Franco-Tunisian conventions have been signed. Provided that they are ratified by both the Bey and the French parliament, Tunisia will have home rule, its French residents will enjoy certain municipal, cultural and economic rights and Paris will look after its defence and foreign affairs.

An article on page 862 suggests that there is little doubt about ratification by the Bey; it is at the French end that the prospect is less sure. The French residents who oppose the conventions are said to have collected large sums with which to fight their passage through parliament, a campaign that has more hope of succeeding in the Council of the Republic than in the National Assembly, where few right-wing deputies see any advantage in causing M. Faure to fall. The conventions cannot be debated for a month; this is unfortunate for M. Faure, who is well aware that France's whole future relation with North Africa hangs on getting them through quickly.

Were he to wait longer, deputies might be swayed in some unpredictable direction by the course that events are taking elsewhere in North Africa. For Morocco and Algeria are both torn by faction and unrest. In Morocco, it is difficult for the Faure cabinet to take positive action till the Tunisian agreements are fully sealed and delivered. Yet M. July, its Minister for Tunisian and Moroccan Affairs, has now openly admitted to fellow parliamentarians that its present Sultan is devoid of any authority and a virtual prisoner in his palace. When he made this admission to the Foreign Affairs Committee of the National Assembly, he added that whereas to restore the old Sultan was impossible, to establish a Council of Regency was difficult on religious grounds. In a word, he seemed to be relying on his voices to tell him what to do next.

The scene in Algeria is little brighter. The so-called outlaws have extended the range of their raids and the news that Paris has set up a permanent "Committee of Action" to handle the twin problems of North African security and economics has brought little comfort to uneasy rural *colons*. The arrival of an entire division of the French army, released after due notification to Nato, has done more to allay their fears, but it has exacerbated the emotions of the Moslem inhabitants. Nor was the step welcome to General Gruenther—for Nato can hardly view with equanimity this warning that its military strength may be continually drained as a result of French policy in North Africa.

Prohibition for Britain?

Many men complain, and with considerable justice, of the displays of mercers and drapers, which too often are the means of luring young females from the paths of virtue. Misery then ensues quite as great and protracted as arises from the sale of intoxicating drinks. Is, also, the sale of silk mercery and fine drapery to be prohibited? The gentlemen mean no such thing—the ladies, we are sure, do not; but the rigid morality, the stiff intolerant puritanism, which would put a stop to the sale of intoxicating drinks, must in consistency put down all mercers' and all jewellers' shops. There is another luxury at present largely indulged in by the people, and a considerable nuisance both here and in the United States. Tobacco is smoked, snuffed and chawed, to the manifest injury of health, waste of property, and begetting of very offensive social habits. If the sale of alcohol be prohibited, can the sale of tobacco be legally permitted? . . . Not far from Exeter Hall stand Drury Lane and Covent Garden; and there, patronised and encouraged by Royalty and the highest nobles of the land, the soft and lascivious airs of a Southern people charm and possibly delude many a young person. Theatres have been denounced like intoxicating drinks. Like them, they are capable of great perversion, and like them they waste the national resources, and frequently tend to increase crime, to corrupt the social habits and to destroy the lives of the people. At least, these effects are continually laid to their charge. . . .
That sobriety of manners, as of mind, is of great advantage to individuals and to communities, no man denies. Nor can any reasonable being deny that the extinction of drunkenness would be a prodigious moral advantage.
About the means of accomplishing it only can there be any difference of opinion. Perhaps the gentlemen who would make laws to prohibit the sale of intoxicating liquors are not aware that their fathers or grandfathers were habitual drunkards—that a century ago to get frequently drunk was a gentlemanly accomplishment, and that at present the race of six-bottle or even of three-bottle men is utterly extinct. "The cup that cheers without inebriating" has taken the place of the wine cup. Men follow the fashion, but resist restraint.

The Economist

June 2, 1855

An Omen from Victoria

BOTH Mr Menzies and Dr Evatt have cause for satisfaction in the result of the Victorian state elections, in which not only the dissident anti-Evatt Labour members have been defeated, but also four Liberal rebels, headed by the former premier (they objected to boundary reforms which have reduced the weight of the rural vote). Mr Menzies has made new party capital out of the schism that has rent the Labour party and has now made it possible to form a shaky Liberal-Country party coalition in Victoria, based on an increased Liberal representation in the state house and the opportunism of the dwindling Country party. But Dr Evatt has most reason to rejoice, for he is confirmed in his grip on the leadership of the federal Labour party, and the power of the federal party executive in the states has been amply demonstrated.

Early this year Dr Evatt initiated the purge of the Victorian state executive of its anti-Communist, and anti-Evatt, Catholic Action members; the result in Victoria, as in the federal parliament, was the creation of a dissident group of Labour members, disowning Dr Evatt and their newly elected executive. Their defeat at the polls confirms the new, purged state party executive in power, makes almost certain the success of moves similarly to purge the New South Wales executive, and suggests that the rebel right-wing Labour MPs at Canberra cannot expect to survive the next general election—which Mr Menzies may now feel he can safely arrange next year. But Dr Evatt has not met the challenge to his leadership by uniting his party on a policy which both wings can accept; he has done it by driving heretics out of the fold—together with an unknown quantity of electoral support. Left-wing counsels are in the ascendant. Much of the blame must be laid at the door of Catholic Action, which overreached itself in moving from the industrial arena to politics and there giving Dr Evatt the chance to beat the drum of anti-sectarianism. The final result, however, may be to reinstate Communist influences in the trade unions, which the disbanded "industrial groups" had so largely eradicated.

Odyssey for Sea Lawyers

THE experts in international law who are trying to evolve a code of the sea probably feel that a voyage with only one Scylla and Charybdis must have been child's play for Odysseus. The present meeting of the International Law Commission, at Geneva, has managed to reach agreement during the past fortnight on a number of the less controversial items in the draft articles it hopes to lay before the United Nations, and has prudently given itself until July 8th to tackle the rest. But on the two main issues, territorial waters and the regulation of high seas fishery, the Commission still has to find a way between the rival claims of the internationalists, who want to give as much authority as possible to a UN organ, and the nationalists, who want to preserve the influence of the coastal states. And even if the Commission can report back unanimously to the General Assembly, its proposals will still have to pass under the scrutiny of Chile and Peru, who are not members of the Commission but who have recently shown themselves to be avaricious snappers-up of sea space. Their refusal this week to submit their case to the International Court shows that they are as intransigent as ever.

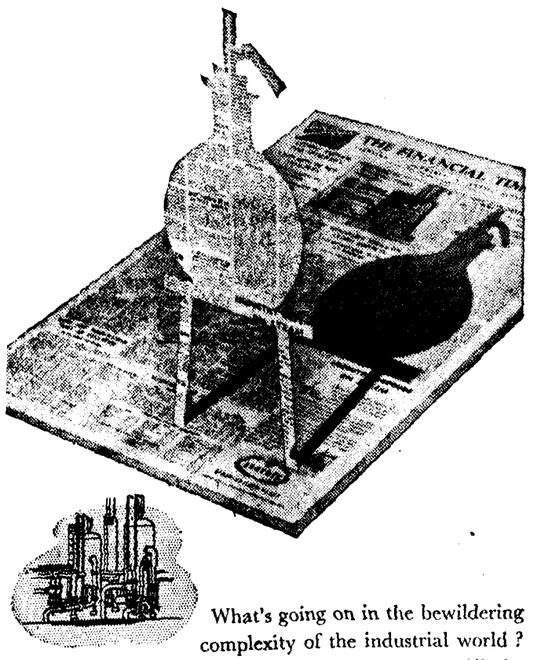
Britain has been playing the role of Odysseus, who found himself forced to steer unpleasantly close to Scylla's clutches in order to get the majority of his crew through safely. Instead of entrusting the regulation of all fisheries outside territorial waters to a UN authority, the British are willing to allow the coastal states wider regulating powers than they have at present within a limited distance of the shore. It is felt that states which are given this right will be less tempted to mark off huge expanses of sea as "territorial" waters. As to the width of territorial waters, Britain stands firmly on the principle of the three-mile limit, and is willing to admit only the kind of minor local variation sanctioned by the International Court in the Anglo-Norwegian case. The Commission also has to decide whether special extensions of territorial waters should be approved by a UN authority or settled by agreement between the coastal state and other interested parties. Another point in dispute is whether the right of innocent passage of ships through territorial waters should be qualified to protect what the Commission's draft vaguely calls the "public policy" of the coastal state. By the time the members of the Commission have argued their way through all these matters they will probably feel that they have qualified for a spell in Lotus-land.

Justice in Djakarta

INDONESIA has taken a regrettable decision in refusing an entry visa to the eminent British lawyer briefed by the Netherlands government to take over the defence of Dutch nationals charged by the Indonesians with engaging in subversive activities. The case has dragged on now for eighteen months, during which time Mr Jungschlaeger and his fellow prisoners have had these serious and as yet unproved charges hanging over their heads. Charges of impropriety towards witnesses had been levelled by the Indonesians against the Dutch lawyer conducting the defence and, while firmly rejecting these accusations, the Dutch government decided to ask Mr Curtis-Bennett, QC, to take over the case.

It is not clear from the long and involved statement put out last week by the Indonesian embassy in London, precisely on what grounds his entry visa has been refused. Indeed, the statement quotes the presiding judge as saying that "there is no regulation whatever allowing or forbidding the engagement of a foreign lawyer." This makes it all the more difficult to understand why there should have been qualms in Djakarta that the law of the land would be broken. This decision is sure to exacerbate still further relations between the Dutch and the Indonesians, and it is surprising that in these circumstances, and with Indonesia's reputation in the world as a free and fair-minded nation at stake, it should have been based on a narrow, not to say shaky, legal point. There is time yet for a change of mind in Djakarta.

Bubble, bubble, toil and trouble...



What's going on in the bewildering complexity of the industrial world? What simple formula can give you all the facts and figures of industry. The answer, of course, is THE FINANCIAL TIMES.

This newspaper supplies a wealth of vital information—carefully summarised and concisely reported—together with absorbing articles and measured comment on countless industrial subjects. As you read, facts take shape and form, puzzling situations become clear. Thoughtful trade forecasts help you to plan ahead.

Be well informed. Try reading THE FINANCIAL TIMES every day for a week—at the end of that time we believe you will wonder how you ever managed without it.

Men of industry read

THE FINANCIAL TIMES

every day

THE FINANCIAL TIMES · 72 COLEMAN STREET · LONDON · EC2

FG 12

JUNE

THE OLD CHERRY-PICKER

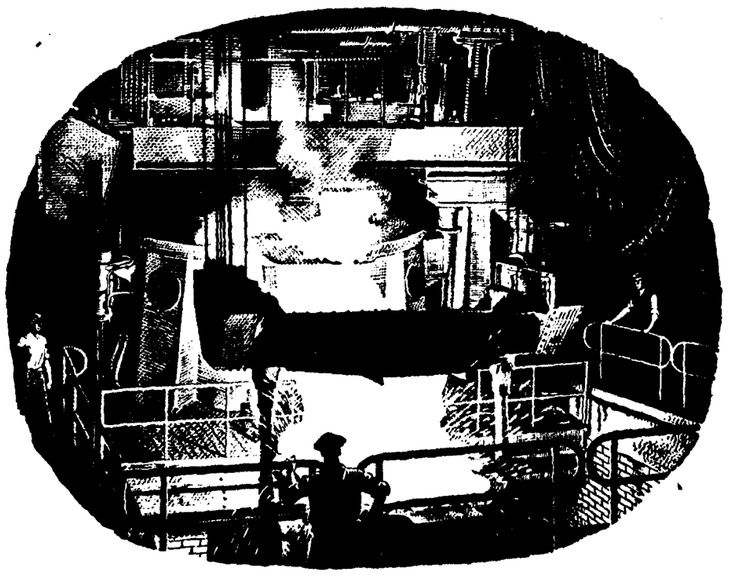
The ripe cherries of June remind us of our absolutely favourite person in English and Irish history. Katherine Fitzgerald, Countess of Desmond, was born 1464 and died 1604. (There are spoil-sports who dispute that date of birth, and say the old Countess was a mere 104 when she died. We are less niggardly, and insist on 140.) But it is not her great age alone that puts the Countess at the top of our list of favourites. The fact is that, at the age of 90, she broke her leg falling out of a cherry-tree. We have never found record of anybody else falling out of a cherry-tree at the age of 90. We are sorry for Katherine Fitzgerald. It must have been painful. But what was she *doing* up a cherry-tree at the age of 90? History does not in fact relate. Perhaps she had gone up to fix a hammock, so that she could snoozle in the sun. She may have been trying to rescue a stranded and yiauling kitten. But we prefer to think that she was picking, or trying to pick, some particularly juicy-looking cluster from a tree when her grumpy young (say about 75) gardener wasn't looking.



We cannot protect you from the hazards of cherry-picking, but we can help you to safeguard the future of those who depend on you. Ask at any Midland Bank branch for details.

MIDLAND BANK
EXECUTOR AND TRUSTEE COMPANY LTD.

An electric arc furnace by Birlec Ltd—and AEI. The furnace shown requires electrical power of 15,000 KVA—sufficient to supply a town the size of Harrogate. It is one of the largest in Western Europe.



In the steel works molten metal flows from the furnace. In the kitchen the food is cold and fresh from the refrigerator. Electricity is serving man. There is a connection between these events for the power is harnessed more effectively by equipment built by AEI Companies.

HOT & COLD & AEI



Associated Electrical Industries is a practical partnership of great companies. Each one is famous in its own right. All share the benefit of AEI's inspiration and financial strength, on research, and for economy in manufacturing. An investment in AEI is an investment in all these companies—and in progress.

The British Thomson-Houston Co. Ltd.
&
Metropolitan-Vickers Electrical Co. Ltd.
&
Birlec Ltd.
&
Coldrator Ltd.
&
Edison Swan Electric Co. Ltd.
&
Ferguson Pailin Ltd.
&
Newton Victor Ltd.
&
The Hotpoint Electric Appliance Co. Ltd.
&
Premier Electric Heaters Ltd.
&
Sunvic Controls Ltd.
&
Siemens Bros. & Co. Ltd.
&
Australian General Electric Pty. Ltd.

A 7 cu. ft. refrigerator by Coldrator—and AEI. This refrigerator is shown in a kitchen equipped and designed by Hotpoint

Books & Publications

The Prime Minister

SIR ANTHONY EDEN.
By Lewis Broad.
Hutchinson. 256 pages. 15s.

SIR ANTHONY EDEN.
By Alan Campbell-Johnson.
Hale. 272 pages. 18s.

THIS is obviously a good moment commercially to publish books about Sir Anthony Eden, but, as both his new biographers admit, it is difficult to write an adequate account of a public figure in mid-career. Even during the first few weeks of his premiership Sir Anthony has added a significant new chapter. In one sense, of course, his public life provides an exceptionally continuous story. Not only has he been in and out of the Foreign Office for nearly a quarter of a century, but throughout that time he has worked consistently, and on the whole realistically, in the cause of collective security. Even this part of the story, however, is far from complete. In 1955 the Geneva settlement over Indo-China is still being hailed as a triumph, but in ten years' time it may have to be assessed very differently.

In any case, a fully rounded account of the new Prime Minister should contain a good deal more than the long list of his negotiations. These are faithfully catalogued by both his biographers, but where Mr Campbell-Johnson never moves from the level of superficial reporting, Mr Broad delves deeper. For too long the public has been presented with a one-dimensional picture of an agreeable young man with a happy knack for getting on with foreigners. Mr Broad manages to suggest the more steely qualities without which Sir Anthony's present eminence would be not only inexplicable, but impossible. It is tough at the top in Westminster, and only the cleverest politicians get there. Greatly to the Tories' advantage Labour has consistently under-estimated what Mr Butler has called Sir Anthony's political "flair." But now his calculating politician's mind has been revealed in its considerable capacity. In his timing of the election, in his strategy for the Tory campaign, and in his early handling of the rail strike, Sir Anthony has displayed a political touch not seen in 10, Downing Street since the days of Baldwin.

Both writers note the influence of Baldwin on the young Eden at his most politically impressionable age, and there is a distinctly familiar flavour about Sir Anthony's stress on national unity, his almost physical distaste for class bitterness, and his instinctive desire to bridge rather than divide the House of Commons. It is fortunate that Sir Anthony's record at the Foreign Office can effectively dispel any fear that Baldwin's languor might now afflict the Government's conduct of foreign affairs. Nor is there much similarity of temperament. Mr Broad has been intrigued by the Eden family inheritance of violent temper and artistic sensitivity, and it is a fact that while Sir Anthony's first nights may be calm and assured, the dress rehearsals can be torrid. But in public he has always practised to keep a tight rein on temper. The price he has had to pay is a certain deadening of personality, but if this has prevented him from firing the blood like a Churchill, he may have already acquired a wider popularity than Churchill both among MPs and with the general public.

As a guide to what Sir Anthony may achieve as Prime Minister Mr Broad's analysis is inevitably inconclusive. But the picture he creates of an intelligent, sensitive politician, refreshingly free from dogma, is both intriguing and hopeful.

Revolutionary Memoirs

THE RUSSIAN REVOLUTION 1917.
By N. N. Sukhanov. Translated and edited by Joel Carmichael.
Oxford University Press. 728 pages. 42s.

THIS abridged translation of Sukhanov's *Zapiski* is a welcome addition to the short list of memoirs available in English by active participants in the Russian Revolution. N. N. Sukhanov, as member of the original Executive Committee of the Petrograd Soviet, was one of those responsible for installing the Provisional Government in office in March, 1918; for the next eight months his influence was steadily exerted to prevent that Government acquiring effective power, and his rationalised preoccupation with the danger of counter-revolution made him consistently oppose any serious attempt to check the Bolsheviks. Lenin's description of him—"one of the best representatives of the petty bourgeoisie"—may be taken in either sense.

He was not untypical of the revolutionary intellectual of his age. A Socialist Revolutionary in 1905, a Menshevik Internationalist in 1917, he remained, above all, an eager theoretician. "My mood," he says, "and perhaps my nature as well, were such that I had too little desire at that time for spade work. . . . All my efforts and thoughts were concentrated on the sphere of high policy." Intensely civilian, he refers (when it was clear that force would be the final criterion) to "that depression of spirit I felt whenever military matters were raised." Trotsky describes him as "semi-Narodnik, semi-Marxist, a conscientious observer rather than a statesman, a journalist rather than a revolutionist, a rationaliser rather than a journalist." But Trotsky's frequent mention and quotation in his own history of the Revolution are a tribute to Sukhanov's importance as a chronicler. Subjective as these memoirs are, they remain an essential source; the skill and sincerity—if at times rather muddled sincerity—of the rapportage afford a vivid picture of the atmospheres and personalities, the alarms and the excursions of the period; and they make clear why it was, given the leadership of the various groups, that the ultimate victory of Lenin and Trotsky was inevitable.

In his original foreword—unfortunately not translated here—Sukhanov explains that he started on his *Zapiski* because he had nothing else to do; the Bolsheviks had clamped down both on his political activity and his journalism. Volume I was completed between July and November, 1918; then there was a pause, and the six further volumes were written between April, 1919, and June, 1921. There was good evidence by then of the vigour of Bolshevik repression, and it says much for Sukhanov's courage that he not only included his famous reference to Stalin ("a grey blur, looming up now and then dimly"), but frankly accused Lenin of vacillation and cowardice in the crisis of July, 1917. During the twenties Sukhanov became sufficiently reconciled to the regime to work for it as an official. This lasted all through the New Economic Policy; but in 1931 he was overtaken by the inevitable fate of Left Wing idealists who believe they have struck a bargain with the Communist autocracy.

This English abridgement is devised to give a continuous narrative. The translation is fluent. The editor's introduction makes some excellent points. There is a good index. The notes are the right length and useful, though not in every case accurate (the big SR Trial was in 1922, not 1920). The serious student will, of course, want to have the complete text; and it would be helpful if subsequent editions had a note to say precisely what has been cut. But, as it is, we have good reason to be grateful to Mr Carmichael and his publishers.

Poet of Talent

THOMAS GRAY: *A Biography.*
By R. W. Ketton-Cremer.
Cambridge University Press. 323 pages. 25s.

MATTHEW ARNOLD contended that Gray was unfortunate in being born into an age of prose, when "a sort of spiritual east wind was blowing," but it is arguable that had he lived in a vigorously poetic age, his gifts might have been quite obscured. A man can scarcely be ranked as a great poet on

"Basic source book on the American economy"
—N. Y. Times Book Review

America's Needs and Resources
A NEW SURVEY

By J. Frederic Dewhurst and Associates

A Twentieth Century Fund Study

"An extraordinary economic survey . . . I don't see how a businessman can afford to be without it."
—*Chicago Daily News*

"This is a picture of a growing, tremendously flexible economy . . . a monumental study."
—*Business Week*

Here, arrayed and documented, is the full power and promise of an expanding American economy: the record, the figures, the future of every part of the economic system. It is an invaluable working tool for the businessman, a constant and ready reference for student and specialist alike.

CONTENTS

War and Aftermath • Trends and Projections • Population Growth • Output, Income and Expenditures • Food, Liquor and Tobacco • Clothing, Accessories and Personal Care • Housing • Household Operation • Transportation • Health and Medical Care • Recreation • Education • Religion • Welfare • Private Productive Facilities • Urban Redevelopment • Land and Water Conservation and Development • Government Expenditures • Foreign Trade and Finance • The Labor Force • Natural Resources • Agricultural Capacity • Industrial and Commercial Capacity • Technology: Primary Resource • Productivity: Key to Welfare • Needs vs. Resources • INDEX

More than 1100 pages • 352 tables
105 charts and figures

At your booksellers • $10.00

THE TWENTIETH CENTURY FUND
330 West 42 Street, N. Y. 36, N. Y.

the strength of one lyric, no matter how fine; and apart from the *Elegy*, Gray's poetry shows talent, not genius. Yet because there were so few men of poetic sensibility writing in the middle years of the eighteenth century, he enjoyed a very considerable reputation in his own day and he has a secure place in the history of English literature.

Dr Johnson distrusted the innovating tendencies which he perceived in Gray's work—the experimental metres and the latent romanticism—and he dismissed him with the very unfair comment: "Sir, he was dull in company, dull in his closet, dull everywhere. He was dull in a new way, and that made many people think him *great*." Had this really been his character, he could not conceivably have held the friendship of Horace Walpole. Indeed, Walpole showed much more perspicacity than Johnson when he remarked that "Gray never wrote anything easily but things of humour; humour was his natural and original turn." His letters, always lively, sometimes playful, often brilliantly amusing, certainly bear out this thesis; and Mr Ketton-Cremer suggests that if Mason, his friend and first biographer, had been less discreet, posterity might have enjoyed several more lampoons and satires on political personages and events—perhaps in the rumbustious vein of the lines on Lord Sandwich, perhaps in the ironic mood of his attack on Lord Holland.

Mr Ketton-Cremer does not attempt a critical study of Gray's poetry, but as pure biography this book is admirable. It is a work of scholarship, in which considerable use is made of hitherto unpublished material, but it is also a pleasure to read. The picture of Gray that emerges from these pages is an authentic portrait built up from the man's own writings, and from the remarks of his contemporaries, by a discriminating and sympathetic biographer who is very well acquainted with the period. Gray was not a simple person; he had many of the tiresome characteristics of the "remote and ineffectual don," together with extreme sensitivity. Without intrusive comment or pretentious explanation, Mr Ketton-Cremer has presented him as a man who reconciled a difficult temperament with a truly civilised mode of life.

Analyst of Infamy

A TRAIN OF POWDER.
By Rebecca West.
Macmillan. 339 pages. 21s.

MISS REBECCA WEST is a sentinel in Purgatory, but the souls over whom she keeps tireless watch have in them no seed of grace. She brings to bear on minor infamy, on the lecherous and sordid perimeters of evil, her marvellous style, her capacity for minute research and her towering rectitude. When Miss West applies herself to the lesser cases—the murder of Mr Stanley Setty, the William Marshall espionage inquiry—the result is unconvincing because her essays are like vast cyclones in a small and slightly muddied swimming pool. When, on the contrary, she addresses herself to the great crimes—the Nuremberg trials—the result is depressingly inadequate. It is simply no good trying to reduce Lucifer and the nine circles of Hell to an exercise in disgust or fastidious rejection. The great tragedy of Nuremberg was not the particular gesture of Dr Schacht or the poor ventilation in the Palace of Justice, but the fact that the Nazi gang was being denounced for mass torture and deportations by a Soviet judge and by the very men who would soon be begging Germany to rearm.

It is only in purgatorial evil, in a middle region where crimes are large enough to be exemplary but not cataclysmic or mainly political, that Miss West is fully at home. Consequently, her present volume contains only one entirely satisfying achievement, "Opera in Greenville," a study of the trial in Greenville, South Carolina, of thirty-one taxi drivers implicated in the lynching of a Negro on the morning of February 17, 1947. The whole town, melodramatic, heat-ridden and vaguely sinister, stands naked before Miss West's inquiry. The attorneys gesticulate in a way curiously reminiscent of Kafka; one of them is so good a lawyer "that the imperfections of the case must have vexed him to his soul." The climax of the trial, an acquittal, brazen in the face of the obvious, is beautifully contrived. Miss West flays the crime as "a hideousness that begets hideousness," and yet recognises that the South is on its way to better things.

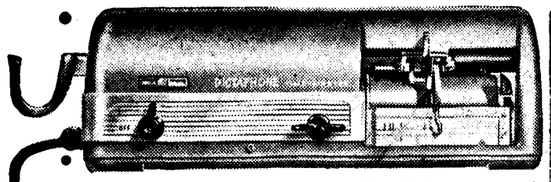
When one puts down this book it is with a sense of exasperation that so much skill should be expended on so much sordid triviality. Over the past few years, Miss West appears to have lost that sustaining instinct for nobility and laughter which informed her earlier writings. But above all, she has lost the essential distinction between mere pity—with which her last two books are filled—and compassion, which means "suffering with those who suffer" and discerning the truer harmony beyond.

Text: Reference

MONETARY AND BANKING POLICIES: *A Comparative Survey of World Trends.*
Lectures delivered in the City of London. The University of London, Department of Extra-Mural Studies and the Institute of Bankers.
The Institute of Bankers. 87 pages. 3s. 6d.

ACCIDENT AND SICKNESS INSURANCE.
Edited by David McCahan.
Pennsylvania University Press (London: *Geoffrey Cumberlege*). 350 pages. 36s.
This book describes accident and sickness insurance in the United States.

THE TOWN AND COUNTRY PLANNING ACT 1954.
By Desmond Heap. *Sweet and Maxwell*. 249 pages. 30s



The new Dictaphone Time-Master 'International'

Why is the Dictaphone TIME-MASTER Britain's highest-priced dictating machine?

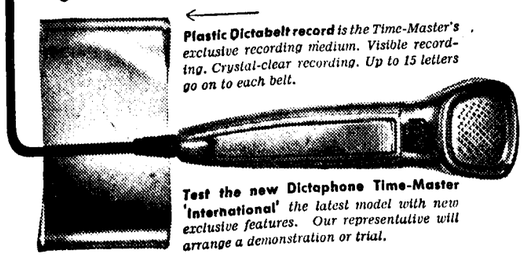
THE reason is plain. Even plainer after you have used a Time-Master for a day or two.
The great practical advantages of the Time-Master cost money to produce. To design. To manufacture.

The Time-Master is built to endure. Styled to enhance. But above all, it is a machine to take the difficulties *out* of office dictation. You will find it as simple to use as your telephone.

Companies who have equipped their offices with Time-Masters report that, in practice, the Time-Master proves the *least* expensive dictating machine. It brings such astonishing increases in executive accomplishment that it quickly pays for itself, frequently within the first year. That is why the Time-Master is also the world's best-selling dictating machine.

Our representative would be glad to prove these facts to you.

Visit Stand 104 Business Efficiency Exhibition Olympia June 6th - 16th



Plastic Dictabelt record *is the Time-Master's exclusive recording medium. Visible recording. Crystal-clear recording. Up to 15 letters go on to each belt.*

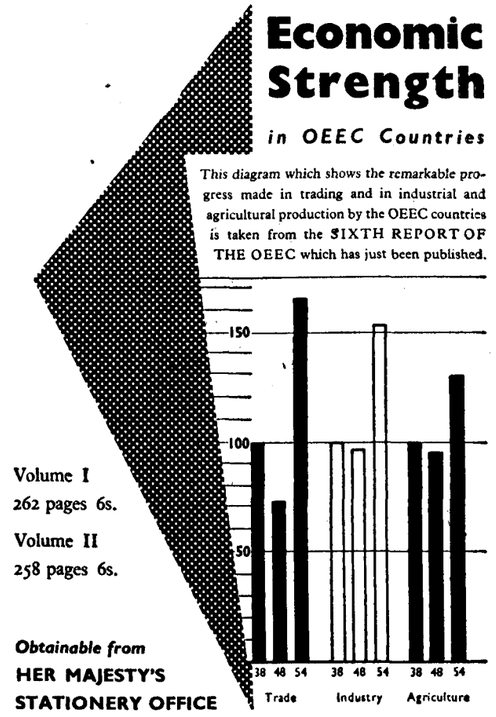
Test the new Dictaphone Time-Master 'International' *the latest model with new exclusive features. Our representative will arrange a demonstration or trial.*

DICTAPHONE Reg. Trade Mark
GREATEST NAME IN DICTATION

Dictaphone Co. Ltd., 17-19 Stratford Place, London W.1.
Branch Offices: BELFAST BIRMINGHAM BRISTOL CORK DUBLIN EDINBURGH GLASGOW LEEDS LIVERPOOL MANCHESTER NEWCASTLE

FROM RECOVERY TOWARDS
Economic Strength
in OEEC Countries

This diagram which shows the remarkable progress made in trading and in industrial and agricultural production by the OEEC countries is taken from the SIXTH REPORT OF THE OEEC which has just been published.



Volume I
262 pages 6s.
Volume II
258 pages 6s.

Obtainable from
HER MAJESTY'S STATIONERY OFFICE

Glayva
Scotch Liqueur

Glayva
(GLE MHATH)
SCOTCH LIQUEUR
70 PROOF
PRODUCE OF SCOTLAND
RONALD MORRISON & CO. LTD.
EDINBURGH

Scotland's Finest Liqueur

ACCOUNTANTS WANTED
for the
ARMY EMERGENCY RESERVE

to spend
FIFTEEN DAYS IN CAMP
earning full pay and allowances
plus
a total of
£9
IN TAX FREE BOUNTY & EFFICIENCY GRANT

You can spend fifteen days with your friends, earning full Regular Army pay and allowances. As a member of the Army Emergency Reserve (Cat. IIA) *you have no other duties during the year*. If a grave national emergency should arise, you may be called up for service in the United Kingdom. *You can be called out for overseas service only by Proclamation.* Volunteers are accepted from 18 years of age and engagement is for two, three, or four years. If you have served before in a non-commissioned rank there is every possibility of your filling an existing vacancy or of being promoted as soon as a vacancy occurs.

Lend your skill to Britain, doing the job you know best

Send this coupon now for details of how to join to:

O.C. HEADQUARTERS,
ARMY EMERGENCY RESERVE
R.A.P.C.
District Pay Office, Aldershot District, Hospital Hill, Aldershot.

NAME .....

ADDRESS EO/563



American Survey

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

Military Cross Currents

Washington, D.C.

SELDOM have the interdependence of foreign and strategic policy and the effect of domestic politics upon both been more clearly illustrated than by two developments in Washington during the past three weeks. For largely parochial reasons, the House of Representatives rejected the Administration's military reserve plan. At the same time the Pentagon "discovered" that Russia was flying formations of advanced types of long and medium range bombers. The action of the House may well have an effect upon the timing of the forthcoming Big Four "parley at the summit," and the announcement from the Defence Department may influence the whole attitude of both Congress and the American public to negotiations with the Soviet Union.

The outbreak of war in Korea five years ago necessitated partial mobilisation and exposed the weakness and obsolescence of the American reserve organisation. Ever since, there has been a general feeling that some better system must be devised. Last January the Administration laid before Congress what was, in effect, a "packaged deal." It proposed a reduction in the strength of the armed forces, principally the Army, from 3,200,000 men at the beginning of 1955 to 2,850,000 by mid-1956 and a consequent reduction in the military budget and in the number of young men called up each month; this was to be counterbalanced by an improved and strengthened reserve system.

On paper the United States has a "ready reserve" of some three million men, mostly veterans of the second world war. But of these only 700,000 are in active reserve units such as the Air or Army National Guard. The latter are roughly the equivalent of the British Territorial Army or the RAFVR, except that they are more local in organisation since the National Guard—for reasons reaching far back into American history—is under the administrative control of the state governors in time of peace. The Korean war proved that the reserve units other than the National Guard were useless as reservoirs of trained or skilled men. Since there are no enforced penalties for failing to attend drills or camps, it is estimated that 95 per cent of those on the paper strength of the units are regularly absent.

The Administration proposed a new system which, in view of the fundamental anti-militarism of the American public, was bold in conception. It envisaged the merging of the reserve and National Guard units into a new Active Reserve force, and the imposition of penalties for those who did not attend 48 annual weekly drills and a two weeks' summer training camp. What counted even more over the short term was the provision allowing a minimum of 100,000, and a maximum of 250,000, young men between seventeen and nineteen to volunteer for six months' basic training in the regular Army, followed by nine and a half years in the Active Reserve. The Administration asked for compulsory powers if enough volunteers did not come forward.

★

The Bill which embodied this programme sank below the surface of public attention for many weeks and emerged on April 27th from the House Armed Services Committee, shorn by an overwhelming vote of 31 to 5 of most of the compulsory provisions which made the new system an advance on the old one. The amendments were rather weakly accepted by the Administration. When the Bill came before the whole House of Representatives three weeks later, it was clear that the exigencies of the cold war had made only a superficial impression on the deep-seated dislike of Congress for any system of compulsory military service, a dislike which has been fanned by the active opposition of many religious and educational groups.

After several days of acrimonious debate on the floor of the House, opposition to the programme polarised around two amendments. One of them would have debarred the six-month trainees from serving abroad in countries where they would be liable to the jurisdiction of foreign courts. The other, moved by the theatrical Negro Congressman from New York, Mr Adam Clayton Powell, and backed by northern liberals, would have forbidden the assignment of reservists to units that practised racial segregation. This is an extremely thorny subject in the South because of state control of the National Guard. The active forces under the President's goading have made better progress in eliminating racial discrimination than almost any other sector of the community, but Mr Powell feels that much of this progress would be undone if reservists were assigned to segregated units after their basic training.

By May 19th there was nothing the House leaders could do but to take the Reserve Bill out of circulation for the time being. The Senate will not act unless the House does, and the Administration is faced with the alternative of either re-fighting the whole battle this summer or of seeing its proposals shelved, not merely for this year, but probably until 1957, since a measure as intrinsically unpopular with the American mother would receive no serious attention in an election year. But on the other hand the House has

passed with pious speed the Administration's military budget, calling for a 25 per cent reduction in the Army.

In part, the action of the House in shelving the Reserve Bill was the expression of deep-rooted prejudices and political calculation, but in part it may have been due, as Mr Walter Lippmann suggests, to the sense of complacency and relaxation which the indications of greater Soviet flexibility and reasonableness have induced even in Washington. Although the Administration is now re-examining the statute book to see if the present reserve system cannot be improved and tightened under existing legislation, its sense of the real urgency of getting the Reserve Bill through Congress this year has contributed to the President's unwillingness to be away from Washington during the closing weeks of this session, that is during late July and early August. It is in part for this reason that the western powers are proposing that the Big Four meeting be held in mid-July, which means a more hurried preparation than the professional diplomats approve of, or else that it be postponed until late summer.

★

But if action on the Reserve Bill provided evidence that the United States might be tending to let its guard down and put domestic political considerations foremost at the first hint of a thaw in the cold war, the disquiet of the Senate Armed Services Committee about the relative air strengths of Russia and the United States exemplified the reverse tendency. The Senate has been much more critical of the decision to reduce the size of the Army than the House. Two weeks after the May Day air parade in Moscow the Pentagon put out a statement to the effect that the formations of T37 and T39 bombers seen there "established a new basis for our estimate of Soviet production of the heavy jet bomber." This announcement was timed to support the Administration's decision to spend the bulk of next year's defence funds on the expansion of the Air Force. But in fact it had the opposite effect, causing many of the younger Democratic Senators, led by Senator Stuart Symington of Missouri, an ex-Secretary of the Air Force, to demand why the Administration has assumed so complacently that development of American long range bombers was far ahead of the Russians.

There are some politics in this, but in fact the evidence of recent Soviet strides in bomber design and production, though not as new as the Pentagon tried to assert, has really alarmed those officials and members of Congress who have had access to the facts; in particular they are concerned at Russia's apparent ability to move from prototype to production without going through the elaborate testing and modification before tooling up for full output which is necessary under a system of commercial contracts. Conclusive proof of this sense of alarm came last Thursday when the Air Force announced that it had ordered an acceleration of 35 per cent in the production rate of the B52, the intercontinental bomber which was due to come into service at an otherwise leisurely pace over the next two years.

Which cross current proves the stronger, complacency or alarm, depends very largely on the lucidity with which the President can provide the public with a balanced estimate of the strategic and international situation over the next few months. As every American politician would agree, no one else's words and views on these subjects count for anything like as much with the public.

Desegregation By Degrees

SLIGHTLY more than a year after its famous decision that racial segregation in publicly financed schools was unconstitutional, the Supreme Court has taken its first step towards changing this legal principle into a practical reality. It has now ordered the lower courts to require local school boards to "make a prompt and reasonable start toward full compliance" with desegregation. In this formula, the Supreme Court found a compromise, along lines suggested by the Department of Justice, between those Negro lawyers who had demanded a specific date for the end of segregation, and those southern states who had asked for indefinite time in which to comply. The Supreme Court action initially arose out of five cases appealed from lower courts in Kansas, Delaware, the District of Columbia, Virginia and South Carolina. In the latter two states, as in most of the rest of the South, no attempt to integrate school systems has so far been made. Under the present ruling, local authorities in all states "must yield" and set up non-segregated schools "with all deliberate speed."

These words, "deliberate speed," can be widely interpreted and it appears as if the Supreme Court is trying to give the South as much opportunity as possible to comply in its own reluctant way. The reason is that the pressure of a specific date could provoke grave troubles in the social and governmental fabric of the region. South Carolina, Georgia and Mississippi have plans for dissolving their publicly financed schools and reconstituting them as private schools entitled to exclude Negroes. Hotheads in Georgia and Alabama have threatened to defy federal law altogether and have asserted that local law-enforcement agencies would be on their side. Other southern spokesmen point out that district-by-district litigation can be prolonged over many years. No one really knows what will happen in the last resort and it is arguable that the Supreme Court has postponed the time of crisis rather than avoided it.

Ford's Package

THE Ford Company's "prosperity partnership package," thrown into its negotiations with the automobile workers' union a week before the current labour contract expired, woke up the dilatory proceedings with a bang. On wages, pensions, holidays and other benefits, the company's offer came near to meeting the union's requirements. But the answer to the union's basic demand, for a guaranteed annual wage, was an imaginative counter proposal. The violence with which union leaders rejected it demonstrated the strength of its probable appeal for the average Ford employee.

Later this year the company's stock is to be sold on the open market for the first time and it is proposed that Ford workers should be enabled to invest up to 10 per cent of their annual earnings in these shares, with the company putting up half the cost. Furthermore, the company offered an "employment stabilisation plan," under which laid-off workers would be able to borrow, without paying interest, against their future earnings while unemployed; men laid off permanently would be entitled to a separation allowance. The union leaders condemned this as failing to provide genuine protection, which the employers also agree is desirable, against insecurity of employment, and therefore as no substitute for the guaranteed annual wage. Mr Henry Ford is anxious that the rank and file of the union should express an opinion on the new proposal before it is finally turned down by the union leaders. Nevertheless, rather surprisingly, the company has shown no enthusiasm for the union's offer of a secret ballot of its members, to be conducted by an independent organisation.

Meanwhile, from the little information being published about the continuing negotiations, it appears that both sides have made concessions on points of detail. The union has even gone so far as to declare its willingness to modify the guaranteed annual wage scheme so that it will cost no more than the company's plan—estimated to amount to 12 cents an hour for each worker. All this means that the bargaining is now centred on a question of principle, on which both sides are apparently determined not to give way. On the other hand, neither side wants to break the automobile industry's present wave of prosperity. However, the prospect for next Monday, the latest deadline for the Ford strike, is not promising.

Chains of Command

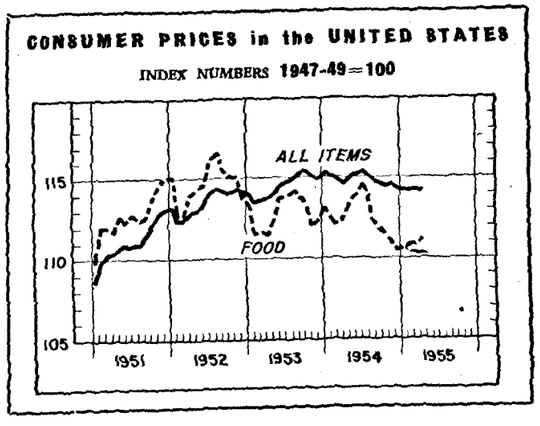
WASHINGTON'S prophets and military pundits were as surprised as was the rest of the Navy when President Eisenhower selected Rear Admiral Arleigh Burke to replace Admiral Carney, whose term as Chief of Naval Operations expires in August. Admiral Burke, who is only 53, was promoted over ninety-two admirals of the line. Ever since Admiral Carney spoke somewhat too loosely about an expected Chinese assault on the off-shore islands in April, it had been thought that President Eisenhower might not renew his appointment. But the choice of Rear Admiral Burke is extremely surprising; although he has distinguished himself as a destroyer commander, his main notoriety derives from his role in "the Admirals' Rebellion" in 1949. That was the unsavoury episode in which a group of senior naval men used all the resources of advertisement to combat the Air Force's request for intercontinental bombers and to press their own claims for super-carriers. Admiral Radford, Chairman of the Joint Chiefs of Staff, was involved in the same episode and it may be to that association that Rear Admiral Burke owes his spectacular advancement.

Despite his own involvement in recent debates over American foreign policy, Admiral Radford—who has stood for a "tough line" in the Far East—has been reappointed as Chairman of the JCS for a second two-year term. By that time General Gruenther, whose presence in Europe is considered indispensable during the difficult beginnings of German rearmament, may be available. Also reappointed to the JCS is General Twining, chief of the Air Force, a man distinguished for the fact that he has not been involved in any Washington fracas. This is equally one of the principal qualities of General Taylor, who was recently chosen to replace General Ridgway as the Army's representative on what will, it is hoped, be a more harmonious military team.

Highway Collision

LAST week's head-on collision between the President and the Senate arose on a matter not of conviction but of method. Everyone is agreed that the United States needs more and better highways urgently. The President, however, wants to finance them, without putting a strain on either his budget or the national debt, already extended to the utmost, by means of bonds issued by an independent highway corporation. But to the opposition, and particularly to its conservative fiscal expert, Senator Byrd, this attempt to build roads painlessly is an irresponsible fraud. When the question came to a vote in the Senate, the Democratic majority, acting with a rare unanimity and with the help of a number of Republicans, rejected the President's proposals and substituted its own bill for them. This follows the solid old-fashioned custom of finding the federal government's share of highway funds by direct congressional appropriation. It has the added attraction of offering increased sums for farm-to-market and other local roads, beloved of Congressmen who want to do something for their friends back home. The President's plan not only lacked this particular political appeal, but would also have left Congress with little control over where highway funds in general were to be spent.

Both schemes, however, concentrate on bringing up to modern standards the transcontinental network of interstate highways linking major cities, and both accept that this must now become in the main a responsibility of the federal government. This year 40 per cent of the $300 million being spent on the interstate system is coming from state governments and they are required to match the federal contribution of $700 million a year for building other types of roads. The President wants $39 billion to be spent during the next ten years; just over $7 billion of this altogether would come from the states, but they would contribute only



$1 billion of the $26 billion allotted to the interstate highways. Senator Gore's Bill provides for an expenditure of $18 billion during the five years beginning in July, 1956. This would double the present rate of outlay. The states would supply over $5 billion of the total, so that their liability would be greater than under the President's scheme, but they would be responsible for only 10 per cent of the $8.6 billion to be spent on the interstate system. The federal contribution would be over $12 billion during the five years; this would make it impossible for the President to reach his goal of a balanced budget coupled with reduced taxation. For this reason he is hoping that the House of Representatives can be persuaded to salvage the wreckage of his new model highway programme.

Bulls and Bears in Congress

MEMBERS of Congress disagree about whether or not the present boom in Wall Street is unhealthy as much as do ordinary speculators. This was demonstrated last week by the release of contradictory reports from the Senate Banking and Currency Committee, which has been investigating the state of the stock market. The majority opinion, signed by the chairman of the committee, Senator Fulbright, seven of his Democratic colleagues and three Republicans, found that there was evidence of "an increase in unhealthy speculative developments" which might prove a "threat to the stability of the economy." The minority report, inspired by Senator Capehart—a garrulous critic of Mr Fulbright—and signed by three other conservative Republicans, denounced the entire investigation as "political in nature and intended to weaken the confidence of the people in the Administration of President Eisenhower."

The majority report embodied a series of recommendations, one of which Senator Fulbright is putting forward in a Bill. It requires companies whose shares are traded over the counter to meet the same standards with regard to the filing of financial statements and the declaration of voting rights as companies whose securities are listed on the exchange. This is the only point on which both the majority and minority reports are in agreement. The majority further finds that the Securities and Exchange Commission should curb abuses incident on the issue of "penny" stocks, such as those uranium stocks of low nominal value being speculated on rather wildly in Toronto and outside the New York market. Among other aspects of the market which the majority report wishes to see investigated are buying on credit, a possible separation between the functions of brokers and dealers, institutional purchases and their influence on prices, and whether "investment advisers" should be required to register.

Wall Street itself appears quite unruffled by congressional disagreements about its health. Trading last week continued bullish and the outcome of the British elections set off a new spurt. There is no doubt that Senator Capehart is right when he says that the present boom is closely connected with the general economic strength of the country and with its particular confidence in Mr Eisenhower's policies.

Aluminium—Feast or Famine?

New York

THE upward surge in the demand for fabricated aluminium products, especially in the building industry, and the present inability of the producers of primary aluminium to provide fabricators with all the metal they need, has posed difficult questions for the government. Should it assist yet another round of expansion of aluminium capacity, and bring new producers into the industry? Should yet more aluminium be diverted from deliveries scheduled for the strategic reserve? How should the distribution of the supplies thus freed for industrial use be controlled so that the 20,000 odd independent fabricators, who have no ingot producing capacity of their own, receive a fair share?

Primary capacity has already been doubled, from 719,000 tons in 1950 to 1,461,000 tons in 1954, by the expansion begun during the Korean war. Both Alcoa, the largest of the three present producers, and Reynolds have plans for further expansion, and part of the output of the huge Canadian Kitimat project will be available for the American market. A new domestic producer of the primary metal, the Anaconda Aluminium Company, expects to complete its first plant this summer. If the Pittsburgh Consolidation Coal Company and the St Joseph Lead Company carry out their present plans to build a large coal-powered plant, the country may have five producers of aluminium by 1957. To offset the immediate shortage, before this new capacity comes into operation, the government has already agreed that 25,000 tons of aluminium, scheduled for delivery to the strategic stockpile during the first half of 1955, should go to private industry.

When it comes to the related problem of the fair distribution of the scarce primary metal, the main complaint, a familiar one in the aluminium industry, is that the three integrated producers favour their own fabricating facilities at the expense of the non-integrated "independents." The independents are now being placated by the allotment of the entire 25,000 tons saved from the stockpile. If, as the producers argue, the present shortage is a temporary one, the government may prefer to use its strategic buffer stock again, rather than embark on a third round of government-aided expansion of capacity.

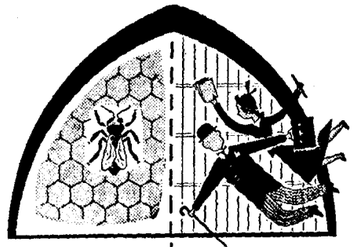
SHORTER NOTES

President Eisenhower has asked Congress to make a number of procedural changes in the much-criticised Refugee Relief Act, which should make it easier for the legislation to achieve its purpose of bringing 209,000 special immigrants, mainly from Iron Curtain countries into the United States by the end of 1956. While the President's proposals have wide support in Congress, they are considered to be unnecessary by the chairman of the House subcommittee on immigration; unfortunately his influential position makes it easy for him to block this legislation.

★

As expected, the Senate sustained the President's veto of the postal pay Bill and is now proceeding to pass a compromise Bill, believed to be acceptable to the Administration, giving postmen an average increase of 8 per cent.

THE WORLD'S BIGGEST!



OLYMPIA – a hive of new ideas

JUNE 6-16

Come and see for yourself how the latest office machines and equipment can save time, money and effort in your business today.

BUSINESS EFFICIENCY EXHIBITION

Worth a special visit to London

OPEN 10 a.m.—8 p.m. ADMISSION 2/6



A gracious welcome to your guests

20/- bottle · 10/6 half-bottle

Also Magnums 40/-

New York Agents: EXCELSIOR WINE & SPIRITS, 150 BROADWAY

SHELL WITH ICA

Summer Blend

THE MOST POWERFUL PETROL YOU CAN BUY

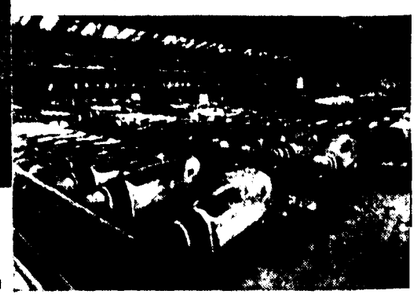


THAT'S SHELL THAT WAS



The big problem in producing a modern bomber in quantity is 'tooling-up'. For the Avro Vulcan this meant more than 40,000 special jigs and tools which themselves had to have their own production programme. In essence the skill and experience with which the tooling programme is planned determines the ability of a company to meet a specific rate of production.
But Avro are 'old hands' at all this. And even with such a revolutionary design as the Vulcan, the basic principles of successful quantity production are still the same. The traditional technique which enabled over 7,000 Lancasters to be built during World War II was used to speed the Vulcan into production.
From the very beginning, the Avro Vulcan was designed for smooth quantity production. At each successive stage of its passage from design to prototype the 'know how' of Avro Production Experts was fully utilised by the Avro design team.
Today the famous Avro tradition of co-operative planning and genius for large-scale production can once more be seen successfully at work in the swiftly growing production of the vital Avro Vulcan—world's first four-jet Delta wing bomber.

Above: *one of the jigs essential in large-scale production. Over 40,000 jigs and tools were designed and installed for the quantity production of the Vulcan.*
Below: *a section of the vast Avro production line which during World War II produced nearly half the total of 7,366 four-engined Lancaster Bombers besides thousands of Ansons.*



A. V. ROE & CO. LTD., Manchester
Member of the Hawker Siddeley Group/Pioneer . . . and World Leader in Aviation

The World Overseas

What Kind of Wehrmacht?

GENERAL GRUENTHER has constantly declared that with the twelve divisions, the 1,300 aircraft and the light naval forces which Federal Germany is to contribute to Nato, the Russians can be prevented from overrunning Western Europe. The implication is that Marshal Zhukov could drive to the Atlantic at any time he wished during the next three or four years, if the Soviet leaders liked to court atom bombs on their own strategic centres. General Gruenther may be underestimating the time it will take to set up the full German contingents. According to estimates in Bonn, it will be at least four years before much is seen of the highly-mechanised German defence forces. In fact, eight years will be needed, according to Colonel von Bonin, the former head of the planning department of the "Blank Office" (the embryo Ministry of Defence). The Colonel had a strategic plan of his own which he and his supporters think much better than Nato's and he was dismissed for spreading it round political and military circles outside the Blank Office. His views are accepted by some German politicians who argue that there are still a few years in which to come to an agreement with the Russians on German reunification.

This is the background against which to judge the significance of the news that the first military bill has been passed by the Federal German cabinet and sent to the Upper House in Bonn. The Social-Democrat opposition has been pressing for all measures to be suspended until Russian offers are examined at the next four-power meeting, but last week the *Bundestag* voted against their proposal by a large majority, and action has gone forward. The bill is a stop-gap, which will allow the first volunteer cadres to be formed before the whole corpus of laws is passed. The first of the 150,000 men who will train the army will themselves soon start training with American assistance. But a great deal has still to be done. Federal Germany has to start from scratch in the defence field. About twenty laws will have to be steered through the committees in two houses in the coming months. They will decide vital questions, such as parliamentary control of the new forces, the means by which the instructors and higher ranks will be screened, the period of service, pay and other conditions, and the economic powers of the new defence minister.

Somewhat surprisingly, a semi-official article in Bonn has just declared that it has not yet been decided whether the Federal Republic will have a volunteer or a conscript army. The question is a basic one, and the officers in the Blank Office, who have planned themselves stale in the last four years have not left it unsolved for want of time or thought. If it is really not settled, the reason is to be found in the widespread opposition to an army of any kind which has been fostered by the government's political antagonists. They are largely responsible for the fact that it will appear to be patriotic for Germans to shirk military service, as the reason can always be given that rearmament hinders reunion. To change the attitude of the young men, the government sorely needs the support of the Socialists and the Trade Union Federation. Without it, Socialists boast, a new German conscript army would have such poor morale that it would be worth little to Nato. To rouse its fighting spirit, say the champions of "reunion first," it would be necessary to indoctrinate it with hatred of fellow Germans in the Soviet Zone—a task which its instructors will not undertake. This problem of morale is real, and the government will certainly go slow before introducing conscription, in the hope that the Socialists and trade unionists can be persuaded to join the Ministry of Defence and the selection board. There they could also do valuable work in keeping army leaders of the future from developing the power complex of a General von Seeckt or his predecessors.

In the meantime, the Socialists are faced with the fact that the kind of army which is first to be set up—the selected body of 150,000 volunteers—is the type which they most fear. The Socialists by tradition prefer the mass army to an organisation on the Reichswehr model, which tends to become an instrument of internal politics in the hands of its chiefs. If the party's left wing were not so strong, this thought might lead it to follow the moderates who would be ready to set up a democratic force in collaboration with Dr Adenauer and the present reformists in the Ministry of Defence.

The controversies over the German army, which will rage afresh as each of the twenty bills come up for debate, revolve round its internal role. There are good reasons for this obsession—Germany's present division, together with memories of the abortive revolution of 1918, the Kapp *Putsch*, the "Black Reichswehr," and the Hitlerite interregnum. Fear of internal troubles in the future make German politicians dispute the question who is to be the commander-in-chief of the new army—the President, the Chancellor, or the Minister of Defence, and how far can any of them be subject to parliament? The powers of the Nato supreme commander in Europe are barely mentioned, while the figure of Hindenburg still looms large in German politicians' minds. Though it is realised that times have

changed, and the President, for instance, has much less, and the Chancellor much more, power than in the past, Germans are justified in feeling that unstable conditions are bound to recur.

Japan on the Brink

FROM OUR TOKYO CORRESPONDENT

SINCE the strong, if intolerant, authority of Mr Yoshida has been removed, the Japanese Diet, as was expected, has become a bedlam of conspiracy, in which a temporary advantage by one party clique today serves only to precipitate another party counterplot tomorrow. The conservatives—Democrats and Liberals—are groping desperately for some form of unity, but personalities, expedience and revenge still darken and stultify the "negotiations"—if such a dignified term may be used for such cynical bargaining.

The Hatoyama Democrats realise that they cannot continue in office, and they have now made the most humble overtures to the Liberals, who in turn know that they would suffer further reverses at another election but are still smouldering over their reverse at the last election. Mr Nobosuke Kishi, the ambitious secretary-general of the Democratic party, is apparently prepared to make a deal with the Liberals which would allow Mr Taketora Ogata, Mr Yoshida's successor, to become the figurehead leader of a superficially united conservative party. But Mr Yoshida, embittered equally against Mr Ogata and the Democrats, and still commanding great prestige in the Liberal party, is doggedly pulling strings to circumvent this plan. And even Mr Ogata—an unimpressive leader, who has been acidly described as "an admirable principal for a girls' high school"—has his own strong doubts about the merger.

The brooding and mystical Mr Bukichi Miki, who is executive chairman of the Democrats, and who does not go along with Mr Kishi, has added another touch of caprice to this fantasia by suddenly making signs of affection and sincerity to Mr Yoshida, for whose downfall he was largely responsible. To add further confusion, the Prime Minister Mr Hatoyama, ancient, affable and ailing, continues to proclaim one day that he is waiting to resign as soon as the interests of Dai Nippon require, and the next day to insist that he was misquoted or misunderstood, and that he intends to remain in office at least until relations with Soviet Russia and Communist China have been "normalised." A party deputation has waited on him with the pathetic request that he abstain from these and other statements "calculated to lower party morale."

Fortunately for the West, the Socialists, both right- and left-wing, are still failing to grasp this opportunity. They are continually threatening to merge, holding regular *banzai* unity meetings, but making not the slightest real progress towards agreement. It is probable that an uneasy Socialist merger would force the conservatives to compromise and take corresponding action. But the Socialists seem even less likely to get together than the conservatives.

The only bright relief to this sombre and confusing picture is the accumulating evidence that the United States has at last fashioned a realistic long-range policy—flexible but consistent—for Japan. This achievement, for which the American Ambassador, Mr Allison, deserves much of the credit—means that the impatient but futile open pressure for greater Japanese speed and effort in rearmament will be eased. Washington has now wisely decided to make haste slowly. There will be discreet encouragement for the more reasonable elements in the floundering conservative side until the Japanese people—still suspicious of the most simple and elementary self-defence measures—recover their lost instinct of self-reliance and self-preservation. It has, in fact, been recognised at last that, if the Socialists, gaining slowly but steadily as separate factions at every election, achieve power, the stage will be set for such wildly irresponsible Japanese overtures to Russia and Communist China as will make Mr Hatoyama's slapdash vagaries appear prudent and well-considered by comparison.

Meanwhile, the dangerous and popular trend in Japan is expressed most articulately by Colonel Masanobu Tsuji, one of the former conquerors of Hongkong and Singapore and now a member of the Diet; although he would gladly shoot down Japanese Communists in the streets, he is now advocating a policy that must delight Moscow and Peking; "The Japanese must defend Japanese neutrality with their own hands." Colonel Tsuji demands complete Japanese aloofness from either the United States or Communism and the immediate withdrawal of all American security troops from Japan. He hints—like a good member of the Japanese Communist party, which he in fact abominates—that the Americans are seeking to train Japanese ground troops to fight for the United States in Asia, and insists that the Japanese should have nothing to do with any defence scheme which does not bolster Japanese air strength and heavy industry, and does involve any "Wall-street strings" or the extensive call-up of infantry.

The new American policy for Japan will be an effective counter to this popular Japanese delusion. It is a great pity that Whitehall is not, like Washington, thinking along positive lines. It seems here that Britain has no policy for Japan—except such obstructionist attitudes as blind and doomed opposition to Japanese membership of Gatt. Japan, bewildered and distrustful, is teetering on the edge of decisive changes. A hand of encouragement now in the right quarter would be a wise investment.

Home Thoughts for Tunisians

ON Wednesday there set out from all the beaches round the Gulf of Tunis an array of small boats crammed with excited passengers. Both on the calm waters of their historic bay and massed in happy ranks along their quays and streets, the Tunisians staged a delirious welcome for their national hero, and *supreme combattant*, M. Habib Bourguiba, back at last from long years of exile. In the last months of this enforced absence, M. Bourguiba has played an interesting part in the Franco-Tunisian negotiations—at first, in the wings, but lately, also openly. Once an extreme nationalist, he has become a moderate by the standards of the young firebrands who now fill the role he played in the nineteen-thirties. In the speech he made in Paris on Tuesday, after being carried shoulder-high into the Gare de Lyon, he turned phrase after happy phrase about "cohabitation in a traditionally hospitable land," "guarantees for the continuity of French enterprise" and "Franco-North African solidarity." Is it within his capacity to fulfil the comfortable words he utters so fluently?

For soon after he gets home, he is bound to find himself beset with complications on the domestic front. Hitherto, the thoughts of almost all Tunisian politicians have been beamed on their relationship with France, and on whether the home-rule agreements are desirable in themselves or merely as a stepping stone to full independence. But the moment the conventions are ratified, questions of a different kind will surge to the fore, and the first to arise will be the form of constitution that the Neo-Destour (meaning "New-Constitution") party will wish the Bey to adopt.

Amongst educated Tunisians, a majority seems to favour a constitutional monarchy on the British or Scandinavian model, but there is also a republican group that would like to tuck M. Bourguiba into the presidential chair, and leave the premiership and the ministries free for younger *combattants* with more recent and direct experience of the home scene. Again, tradition runs strong in Beylical circles, and is reinforced by religious practice and the exercise of Moslem law; how can it be dovetailed with the ambitions of a younger generation that has had a more modern and westernised education than most members of the palace entourage?

M. Bourguiba, despite two long periods of exile in the last decade, still holds more sway than any of his fellow-politicians over the hearts of his party and the people of the desert as well as the town. Upon him, therefore, more than on anyone else whose head has yet appeared above the bobbing sea of the nationalists, depends the future pattern of government. His countrymen will be in his debt if he is able to switch from the role of *combattant* to that of administrator, conciliator and constitution-maker.

He is bound to be exposed to one fatal temptation, that of diverting attention from domestic difficulties by directing it into differences with the French residents and with France. His stature as a statesman, which is as yet unmeasured, will be reckoned by the extent to which he avoids this pitfall.

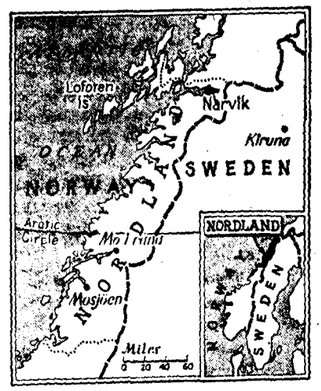
Norway Takes to Steel

BY A NORWEGIAN CORRESPONDENT

IN the industrial progress of Norway the opening of the £25 million steel plant at Mo i Rana, a few miles south of the Arctic Circle, is an important landmark. Norway uses about half a million tons of steel a year, and up to now almost all of this has had to be imported. At the same time, Norway has considerable iron ore deposits and large water power resources for generating cheap electricity, and the marriage of these two factors in a national steel industry has long been a Norwegian aim. The scarcity of steel during and after the last war emphasised how undesirable it is to be dependent almost exclusively on foreign supplies, and it was a unanimous Parliament that in 1946 agreed to proposals for building a steel plant at Mo i Rana.

Unfortunately, the plant took longer to build than was originally estimated, and the cost of construction also greatly exceeded the first optimistic calculations. The supplementary appropriations which Parliament has been asked to vote have somewhat soured the opposition parties, so that recently the Labour majority has been practically alone in support of the project. As the steel plant is built, run and owned by a government company, it has inevitably become a political issue. The Conservative and other opposition parties do not deny the value of a steel industry, but they have increasingly questioned the timing of the project. Certainly the plant will be handicapped from the start by extremely heavy construction costs, while established steel plants abroad have been able to write off much of their capital charges in recent halcyon years. On the other hand, it can be argued that only in boom conditions can a nation muster sufficient capital and confidence to embark on such a big industrial venture.

The Mo i Rana plant has now at last started trial production, and, with political reputations at stake, news of the technical and commercial success of the undertaking is awaited with much interest. As now equipped, the plant has a maximum annual capacity of 170,000 tons of rolled steel products. It is hoped fairly soon to instal a fourth electric smelter which will increase the capacity to 230,000 tons. The aim is eventually to expand to half a million tons a year, and that is the optimum output on which the design of the plant has been based and which should give the lowest production cost per ton of steel.



As it is, output at first will be comparatively small—though large by Norwegian standards—and will be spread over a rather wide range of rolled products. Scope for specialisation will be limited, and it may well be difficult to compete in price with foreign plants. One of the determining factors, however, is power, and in this respect the Norwegian plant enjoys the advantage of relatively cheap hydro-electricity from the new Rössaga power station nearby. The ore to be electrically smelted comes from mines at a considerable distance from Mo i Rana, but later it is planned to develop new mines only a few miles away.

The plant fits in nicely with the Norwegian government's plans for developing the economy of North Norway. It gives direct employment to more than 1,000 men and indirect employment to many more. Mo i Rana, a traditionally depressed place, has become a healthy, prosperous town and a good market for neighbouring farmers and fishermen. At Mosjöen, in the same county, Nordland, another big industrial scheme is expected to be realised soon: this is the building of an aluminium plant to be financed jointly by Norwegian and Swiss capital. Aluminium production in Norway has more than doubled since the war, and two large new plants are now in operation. The prospect for further industrial advance in Nordland

and in Norway generally is good in view of the country's large water power resources. Norwegian hydro-electric power production has more than doubled since the war, and is now much the highest per head of population of any country in the world. In the electro-chemical and electro-metallurgical fields, the scope for expansion is considerable, for in these fields the competitive advantage of cheap and plentiful hydro-electric power is greatest.

Water power is still being developed at a record rate. More than half a million kilowatts of additional generating capacity will be installed this year alone. In what way the further expansion of power and industry will be affected by recent measures for curbing investments is not clear, but there are indications that Norway's exceptionally high investment rate is not yet being significantly reduced. Imports, too, are still running extremely high. In the context of the general economic situation, the completion of the steel plant is significant, both because it means the easing of investment pressure in one sector at least, and because it should help to reduce and eventually to eliminate one of Norway's principal import commitments.

Scripts and Politics in Asia

BY A CORRESPONDENT

THE Chinese People's Republic is now experimenting with the use of a simplified form of the Chinese script. Throughout the East, reformers in a hurry to modernise their countries have been attracted by similar ideas. A simple script is a basis for universal education and the liquidation of illiteracy. And the break with the past produced by discarding the traditional script sets up the youngest generation with a new literacy which their elders find hard to acquire, and obstructs access to the literature of the past. There is, too, greater facility for learning one of the major Western languages if its script has already been acquired. On the other hand to adopt a Western script is to run up against the pride in national culture that goes with nationalism and the desire for maximum independence from foreign influence.

Adoption of a Western script—Roman or Cyrillic—has occurred in two regions of Asia: in the zone of the Turkish languages and in certain countries of South-East Asia. The various Turkish languages, including the Turkish of Turkey itself and the cognate tongues of Russian and Chinese Central Asia, were formerly written in the Arabic script introduced with conversion to Islam. The changes of script in Turkish-speaking countries have been closely connected with revolutionary modernising attacks on Islam and its clergy and with nationalist emphasis on pre-Moslem Turkish origins. Reforming nationalists saw in the adoption of the Roman script a way of both modernising the Turkish peoples and enhancing their national self-consciousness.

The first adoption of Roman script took place in Azerbaijan as a result of the Russian Revolution and the cultural autonomy initially allowed by the Soviet regime. Kemal Ataturk's Turkey soon followed, the language reform there being closely connected with the abolition of the Caliphate and the Sheri law, and the disestablishment of Islam. The Roman script was also adopted by the Turkish-speaking Soviet Republics of Central Asia; only the Turkis of Sinkiang or Chinese Turkestan continued to use Arabic writing. In the 'thirties, however, Moscow realised that the Roman script tended to link the Soviet Turkish peoples with Turkey, and thus indirectly with Western Europe, instead of with Russia, and they were made to adopt the Cyrillic script used in Russia.

In South-East Asia, also, the Roman script has spread at the expense of the Arabic, but in this case largely at the instance of a colonial power, for the Dutch encouraged its use for the writing of Indonesian. In Malaya the British authorities never tried to promote it, but today the younger Malays use it, while the older generation still writes in Arabic. In Vietnam under French rule the influence of Catholic missions brought about a romanisation which has survived in both south and north, the Chinese script formerly employed by the *literati* having fallen into disuse.

Thus in Asia today Cyrillic prevails in the Soviet Turkish lands, while Turkey, Indonesia, Malaya, the Philippines and Vietnam have turned to Roman. There is no immediate prospect, however, of other parts of Asia following their example. The non-Turkish Moslem countries are holding fast to Arabic script, while India retains its many variants of the alphabet which, though ultimately of West Asian derivation, was given its characteristic form on Indian soil. Burma and Siam continue to use alphabets of Indian origin.

Case for a Radical Change

Finally, there is the Far East, consisting of China, Korea and Japan, which uses the Chinese so-called ideographs, the sole survivor in the modern world of the numerous non-alphabetic modes of writing which preceded the invention of the alphabet. It might seem at first sight that here more than anywhere else there is a case for a radical change, and in fact there have long been ardent advocates of romanisation. In Japan, an association, the *Romaji Kai*, publishes books in romanised Japanese, and in China the Communists at one time favoured a peculiar alphabet which mixed Roman and Cyrillic. In neither country, however, has there been up to now a general or official discarding of the traditional script. The Chinese language and the Chinese element in Japanese contain numerous homonyms, distinguished by different characters in the existing script, but easily confused if written alphabetically. There are, however, deeper reasons for the retention of the old Chinese writing. Its abandonment would be a much more serious matter than the substitution of one alphabet for another, and patriotic feeling both in China and Japan has run strongly against it. Japan got rid of illiteracy and became a great power without altering its script (which mixes Chinese characters with a Japanese-invented syllabary) and since then the Japanese have felt that to romanise would be a national humiliation.

The Chinese have been even more reluctant to relinquish a script which is entirely of their own making and has four millennia of continuous development behind it. The ideographs are apparently to be retained by the new China; the Communists seem to have lost their early enthusiasm for Western alphabets since they made themselves the champions of militant Chinese nationalism. The written language, however, is to be made easier by simplifying some of the more complex characters, and it is this modified "spelling" that is now being adopted under official direction by the Chinese press.

FOCUSING ON NEXT YEAR'S AIRLINER, MR. ARNOLD?



Mr. Arnold (busy news photographer) is himself a very tricky person to get in focus. No sooner here . . . he's got to be somewhere else . . . and fast. Of course he always gets there — by air; and he invariably flies British. *Which is where next year's airliner comes in.* For Mr. Arnold's fares are helping to put yet another British world-beater on the stocks. Helping to pay the men who design and build her; and helping BEA to send air line technicians to advise on the operational aspects. Mr. Arnold was one of nearly 2 million people who flew BEA last year. That's why British Civil Aviation is on top. And passengers who fly British this year — and next — are making sure we stay there.

BEA

fly **BEA**

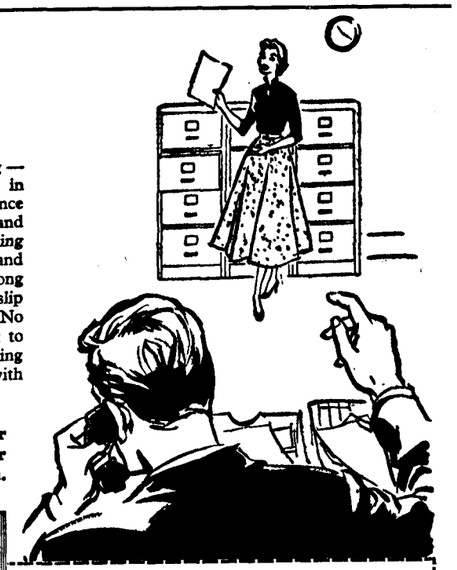
fly British with BRITISH EUROPEAN AIRWAY

EUROPE'S FAVOURITE AIRLIN

Right first time!

That's the best of Twinlock VETRO Mobil Suspension Filing — you can *see* exactly where the file you want is. Index-tabs, in six distinctive key colours, are angled for snap-vision reference and sheathed in anti-glare celluloid to prevent eye-strain and fatigue. No "lifting" or "pushing" is necessary when removing papers because file folders are suspended within the drawer and glide smoothly on steel runners *at the finger's touch.* These strong manila folders always remain upright and straight, and never slip under one another, never become dog-eared or frayed. No wonder documents are so crisp and clean whenever you want to refer to them. VETRO Mobil does the job as no other filing system can. Remember, it's "right *first time*" every time with Twinlock VETRO Mobil Suspension Filing.

Get your Secretary to snip out coupon below and send for our brochure "20th Century Filing". The address of your nearest Stationer or Equipment Dealer will also be given.



VETRO Mobil

Registered Trade Mark

Let Twinlock sort it out

To PERCY JONES (*Twinlock*) Ltd.
37 CHANCERY LANE, LONDON, W.C.2.

Please send your brochure "20th Century Filing".

NAME .....

ADDRESS .....

.....

Twinlock SYSTEMS

More than 100,000 customers have appointed Lloyds Bank as their executor

If you would like details of this service, please ask for a booklet at any branch of Lloyds Bank.

ICFC

Finance for Industry and Commerce

ICFC provides finance in the form of long-term loans on fixed terms, or share capital, to industrial or commercial enterprises established in Great Britain. Amounts range normally between £5,000 and £200,000.

The Corporation is ready to consider applications for capital to purchase additional buildings, plant and machinery, or to provide increased working capital to further the expansion of business. Consideration will also be given to new ventures which are soundly conceived and adequately sponsored.

Please ask for our new booklet—"Capital for Business and Where to Find it".

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

Subscribers: The English & Scottish Banks.

HEAD OFFICE:
7, DRAPERS' GARDENS, LONDON, E.C.2
Tel: NATional 8621/5

BRANCHES:
BIRMINGHAM—214, HAGLEY ROAD. Edgbaston 4181
MANCHESTER—73, WHITWORTH ST. Central 5429
EDINBURGH—33, CHARLOTTE SQ. Edinburgh 30212
LEICESTER—31, FRIAR LANE. Granby 854

Gle.

THE BUSINESS WORLD

Foreign Money in London

IT is, perhaps, a mark of the still gradual relearning of old lessons that the difficult questions about the movement of foreign funds into London come from visitors (particularly from Canada and the United States) rather than from observers in this country. A flexible monetary policy is still something new here, and it takes a little longer than three months to brush up on Bank rate, and on the consequences of the movement of foreign funds that has been attracted towards London since the end of February. That movement has been substantial, and a major part of it has come in to take advantage of the hardening of interest rates in the money market. Since February, London has been offering higher rates for money (and charging higher rates for accommodation) than any of the major international money markets. The difference can be measured by the margin between the three months' British Treasury bill rate and the comparable rate in New York; since February the spread has averaged about 2 per cent, and it is now about 2½ per cent.

The questions that visitors from across the Atlantic are asking are plainly of the greatest relevance to the success achieved by the monetary measures in securing a lasting improvement in Britain's external balance. They ask, first, how much money has been attracted by London's higher interest rates. Secondly, they want to know how far this incoming money has taken the strain off sterling and helped the dollar reserves. Thirdly, they ask how far such a contribution has been a temporary factor, to be reversed in coming months. As it happens, there are no ready-made answers to any of these questions. Even in the highest places and the most authoritative quarters, there is a marked disinclination to talk in anything but the vaguest indications of orders of magnitude. But the experience of the banks and money market firms, when culled and compared, does suggest that perhaps £50 million of short-term money may have been attracted from overseas centres to London. There are some visitors, however, who claim that their own operations would represent a considerable slice of this guess-work total, and they fall to wondering whether it is big enough, or whether their compatriots have been a lot slower in moving funds here.

*

It may help in the consideration of this complex problem to follow a typical operation. A Canadian bank, say, holds maturing US Treasury bills, and finds that it would get a more advantageous return on these same short-term funds if they were moved to London. Instead of renewing the US Treasury bills, the bank buys spot sterling and pays for it from the dollars released by the repayment of the bills. This sterling it invests in British Treasury bills on which it obtains a higher return. But this is essentially a short-term movement of short-term funds, and the bank needs to be certain of getting back its dollars without loss when it takes the money home. So concurrently it sells sterling for delivery three months forward (when the British Treasury bills will be repaid) against dollars. As a result of this series of transactions, it will secure a somewhat larger return on its three-months operation. It will earn up to 3⅞ per cent on its British Treasury bills, instead of about 1½ per cent on US Treasuries. But it will have to pay a premium to secure its dollars at the end of the three months' tenor of the bills; this forward swap will cost the Canadian bank 1¼ cents for three months for every pound exchanged against dollars, which is equal to about 1 15/16 per cent per annum. Thus after deducting the cost of its dollar cover, the bank will earn

roughly 2 per cent net on its investment in London ; at the end of the three months it will once again be in possession of its dollars, and will have improved the yield on its short-term funds without running the slightest exchange risk.

★

Such operations have been carried out by American and Canadian banks, and on an even larger scale by Continental banks which have switched short-term assets from New York to London. In a perfect market, the transfers would go on until the cost of covering the exchange risk (that is, the premium that has to be paid to secure dollars for three months delivery) exactly offsets the advantage of the difference in interest rates in the two centres. But there are few perfect markets, and the forward exchange market is not one of them ; so considerable scope still obtains. Under the classical gold standard, interest arbitrage was the most immediate of the ways in which a divergence from parity tended to be corrected. An increase in interest rates in one of the larger international money centres immediately attracted funds from other centres, and these movements of funds in turn had a direct impact on the rate of exchange and on movements of gold.

But today the impact of movements of short-term funds is much more complicated and less direct. If the guessed £50 million of foreign funds that may have come in during the last three months had had no side effects, they would have produced a smart rise in the dollar reserves—though it would be a fleeting one if all the money returned home after three months. But in fact interest arbitrage operations nowadays have the essential collateral ingredient of forward exchange cover, and this neutralises the apparent initial gain in the reserves. This assumes, of course, that the London bank that buys the dollars from the foreign bank that is investing in Treasury bills covers its commitment to produce dollars in three months by a spot purchase of dollars in New York, as it normally will. The impact of interest arbitrage on the sterling-dollar rate and on the dollar reserves will thus be self-cancelling.

But this takes the effect of interest arbitrage in isolation ; it ignores the secondary effects of the impact on the forward exchange. It has been seen that transfers of short-term money to London tends to widen the discount on forward sterling. This widening discount will in its turn encourage forward buying of sterling by importers in dollar and other foreign countries, as they prepare to pay for purchases of sterling commodities. Such long-term covering purchases may not be an exact match for a three months' forward sale of sterling ; but they may form part of an account in which commitments on each side are balanced.

Thus the forward exchange market is considerable and immensely complex ; it is fruitless to try to identify its individual components, and there is no way of measuring, through movements in the forward exchanges, the volume of interest arbitrage transactions that have lately been taking place. It may be, indeed, that some forward sales of sterling remain for a time unmatched by countervailing sales of dollars and that certain members of the international market in pounds and dollars are prepared to remain at risk by running an open position—having bought sterling forward without covering themselves. Only if that had happened on any wide scale would the inflow of money to London have helped spot sterling and the dollar reserves, and as soon as the open position was covered this help would be neutralised. It is unlikely, in fact, that any such open position exists. It is possible that at a particular time some London banks may be " at risk " in some of their dollar swaps, but unlikely that their open position will be large.

The sterling area's dollar reserves are in fact much more powerfully affected by repayments of short-term borrowing in London and by movements of funds induced by major changes of sentiment that shift the whole timing of payments between the sterling and non-sterling world than by the movements of funds for interest arbitrage.

Such a swing occurred twelve months ago, when anyone with a conceivable sterling commitment covered it and held sterling on the confident assumption that the pound was about to float into convertibility at an appreciated rate against the dollar. In the autumn, the pendulum began to swing in the other direction. Convertibility had become unlikely ; sterling bought in anticipation of needs was used to make payments ; the balance of trade had deteriorated ; and a general election had become probable. All these factors pushed the pendulum to the opposite end of its arc. On the eve of the election, it is probable that sterling was underbought, and not overbought, and a mere restoration of a normal equilibrium should now bring relief to the reserve.

★

The immediate effect of the election results was a world-wide demand for sterling, which would probably have carried the rate higher had the movement not been checked by the strike situation. These swings in the timing of international payments—the " leads and lags " in the exchange situation as they are sometimes called—are a much more potent factor on the reserve position than any interest arbitrage.

To sum up: the movement of foreign money to London immediately causes a demand for spot sterling and therefore tends to help the reserve. The corresponding forward selling of sterling may in its turn be covered by a purchase of spot dollars, in which event the impact on the rate and on the reserve will cancel out. In any case the forward selling of sterling will tend to widen the discount on forward sterling and this will encourage forward buying of sterling by importers in the non sterling world who have future need of sterling. In that event the immediate beneficial effect of the inflowing funds on the reserve will be more perceptible, though it will still be of relatively short duration.

The Devaluation of Skill

FROM the time of Henry V to the beginning of the first world war, it has been estimated, a craftsman in the British building industry could usually earn about half as much again as his labourer. His " differential " —the extra reward of his skill—had remained proportionately about the same for 500 years. But today a building craftsman earns only about 14 per cent more than an unskilled labourer.

Because the industrial revolution passed building by, the length of its history of stable rewards for skill is exceptional. The steep decline in those rewards since 1914, however, is not. The available evidence suggests that, even in industries where technique was revolutionised, the skill differentials had become fairly stable for some decades before 1914: the extra margin for skill—in industries where that qualification required the definite investment of effort, time, and liberty in an apprenticeship lasting several years—had settled down at about a half to two-thirds as much again as unskilled labourers earned.

Since 1914, in many industries, that margin has been narrowing, without much interruption. The table summarises this record—stability before 1914, continued narrowing since—for four major industrial groupings. This shows skilled wage rates as a percentage of unskilled ; though separate figures of actual earnings are not generally available, it seems that the skill differential in earnings has narrowed in much the same way.

The comparison for the railways in the table shows the engine-driver's basic wage as a percentage of the porter's. This is the differential upon which the Associated Society of Locomotive Engineers and Firemen has now, as so often before, dug its heels in. The table shows this comparison in April, 1954. In November, a railway arbitration award raised the lowest engine-driver's rate to 132 per cent of the porter's, a recovery of the skill differential that gathered some general approval outside the industry. In April, following the successful threat of a strike by the National Union of Railwaymen, a subsequent award reduced the engine-driver's margin to 129 per cent. (The difference between maximum rates for the two jobs, rose in November to about 47 per cent, but was narrowed to about 43 per cent by the later NUR rise.). ASLEF still demands the wider margins it was awarded in November ; it has spurned the Transport Commission's offer of wider differentials between drivers doing different jobs, though less than the November margin for engine-drivers in general.

Over the centuries, the builder's differential for skill appears to have narrowed in times of inflation, but recovered again to 50 per cent as inflation passed. The 40 years since 1914, spanning two world wars, have certainly included the inflation. Indeed, the general rise of money and real wages since then has partly disguised the narrowing of differentials ; in money, margins have often remained the same or risen, but proportionately they have been reduced by a much faster rise in unskilled wage rates. In the deflation after 1920 skill differentials widened, and again in the 'thirties there was some recovery of margins for skill as unemployment swelled the competition for jobs at the bottom of the scale. But these changes did not widen the margins to anything approaching the 1914 levels. Some built-in stabilizers, or rather ratchets, had been introduced into the economy—primarily, the much stronger " industrial " trades unions.

The strengthening of the trades unions, for the most part, seems to have reduced the advantage of the skilled worker. The great industrial unions have grown by success in demanding " flat rate " increases—which disturb nobody in particular but erode everybody's advantage. The workers they had to woo were the lower-paid, less skilled people ; the craftsmen were unionised already. So the general increases have been more often sought as flat sums of money, not as percentage increases.

SKILL DIFFERENTIALS IN FOUR INDUSTRIES
(Time Wage-Rate of Skilled Worker as % of Unskilled)

Year	Building	Ship-building	Engin-eering	Railways
1885	157	185	167	198
1900	150	192	172	N.A.
1914	150	181	171	184
1919	120	133	130	135
1922	134	134	140	140
1930	134	146	140	140
1939	131	136	132	163
1946	125	122	119	133
1950	119	122	118	129
1954 (April)	114	118	116	128

Based on: "Differences between the Wages of Skilled and Unskilled Workers, 1880-1950", K. G. J. C. Knowles and D. J. Robertson, Bulletin of the Oxford Institute of Statistics, April 1951.

Certain smaller, entrenched unions have stood out, with varying success, against this devaluation of skill. The coalface worker, the cotton spinner, the steel melter still command differentials of about two-thirds or more, partly since they have a closed shop and partly, it has been suggested, because they recruit exclusively from the next lower grades in their industries. The craft unions, which demand a lengthy apprenticeship, do not accept " dilution " by ambitious men from lower grades ; whether or not for that reason, they have been less successful in defending their differentials. ASLEF, a small craft union entrenched in an industry dominated by the huge NUR—which, however, competes for loco-

motive members, and cannot press levelling demands too far—has a rather special position, and so far it has held or managed to recover its margin for skill rather better than have some other craft unions.

★

As a price that the economy offers for a particular skill, a wage differential theoretically provides the incentive for as many people as are needed to undertake the training required to qualify in that particular skill. Does the steady erosion of the incentive British society offers to equip oneself with skill—at least with manual skill—suggest that the economy is tending over the years to require less of this formal training for industrial trades and crafts?

Twenty years ago, plenty of theorists, echoing Karl Marx many years before, were ready to say "Yes" to that question, with the growth of the semi-skilled labour force in mass production. Today—even with the automatic factories that their latest heirs declare are just round the corner—the only honest answer must be "Not proven." Technological change has largely retired some hand skills, but it has immensely widened the range of skills that its attendants require; and today, in addition, its demands upon many of them, such as electricians, are deepening the skill needed into a much more complex qualification than the same job required twenty years ago.

Evidence is certainly insufficient to establish the hypothesis of any absolute decline in modern industry's demand for skill; on the whole, the indications tend the other way. But will enough people acquire skill if the price for doing so continues to fall? It would be as well not to answer that question too confidently, either, at any rate in the short run; social patterns of emulation play as large a part in the choice of occupation in British society as they do in elaborating that cobwebbed and rickety tangle, almost without rhyme or reason, that constitutes Britain's wage and salary structure. But in the long run, if the extra reward of taking extra trouble to acquire extra skill thins down towards nothing, fewer people are likely to take the trouble.

The margin for skill is not yet down to nothing; are there any signs that it may widen again? A slump, certainly, might have its traditional effect, though this might be moderated as it was between the wars. Nobody, however, is proposing so cathartic a remedy: the problem is more often posed for continued conditions of full employment on the postwar scale. In the United States, where differentials, though also narrowed, remain wider than in Britain, there has recently been some union pressure to restore these margins. In a few British industries, such as coal, some "reform of the wage structure" by an agreed re-classification of jobs and levels of wages, is taking place. On the railways, finally, Mr Baty defends his little midden of privilege; hopelessly outclassed in bargaining weight by the NUR, venting his frustration upon the nation as a whole, but epitomising one of the grittiest problems of industrial relations to which this Government or this generation has to seek an answer.

Business Notes

Stocks Against the Strike

IN this first short working week of a railway strike British industry in general has managed to avoid any serious interruption of output; fairly soon, however, some cuts so far made in overtime work may develop into "shut-downs" and "lay-offs." Most firms carry at least one to two weeks' supply of the raw materials that they usually receive by rail, and can lay their hands upon a certain amount of emergency storage space for such finished goods as they are unable to clear by road. Indications of the size of industry's stocks of materials are fragmentary and seldom published, though the sample census that the Board of Trade has been carrying out for some time must be helping the Government to assess priorities in transport. Although the size of stocks varies widely from firm to firm, in general industry has been keeping a tighter control on the working capital tied up in this way; in the last two years regular deliveries of materials had become more dependable. Buyers are traditionally prone to hoard materials that are, or may become, short, but three years' of expanding production coupled with the recent rise in interest rates has tended to keep stocks down.

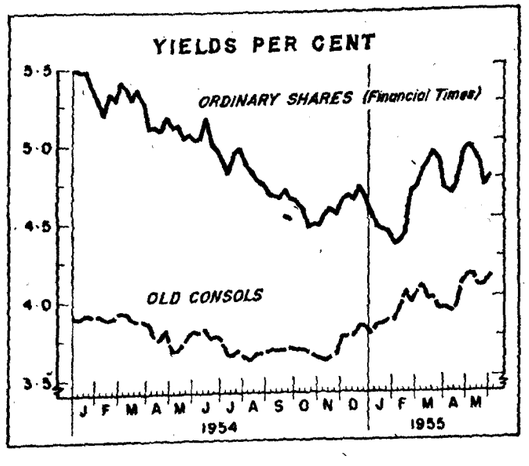
Coal is by far the greatest load carried by the railways—last year it accounted for three-fifths of the 283 million tons of revenue-earning freight traffic. As an average, gas and electricity plants now carry at least 3 weeks' stock of coal, coke ovens about 2 weeks' supply, and other industrial users

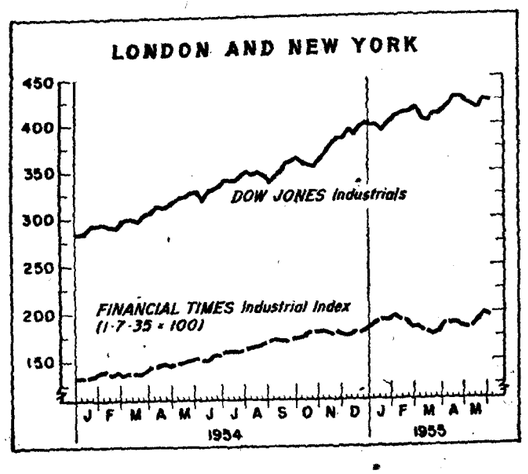
3-4 weeks. So far the pile up of coal at pitheads has had no noticeable impact upon coal production; most pits were on holiday on Tuesday and many have space available to dump several days' output. Steel plants will be the first major casualties in heavy industry, through lack of raw materials and over-abundance of finished products; their problem at present is mainly finding storage space where separate orders can be kept separate. The steel industry has in hand about 2-3 weeks' supply of coal, scrap, and crude steel, slightly more iron ore, and a little less pig iron; but a number of plants have much less, particularly those using imported coal or iron ore, and one or two expect to close down this weekend.

These bulky materials do not lend themselves in any quantity to transport by road though much flat steel, for example, can be moved by road. And not all industrial users carry the estimated average stocks of 2½-3 months' supply of steel and 3 weeks' supply of coal. The bigger firms sited some distance away from the coal and steel areas will probably be the first to suffer. Apart from some shipbuilders, motor car manufacturers, and parts of the building industry, there should be no serious trouble in the rest of industry for perhaps a fortnight, provided enough warehouse and other storage space is located. But after one week of half speed at the docks most warehouses were more than normally filled with frustrated exports.

Markets after the Election

APPROPRIATELY, the colour of the pencils that jobbers use to mark prices up on their boards is blue. Those pencils were kept busy a week ago as the election results spelt out a Conservative majority. All prices went ahead, with the steel issues naturally enough, in the lead. At the end of last week, following the poll, the *Financial Times* ordinary share index broke through its previous peak of 197.4 to reach 199.4, an increase of 3½ points on the day. But even that excitement paled in camparison with the boom in the equity prices on Thursday. The railway strike forced the jobbers in a narrow market, with many brokers marooned in outer London, to mark prices down as soon as the market opened after the Whitsun holiday. But if there were any bears in Throgmorton Street they were only faint-hearted ones. Once it was clear that there were no heavy selling orders prices rallied quickly and sturdily. And when the market broadened on Thursday the fire kindled just after the election burst into flame. On that day the *Financial Times* ordinary share index gained 5.8 points to reach 204.4, despite the strike and despite a Bank rate of 4½ per cent. Gilt-edged prices might be left waiting on the next Government issue—and there must presumably be one from the nationalised industries soon—to give them a lead, but equity prices required no such lead.





On the Right Track?

SOME of those who draw charts to make their fortunes saw in the new peak in the share index a fresh bull point. Nor did the strike deter Thomas Tilling among other industrial borrowers from making its new preference share issue. The fresh boom in Throgmorton Street has not been generated solely by confidence that a Conservative administration will provide the best of all possible worlds for the City. Industrial earnings are still high and the American buying of British stocks must suggest to many that equity prices in London, in comparison with those in New York, have not yet fully caught up with the increases in all other prices recorded over the last decade. Or is it that New York is getting too high?

Inflation always brings ordinary stocks into favour. And who can say in view of the wage claims and the industrial disputes that it is still not present in the British economy? And if in the autumn the balance of payments in reality turns out to be less alarming than was feared at the beginning of this year, may it not then be said that dearer money has done its work? The arguments are not conclusive and they beg some important questions about economic policy. But at the moment more investors see a clearer road ahead for equities than three months ago, and are expecting firm though not exciting markets.

Reserves Unchanged

THE gold and dollar accounts of the sterling area in May came out exactly evens: the reserves remain at $2,686 million. At first sight that is a disappointing result, for the reserves benefited last month from the receipt of $31 million from the European Payments Union in settlement of the large April surplus. Further, American aid brought in $19 million. That means that the balance of all other accounts was a deficit of $50 million—a disturbing reversal of the improving trend of the two previous months shown in the accompanying table. But it is in fact doubtful whether this deterioration is a significant pointer to the trend of the

TREND OF DOLLAR BALANCE
($ million)

	Gold payments (−) or receipts (+)		U.S. Aid	Reserves	
	Month's balance	E.P.U. settlements*		Change in month	Total
1954					
March	+ 86	+ 2	+ 14	+ 102	2,685
April	+ 119	+ 7	+ 9	+ 135	2,820
May	+ 120	+ 39	+ 6	+ 165	2,985
June	+ 14	+ 15	+ 3	+ 32	3,017
July	+ 76	+ 4	− 15	− 4†	3,013
August	− 5	+ 11	+ 11	− 95†	2,918
September	− 14	− 12	+ 9	− 17	2,901
October	+ 10	+ 8	+ 17	+ 35	2,936
November	− 32	+ 7	+ 14	− 11	2,925
December	+ 15	+ 3	+ 8	−163§	2,762
1955					
January	− 2	− 10	+ 13	+ 1	2,763
February	−103	+ 6	+ 15	− 82	2,681
March	− 30	+ 3	+ 21	− 14‖	2,667
April	− 11	+ 13	+ 17	+ 19	2,686
May	− 50	+ 31	+ 19	Nil	2,686

* E.P.U. settlements *depend on balance* with Union in previous month. † After payments totalling $99 million to E.P.U. creditors in initial settlement of part of UK's overdraft with Union. ‡ After payment of $112 million to IMF for "repurchase" of sterling. § After payments totalling $189 million on United States and Canadian loans. ‖ After paying $8 million in quarterly instalment on Canadian wartime loan.

current balance. The uncertainties of the election induced an unusually large building up of speculative positions against sterling by exchange dealers and traders, and the subsequent disturbance of the rail strike meant that the move back into sterling was delayed On Friday last the London spot dollar rate rose on balance by only ¼ cent, to $2.79⅞, and on the opening after the holiday it fell back to $2.79¼, despite some official support. On the following day the rate recovered well to $2.79½; but as this was the first day of June the gains from the offerings of dollars would not be reflected in the May gold figures. An encouraging feature in the May accounts is the achievement of yet another good surplus with the European Payments Union—of £7 million. As usual this will be settled 50-50 in gold and credit in the middle of this month

Omens for Output

INDUSTRIAL output in the first quarter of this year was about 7 per cent higher than a year before, and the first indications of output in April suggest that this may have been nearly 6 per cent higher than in April, 1954. The record of these months already contains most of the material for guesswork that will become available until the late autumn, since the months after May are blurred by the effects of holidays. Moreover, Mr Butler's advisers can draw some confidence from the fact that in most

QUARTERLY RECORD OF INDUSTRIAL OUTPUT SINCE 1950 (1948 = 100)

	1950	1951	1952	1953	1954	1955
First quarter	114	118	120	121	129	138
Second quarter	113	120	113	119	127	...
Third quarter	108	112	105	114	121	...
Fourth quarter	119	119	118	128	140	...
Annual average	114	117	114	120	129	...

postwar years production in the first quarter has offered a good pointer towards the eventual average for the year. From this point of view, the first quarter of 1955 appears to support Mr Butler's hopes about total output this year; the effects of tightening in credit and restrictions on hire purchase—to say nothing of a railway strike—have, however, yet to come.

One-sided Money Squeeze

THE pressure of dear money on the banks is being sustained; but their response continues to be heavily one-sided. The latest statement of the clearing banks shows that in the four weeks to May 18th holdings of investments fell by very nearly £76 million—whilst advances were up by a further £36 million. The principal source of the squeeze on the banks continues to be the withdrawal of deposits by the public for investment in Treasury bills, at rates up to 3⅛ per cent; deposit accounts—which earn 2½ per cent—fell by £27 million in May, and total net deposits by £42 million.

Given the continued expansion in advances, therefore, even the major unloading of investments did no more than maintain the average liquidity ratio at 30.5 per cent—to which, it may be recalled, it recovered in April from the March low point of 29.9 per cent. Of the "Big Seven" only the Midland now records a liquidity ratio of under 30 per cent; this bank is indeed the only one to have maintained its investment portfolio intact since mid-January, notwithstanding the rise in its advances and the erosion of its deposits. Its liquidity ratio has accordingly been reduced month by month, from 35.4 per cent to 29.1 per cent. The investment portfolio of the eleven clearing banks together has, however, now been reduced by no less than £139 million in the two months from mid-March alone. The weakness of gilt-edged must have owed still more to the banks than has been apparent in the market.

The credit squeeze is thus succeeding well in exerting pressure in the markets; and, as the banks run down their portfolios of the shorter stocks, that pressure will permeate more fully throughout the breadth of maturities. But it is nevertheless disconcerting that the banks' lendings continue to rise. Bankers are plainly having difficulty in cutting down on existing advances according to the classical canons; in these days of sustained full employment few good risks turn to bad or indifferent merely because Bank rate is raised by 1½ per cent. There is slightly more scope

LONDON CLEARING BANKS

	May 18, 1955		Change on Month	Change on Year
	£ million		£ million	£ million
Deposits	6,360·9		− 19·9	+ 25·7
"Net" deposits*	6,104·3		− 42·3	− 0·1
	£ million	%†		
Liquid assets	*1,943·0*	*30·5*	*− 3·6*	*−142·4*
Cash	514·8	8·1	− 24·4	+ 14·2
Call money	416·9	6·6	− 17·1	− 46·2
Treasury bills	893·8	14·0	+ 29·2	−140·1
Other bills	117.6	1·8	+ 8·8	+ 29·7
Investments plus advances	*4,244·8*	*66·7*	*− 40·1*	*+146·8*
Investments	2,141·4	33·6	− 75·7	−163·3
Advances	2,103·5	33·1	+ 35·6	+310·2

* After deducting items in course of collection.
† Ratio of assets to published deposits.

of course in the more critical scrutiny of applications for wholly new projects; though many banks are still reluctant to turn away good business in the advances field. But now that they have made such substantial reductions in their investment portfolios the pressure to do so may have become irresistible.

News about Oil

THE first of the promised quarterly profits statements from the Royal Dutch-Shell group coincided with the chairmen's statements in London and Amsterdam this week. The statement has been helpfully arranged to conform with the annual figures and it shows a further remarkable advance in sales, compared with the first quarter of 1954, with a satisfactory but restrained increase in net income after charging higher operating expenses and depreciation:

ROYAL DUTCH-SHELL GROUP
(£ million)

	Year, 1954	Jan.-Mar., 1954	Jan.-Mar., 1955
Sales proceeds, etc.	1,851·0	429·5	473·7
Operating expenses	1,044·2	246·2	272·3
Sales taxes	405·9	83·6	94·7
Depreciation	155·4	38·2	41·7
	245·5	61·5	65·0
Investment income	13·9	2·7	1·7
	259·4	**64·2**	**66·7**
Interest	5·8	1·4	1·5
Estimated taxation	101·7	24·8	26·3
Minority interests	17·4	4·6	4·7
Net income	134·5	33·4	34·2

Sir Frederick Godber pointed out at the "Shell" Transport and Trading meeting that it was too early to regard these figures as a pattern for the year's trading, but the group's business this year had "come up to expectations" and the results were "not unsatisfactory." Sir Frederick also referred to the roles of petroleum and atomic energy in meeting future demands for power. All Shell's studies had led to the conclusion that the two would be complementary rather than competitive.

Esso's sales last year in the home and export markets were a record; the throughput at Fawley hit a new peak of 6,861,000 tons, compared with 6,072,000 tons in 1953. Yet trading receipts were a bare 1 per cent higher at £188.6 million because of lower prices for the major products. A similar story of reduced profit margins is told in the Burmah Oil report; after charging exploration costs, Burmah's trading profit is down—£5,131,211 against £5,330,987—but the fall is handsomely made good by the increase of £646,093 in dividend income.

World Bank's Stake in Italy

THE World Bank approved this week a loan in various currencies to the equivalent of $70 million to the Cassa per il Mezzogiorno, an Italian governmental agency charged with the administration of the ambitious Vanoni plan for the development of southern Italy and Sicily. The loan is the largest to have been granted by the World Bank to any European country; and the fact that it has been made to a country that is in part highly industrialised makes it something of a new departure in the bank's operations. The specific projects to which the bank's loan has of necessity been keyed—they include schemes for the development of irrigation and electric power and complementary industrial projects—will be undertaken and supplied to a large part by Italian concerns in the north; the direct foreign exchange cost will be only a fraction of the $70 million.

The bank's loan will in practice take the form of a general purpose advance: it will make a contribution to the foreign exchange cost of the Vanoni plan as a whole. It has been estimated by the Italian Government that the twelve-year plan will require a total inflow of foreign capital to the value of $120 million every year. The bank's advance thus satisfies the needs of a mere seven months. But it is regarded as a vital marginal contribution; and it is understood that the bank is unlikely to turn down a further approach in the near future. It is well satisfied with the results of its earlier loans to the Cassa, totalling $20 million, and it regards Italy as a highly promising field for investment. The development projects have been chosen with a special eye to their contribution to the balance of payments, through either reduced imports or increased exports; the cultivation and processing of citrus fruits in particular ranks high in the schemes backed by the World Bank. Moreover, it is expected that the extra materials and equipment imported for the new projects themselves will come mainly from Europe. The new loan to Italy is accordingly expected to be taken up mainly in sterling, Swiss francs, guilders and deutschmarks rather than in dollars.

Another notable feature of the loan is that $5 million is to be taken up by a private institution, the Bank of America. As this bank has not insisted on the guarantee of the World Bank, the usual 1 per cent commission charge will not apply to this portion of the loan, which will accordingly carry interest at 3¼ per cent, against 4¾ per cent on the remaining $65 million. The loan as a whole is guaranteed by the Italian government and is repayable over twenty years.

Between Seasons in Wheat

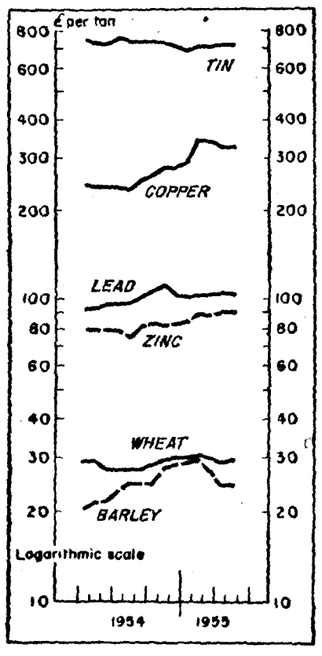
IN several ways the 1954/55 wheat season is ending in better shape than it began. Prices are a little higher—No. 1 Northern Manitoba, for instance, which opened the season last August at 171¼ cents a bushel, is now 176 cents—and in no immediate danger; all the major exporters except Canada have sold much more wheat this season than last; and stocks in some exporting countries have been reduced. The improvement is the result of poor harvests in exporting and importing countries, and the need to replace stocks that were consumed in the previous season. World shipments of wheat from August 1, 1954, to May 21st this year are estimated to have risen by 68.9 million bushels to 618.8 million bushels, compared with the same period of last year. Shipments by the United States have caught up with those of Canada, owing largely to the special sales made to foreign countries under the various schemes for disposing of surplus American wheat. Those sales have naturally drawn criticism from other countries, particularly Canada, but it was not to be expected that America would be content to sit on its surplus. This season has also seen France emerging as a major exporter; up to May 21st France had contracted to export 89.8 million bushels, nearly three times as much as in the same period last year.

But despite the improvement in trade, the world carry-over of wheat into the new season on August 1st will be scarcely less massive than a year ago. A sharp fall in the carry-over in Canada will be partly offset by a rise of about 100 million bushels in the American carry-over to a new record of nearly 1,000 million bushels. With the equivalent of an entire crop already in hand, the further reduction in the 1955/56 American crop is merely a step in the right direction, not a major relief. In other countries the harvest will almost certainly be larger than last season's, and next season demand will not be inflated by the need to replace stocks. Hence the pressure on world prices may increase. Once more, the prospect turns mainly on the policy of the United States. While other exporters so far have had little

WORLD WHEAT SHIPMENTS*
(Million bushels)

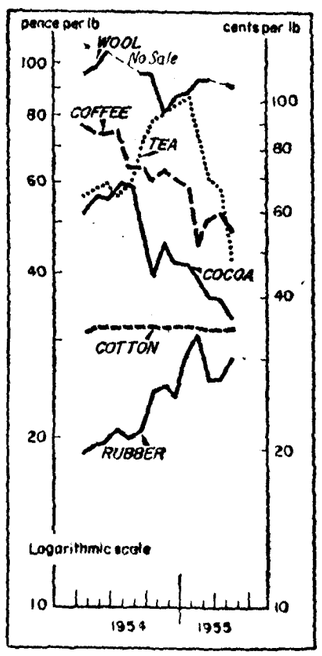
	Aug. 1st to May 21st		Change
	1954/55	1953/54	
United States	205·6	146·8	+58·8
Canada	206·1	204·1	+ 2·0
Australia	78·3	51·2	+27·1
Argentina	107·1	88·4	+18·7
Russia and Danube	13·3	18·1	− 4·8
Turkey	8·4	41·2	−32·8
Total	618·8	549·9	+68·9
France†	89·8	34·0	+55·8

* Broomhall's estimates † Export contracts.



Course of Commodities

THE industrial materials have fared best among commodities this year. The sharp decline in *The Economist* commodity price indicator from the peak of 103.6 (1952=100) in January to 91.4 this week is attributable more to the fall in prices of cocoa, coffee and tea than to the weakening in rubber, coarse grains, copper and cotton. The three beverages have probably passed the worst of their setback, but are still sickly; sugar, for long an invalid, has made a spectacular recovery. Tin, lead and zinc are riding a buoyant industrial demand, backed by official support policies, and copper remains short. Maize and barley are not too plentiful, and the American government is still a firm holder of the only burdensome surplus of wheat. Rubber and wool are soundly based, and the only major threat to cotton prices is the unlikely one of drastic action to move the American surplus into world markets. The lesser industrial commodities, such as jute, sisal and copra, are rather wan.



DOUBLE FIRST —

FORD MOTOR CO. LTD.

and UNILEVER LTD.

both win top awards *

for the presentation of their

Company Reports and Accounts.

Both entrusted design and

production to

ST CLEMENTS PRESS LTD.

We invite enquiries from Finance Directors and Secretaries of Companies. Please write or telephone J. C. Moss, City Manager, 13 Copthall Court, E.C.2. Monarch 1472.

★ *This year the annual award made by "The Accountant" is shared by Ford Motor Co. Ltd. and Unilever Ltd.*

St. Clements Press print over 250 Reports every year and do everything from design to despatch.



Assembly work in progress at Marconi's Chelmsford factory. (Left) Mr. John Mabey, the Burroughs man called in by Marconi, with one of the Burroughs machines which have speeded up their accounting.

This man helped Marconi gear their accounting to rising production

HE IS ONE of Burroughs' world-wide team of mechanized accounting consultants. This is the story:

Marconi's Wireless Telegraph Company Limited export radio, electronic and heavy television equipment to the world. The demand for Marconi products increases every month.

At their Chelmsford factory, they needed to expand their accounting procedures in order to cope with the mass of extra work.

Marconi's decided to call in the Burroughs man, an experienced consultant on *all* accounting and record-keeping systems. Mr. John Mabey is the specialist sent by Burroughs.

A FULL ANALYSIS

Working closely with the Deputy Chief Accountant at Chelmsford, Mr. Mabey applied his experience to the problem. After a full analysis of the existing system they evolved a new plan, based on the speed and versatility of Burroughs Sensimatic Accounting Machines.

The plan was adopted. Now all Marconi's accounting is in line with their increased production. And Works Payroll is completed in *less than a day;* the same machines take Salaried Staff Payroll in their stride. Costing is now done on a single 15" card which shows eight running totals—hours, labour, overheads, purchased materials, manufactured materials, processes, aggregate balance and net balance.

So well has the new system worked at Chelmsford that Marconi have followed the same plan at their newly-opened factory at Basildon.

Whatever your business, large or small—if you have an accounting problem, the Burroughs man can help you solve it. He will make a full analysis and suggest the most economical and *workable* solution. If he thinks no change is advisable he will frankly say so. But if he does recommend a change he will plan the new routine in detail, and see that you always get the full benefit from any Burroughs machine you install. Call in the Burroughs man—you're committed to nothing and his advice is free.

Burroughs make the world's widest range of Adding, Calculating, Accounting, Billing and Statistical Machines and Microfilm Equipment. You'll find the number of your nearest Burroughs office in your local telephone book. Burroughs Adding Machine Limited, Avon House, 356-366 Oxford Street, London, W.1.

For specialist advice on mechanized accounting methods call in the **Burroughs** *man*

real cause for complaint with that policy, they remain understandably anxious lest Congress should push the American government towards more disruptive methods for getting rid of wheat.

Prospects for de Havilland

NEW knowledge is often acquired only with pain. The cost of the new knowledge now possessed by the world about metal fatigue in aircraft has to be measured first in the loss of life in the Comet catastrophe. Only then can the financial tally be made. That financial cost is heavy and it has had to be borne largely by the de Havilland Aircraft Company. Nearly £4¼ million has had to be written off out of profits to cover expenditure on the development and production of the Comet which cannot now be recovered. Thus in spite of profitable trading from the production of other aircraft and components the full accounts for the year to September 30th show a net loss of £663,415; much of that loss has been covered by the writing back of tax provisions no longer required.

That, in essence, is the sober report that Mr W. E. Nixon in his first year of office as chairman has presented to stockholders. But, equally soberly, he expresses confidence in the company's ability to recover from the setback in the not too distant future. There are many reasons for that confidence. Firm orders, subject to the granting of a certificate of airworthiness, have been placed for a number of Comet 2's; BOAC has ordered an initial fleet of twenty Comet 4's; the company's overseas subsidiaries are "more than self-supporting"; and, aside from the Comet, the production of aircraft, engines, guided missiles and components sets the business on a broad basis. But now that the peak of the rearmament orders is past Mr Nixon believes that the emphasis will be switched back from production to development. Hence the future prospects for de Havilland will turn on the success that the Comet, the D.H.110, the jet and rocket engines and the guided weapons can attain. De Havilland's accumulated experience places it amongst the first of the aircraft industry. But it would be wrong anywhere in that industry to minimise the risks that attend new developments.

Newspapers Fit to Sell

IN two characteristically rumbustious speeches last week, Mr Cecil King, chairman and managing director of the *Daily Mirror* and *Sunday Pictorial*, had a good deal to say about postwar expansion of newspaper sales. By the second half of 1950, he said, the eight national daily newspapers had a combined sale of 16.8 million and eleven national Sunday papers had a combined sale of 30.7 million. In May, 1951, prices were increased and this caused a recession in sales. Recovery had been steady but slow: by the second half of 1954 the daily sales had reached 16.2 million and the Sunday sales 30.4 million. Mr King was entitled to add that in the second half of 1954 the *Daily Mirror* and the *Sunday Pictorial* had both passed their level of sales in the peak half-year before that recession.

The expansion of television and the continuance of the larger newspapers that have been published since the newspaper strike made Mr King reflect that "it would not be surprising if the tide (of sales) receded again." Competition was intensifying and would probably make the strong newspapers stronger and the weak ones weaker. Mr King feels that some reduction in the numbers of the long established Sunday newspapers would do no harm, but he hopes the "weak sisters among the dailies" can survive. The *Daily Mirror* decided not to enter the commercial television field because the Act "had shown far more concern to placate some old blimps in the House of Lords than to produce a workable scheme." Nevertheless, Mr King emphasised the likely effects of television both upon the advertising revenue and on the content of newspapers. "Though some newspapers do not yet seem aware of the effect, the advent of radio altered the character of newspapers from that of purveyors of news towards that of daily magazines. The impact of television will be greater than that of radio. . . ."

Expansion of the *Daily Mirror* group, of course, has exploited that trend towards magazine presentation. *Reveille*, which Mr King classes as a weekly family newspaper, has been used to "take up the slack in this market," and the group has introduced a children's newspaper and more recently a women's Sunday paper. Mr King contributes his usual vigorous attack upon

> the idea that all sorts of matters of interest and importance should only be discussed in the narrow circle mostly of self-important, self-appointed busybodies and that newspapers only exist to report the speeches of such people and their friends.

But can one detect a slight similar tinge of what he would probably call "do-gooding" in his promise to continue to give through the *Daily Mirror* and its robust associates "the news that interests and the news that ought to interest our readers"?

Plastics Under Pressure

THE plastics industry expects to make 300,000 tons of plastics materials this year, against some 250,000 tons in 1954 and about 180,000 tons in 1953; but the volume of orders is still more than certain sections of the industry can cope with. Both exhibitions previously staged by the industry have been held when its firms have been pulling out of sharp recessions, but the third biennial exhibition, which opened this week at Olympia, is taking place during a period of very rapid expansion indeed, many times greater than that now being enjoyed by industry as a whole. Current output is about twice that of 1948 and nearly ten times greater than in 1938. This much higher level of production, plus improvements in plant efficiency and in manufacturing technique, have enabled the industry to absorb rising costs; in general, prices of plastics materials have been slowly falling over the last three years.

The pace of advance is hottest in the thermoplastics group, particularly in polyvinyl chloride, polystyrene, and polythene. ICI, British Geon, and Bakelite make "p.v.c.," and between them expect to have in production this year twice their 1953 capacity; but sizeable imports of vinyl resins will still be needed to meet the big Coal Board contract for the replacement of rubber conveyor belting with non-inflammable belting. The capacity of polystyrene plants has also doubled in the last two years, and polythene production has trebled. By 1957 ICI expects to make 55,000 tons of polythene against 35,000 tons this year, but its patent expires next February and it may soon be facing competition from low-pressure polythene plants now under consideration by certain petroleum chemical firms.

Expenditure upon research and development is high for the plastics industry. A recent estimate puts it at about £5 million a year, perhaps 7 per cent of its turnover, although this is an industry containing a large number of small firms. Plant for the industry is now the field of specialist firms, and many raw materials that were formerly imported are now made in Britain. But the industry still suspects that its market is fickle. Overseas business—last year a good 30 per cent of total production of plastics materials, plus a large but unknown quantity of finished products—is liable to be cut overnight by import restrictions, and some forward estimates for the home consumer market can be upset by changes in hire purchase policy. However, in the field of electricity, electronics, radio and television, in building supplies, car and aircraft accessories, and in packaging, the industry has large and growing markets. And by the adoption of standard specifications of quality and performance and by the wider use of certification marks, it can in time overcome the last memories of the inferior and shoddy plastics goods that flooded the domestic market shortly after the war.

Shipping for Steel

THE 13 new ore-carrying ships that the British steel industry ordered last week bring the total fleet of these specialised carriers so far delivered or on order to nearly 40, totalling about 425,000 tons deadweight. So far none of the 22,000-tonners that the industry has been considering have been ordered. Five specially-built ore carriers of 8,500 tons dw each are at present bringing ore in; these were built by private owners and are on time charter to the industry. The shift towards controlling its own tonnage and using specialised ships has been made by the industry after the great postwar increase in its imports of iron ore had on several occasions left it short of tonnage and caused it to pay very high freights. It imported more than 12 million tons of ore last year, and hopes to bring in about half a million tons more this year; but by 1958, upon the basis of the development plans recently reviewed by the Iron and Steel Board, the industry may need to bring in about 17 million tons a year of iron and manganese ore.

The arguments for a sizeable ore fleet—owned by the industry or built as large tankers are specially for time charter—are already being reinforced by the trend of coal imports. During the spring the steel industry found some difficulty in keeping up to its ore import programme because the heavy traffic in coal across the Atlantic was bringing about a marked shortage of tonnage. It would be most optimistic to assume that any less coal from overseas will be required next winter; the chances are that the National Coal Board will make yet heavier demands on shipping to bring in the coal it is failing to mine.

Troubles in Jute

THE East Pakistan government has not renewed the licences of a number of exporters of raw jute. No specific reason—other than "irregular" activities—has been given, but it can no doubt be partly explained by the government's apparent desire to restrict the operations of Indian firms, and by its apprehensions that shipments of raw jute to India are providing the cover for movements of capital to that country. The action, which follows the cancellation of some export licences last November, was widely expected in London, and its repercussions should be small. London importing firms, which handle the bulk of Pakistan jute shipped to European markets, tended to avoid entering into contracts for shipments just before or after the new licensing year begins on July 1st. Moreover, when representatives of the London trade visited Pakistan early this year they were assured by the government that if licences were cancelled, exporters would be allowed to fulfil existing contracts that were registered with the State bank; as jute prices have dropped, there should be little reason to fear that contracts will not be fulfilled.

Prices have in fact fallen by about 25 per cent from the peak of last February. Jute firsts from the old crop are now about £83 a ton cif Continent, compared with £112 in February, and new crop firsts are being offered at or just above the official minimum export price of £80 a ton; prices of other new crop grades are also bumping their minimum prices. The crop promises to be substantially higher than last season's harvest of about 4 million bales. Though the acreage was formally restricted to an area that should produce about 5.5 million bales, actual plantings are as usual much higher. The question now is whether the government can maintain the present minimum prices.

Skirmish in Softwood

THE seasonal lull in British imports of softwood has been unusually marked this year; in the last two months importers have practically withdrawn from the market. This inactivity seems to be no more than a natural consequence of the exceptionally heavy orders placed early in the season; by the end of January importers had bought over 1.2 million standards, and since then purchases have slowly crept up to about 1.5 million standards. For what it is worth the trade's forecast of British consumption of softwood this year is about 1.7 million standards. The recent paucity of British buying has not led to any weakening of the market. Exporters are well sold forward and are confident that current prices can be maintained. Swedish producers have sold the bulk of their exportable supplies; Canadian exporters have received large orders from their major customer, the United States, and with American building and construction still racing ahead demand there is unlikely to slacken.

Although British importers have bought heavily they are not entirely happy about the prospects for home consumption. Purchases this season have cost, on the average, about 9 per cent more than last season's, freight rates are still rising, and Bank rate has been increased. As in many other trades, the inflation of raw material prices has not been matched by a rise in the importers' financial reserves, and most firms have to rely on bank loans for much of their working capital. Yet consumers are resisting higher prices. The builders, in particular, claim that present prices of softwood are encouraging the use of substitute materials wherever possible. Thus, on the one hand, importers are under pressure to keep prices down and increase the volume of turnover; on the other hand, they face the need to bring prices into line with replacement costs. By the end of the year it will be clear which side of the trade has had the better of the argument.

SHORTER NOTE

Undeterred by the railway strike, Thomas Tilling, the industrial finance company, has come to the market with a new preference share issue. Stockholders in the company are offered 2,200,000 £1 5½ per cent cumulative preference shares at par, with 5s. payable on application. Subscription to the issue, which will "provide funds for further expansion," has been guaranteed by Helbert Wagg and Company.

Company Notes

GUEST KEEN AND NETTLEFOLDS. In 1954 the gross book value of the fixed assets belonging to the 78 companies in the Guest Keen and Nettlefolds group rose by £16.5 million to £52.3 million. Just over £10 million of that sum represented the consolidation of the assets of Guest Keen Iron and Steel. That company was purchased last year from the Iron and Steel Realisation Agency for £8,268,759; the price was met by the sale of gilt-edged securities. These assets have been consolidated into the accounts as at their current value on October 4, 1953.

The remaining £6.3 million represented fresh capital expenditure. Of that total £2.1 million was spent by the steel companies, £2.5 million by other British subsidiaries and £1.7 million by overseas subsidiaries. At the beginning of this year the directors had sanctioned the following capital expenditure:

Steel companies	£4,600,000
Other home companies	£4,950,000
Overseas companies	£2,750,000
Total	£12,300,000

Since then the board has authorised the spending of a further £3 million. About £3½ million of this programme will be spent to keep production in line with the expansion schemes of the motor industry; it will be used to expand the capacity of Joseph Sankey in wheels, panels and frames, of Garringtons in forgings and of Guest Keen and Nettlefolds (Midlands) in bolts, nuts, screws and valve forgings. The multiplier effect of the motor companies' investment plans could have no better example.

In all the Guest Keen group will spend about £15 million on fixed capital in the next two or three years. If profits continue to run at their present level—in 1954 profits after depreciation advanced from £7,460,883 to £12,404,901—the directors do not anticipate any trouble in financing these commitments from ploughed back profits. But there is a sting in the tail. The directors are not likely to break with their conservative policy on dividends. Last year the ordinary dividend was raised from 15 to 20 per cent; but the 100 per cent free scrip issue does not, the directors point out, imply any intention to increase the sum distributed to ordinary stockholders. And the dividend yield of 4¾ per cent at the current price of 85s. 7½d. is not over-high.

Profits should continue to run at a high level, for order books are full for six months ahead and the "principal limiting factors to output will be supplies of raw material and labour." But costs are also rising and though some of these increases have been absorbed, bringing the ratio of profit to turnover down to a low level, the company in due course will have to raise some of its selling prices.

★

GALLAHER and GODFREY PHILLIPS. Imperial Tobacco reigns supreme and unruffled over most of the market for cigarettes in this country. It can look with some detachment, though not with indifference, on the competitive struggle between the smaller tobacco companies. That struggle is fierce, now that all quotas on supplies to the tobacconists have been removed. As Sir Edward de Stein, the chairman of Gallaher, points out, it means higher selling and advertising costs. An example of this trend comes from Godfrey Phillips, which, having introduced recently the "Red and White" brand, has charged £97,673 of "exceptional advertising expenditure" to a development and contingencies reserve. Other costs are going up as well. Wages are higher and Sir Edward says there are indications that the cost of leaf tobacco may rise again this year. The two increases in Bank rate also add to the costs of the tobacco companies that rely on bank overdrafts to finance their tobacco stocks.

Of all the smaller companies, Gallaher is perhaps the most happily placed. Its sales, particularly of "Senior Service" and "Park Drive" cigarettes, were higher last year and its profits improved from £2,010,816 to £2,510,784. In establishing a bigger market for its cigarettes it was helped by an improved allocation of dollars. As a result its stocks by the end of the year had risen from £15,487,324 to £19,004,933. Even so, these stocks when related to the current rate of sales were less adequate than the end-1953 stocks. If, as the manufacturers hope, more American leaf tobacco can be purchased this year, Gallaher will have to increase its stocks still more. That will mean a bigger bank overdraft than the sum of £3,674,015 outstanding at the end of last year.

	Years to Dec. 31, 1954	1955
Earnings:—	£	£
Gallaher:		
Profit, before tax.....	2,010,816	2,510,784
Taxation	1,097,434	1,408,209
Net profit	906,532	1,095,912
Ordinary dividends....	543,125	632,617
Ordinary dividends (per cent).....	20	22½
Godfrey Phillips:		
Profit, before tax.....	677,232	316,922
Taxation	345,420	186,069
Net profit	331,812	130,853
Ordinary dividends	83,379	86,222
Ordinary dividends (per cent).....	10	10

The reverse side of Gallaher's success last year is the sharp decline in Godfrey Phillips's profits from £677,232 to £316,922. The drive to sell "Red and White" cigarettes was not then under way. A recovery in this company's earnings seems to turn on its ability to create and to hold a market for a new brand of cigarettes. That is no easy task, as Carreras's experience with the "Dunhill" brand shows. That is why the £1 ordinary stock units in Godfrey Phillips on the maintained dividend of 10 per cent and at the current price of 20s. 6d. offer a yield of 9¾ per cent. It compares with the yield of 5.9 per cent offered by the Gallaher 10s. units at the current price of 38s. xd. on the increased dividend of 22½ per cent.

★

COURAGE AND BARCLAY PERKINS. The proposed merger of Courage and Barclay Perkins, two of the biggest brewers in London and the

Home Counties, has been carried another step forward. A report from the chartered accountants, Peat, Marwick, Mitchell and Company, is being considered by the two breweries and a formal offer to stockholders will be issued "as soon as possible." Bare details of the exchange of stock of the two brewers into a new holding company have been published. They are as follows:

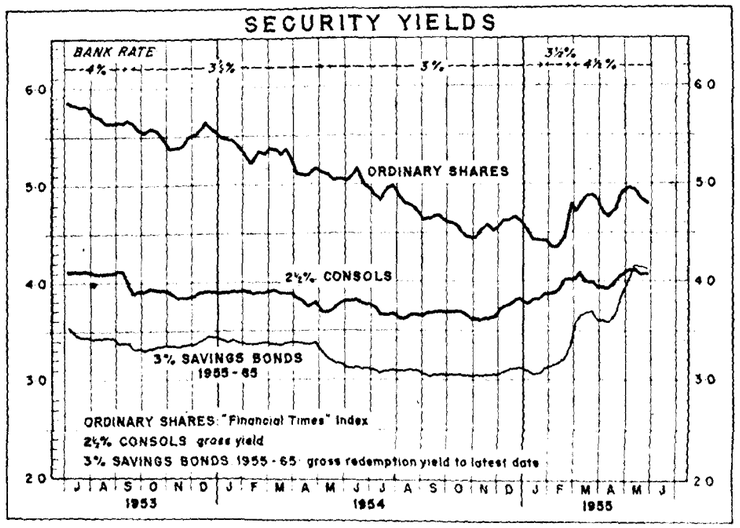
	Existing stock	*New holding company stock*
COURAGE:		
£100 5% cum. pref.		£107 10s. 5% cum. pref.
£100 5% 2nd cum. pref.		£105 5% cum. pref.
£3 ordinary (in £1 units)		£7 ordinary (in £1 units)
BARCLAY PERKINS:		
£100 10% cum. pref.		£215 5% cum. pref.
£1 ordinary		£1 ordinary

It would be easier to assess the merits of this exchange if some estimate of the earnings and dividends likely to be paid by the new holding company had been published. But that presumably must wait on the formal offer to stockholders. Meanwhile, however, it is possible to make a rough calculation of the worth of the equity. For 1954, Courage paid an ordinary dividend of 22½ per cent. The equivalent dividend of the new holding company can hardly be less than that. Hence, on the basis of the seven for three exchange, it would be approximately 9.6 per cent—say 10 per cent. The average yield on brewing equities is about 6½ per cent, so that on the twin assumptions about the dividend and yield the price of the new ordinary shares would be about 30s. At that price the existing stock units of Courage, allowing for the terms of the exchange, would be worth about 70s. That was the sort of calculation the jobbers had to make when the preliminary details of the scheme were published. The conclusion at which they arrived was to mark the £1 units in Barclay Perkins down by 3s. 6d. to 29s. 6d. and to mark the £1 units in Courage up by 5s. 3d. to 68s. 9d. But at this stage the arithmetic is very rough and it can make no allowance for any economies that may emerge from the amalgamation of the two companies—and economies there surely must be if the merger is to have any point at all.

*

CONSOLIDATED ZINC. Lead and zinc production is the heart of Consolidated Zinc, for these metals provide most of its current profit. But it is playing an important and growing role in the exploitation of Australia's mineral wealth. In Australia it has interests not merely in lead, zinc and silver, but also in sulphuric acid, fertilisers, cement, timber, rutile, zircon, natural gas, oil and uranium. Some of the ventures are still in the primary stages of exploration and development, but that is inevitable in a list that looks forward to new horizons.

Lead and zinc earn the means for such new developments. Last year the consolidated trading surplus jumped from £2,896,272 to £5,089,924; ordinary stockholders received a dividend of 3s. 9d. on each £1 unit, compared with 3s. in 1953. The final dividend of 2s. 6d. is payable on the new shares offered at par in the ratio of one for three last November, though the funds from that issue came too late to make any contribution to the year's profit. The increase in profits reflects the higher prices realised from the sale of lead and zinc. In Australia more lead, zinc and silver were mined, while in this country the Imperial Smelting Corporation was busier than ever. That company also sold more sulphuric acid than before. Throughout the organisation, in fact, the year's operations led, Mr John R. Govett remarks, to "increased output and improved efficiencies in all the major branches of activities." There is a growing number of substitutes for lead and zinc and, hence, it is not surprising that Mr Govett, casting an anxious glance over his shoulder at purchases for the American stockpile, insists upon the need for stable prices and regular supplies to industry of its basic raw materials.



LONDON STOCK EXCHANGE

Next Account begins June 8th
Next Contango Day: June 8th
Next Settlement Day: June 14th

AT the end of last week the Conservative victory at the polls set equity prices ablaze. The *Financial Times* ordinary share index gained 3.5 points in one day to touch 199.4, well above the previous peak of 197.5 touched at the beginning of February. When the excitement died the market had to take account of the railway strike and when it opened after the Whitsun holiday prices were marked down. On Tuesday the ordinary share index fell back to 197.0. But prices rallied very quickly and went ahead very strongly on Thursday. In the gilt-edged market there was a further improvement in prices just before the week-end. But the funds, too, were marked down on Tuesday; little selling pressure, however, was encountered and, indeed, some investment support was given. Prices began to rally later in the week. Renewed Continental support for the German issues was the feature of the foreign market. Japanese issues, notably the dollar stocks, were also very firm.

All the equity issues in the industrial market shared in the boom immediately following the election results. But steel issues were the most prominent, as were high grade issues giving large earnings yields. There was still some American buying of such stocks as Bowater Paper. Prices were then lowered on the railway strike. But hardly any selling orders came into the market and the rally soon began. On Thursday sharp gains were made by the "blue-chips." Oil shares followed the lead set elsewhere in the market, taking their pace from British Petroleum and Burmah Oil.

Rubber and tea shares remained quiet, with prices showing no decisive tendency. Tea shares failed to react to the halving of the Indian export duty. Business in the Kaffir market was at a low ebb. Loraine was weak in front of the first monthly return but some speculative interest was taken in F. S. Geduld. Copper shares were strong on buying from the Continent.

FINANCIAL TIMES INDICES

1955	Security Indices: Ord.*	Security Indices: Fixed Int.†	Yields: 2½% Cons.	Yields: Ord.
			%	%
May 25...	195·9	108·08	4·07	4·79
„ 26...	195·9	108·08	4·07	4·79
„ 27...	199·4	108·08	4·07	4·70
„ 31...	197·0	107·74	4·12	4·76
June 1...	198·6	107·75	4·12	4·72
			Total bargains 1955	
1955, High	199·4 (May 27)	115·97 (Jan. 7)	May 25	12,715
„ Low	175·7 (Mar. 15)	107·61 (Feb. 24)	„ 26	11,598
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 27	12,043
„ Low	151·1 (Jan. 1)	111·78 (Jan. 5)	„ 31	9,806
			June 1	8,457

* July 1, 1935 100. † 1928 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to June 1 High	Prices, 1955 Jan. 1 to June 1 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, May 25, 1955	Price, June 1, 1955	Net Yield, June 1, 1955 §	Gross Yield, June 1, 1955
					£ s. d.	£ s. d.
100⅜	97½	Funding 2½% '52-57	97¼	97½	2 17 6	4 0 10
100⅛	97⅛	War Bonds 2½% '54-56	98⅜	98	2 17 7	4 4 7
100⅛	96	War Loan 3% '55-59	96⅜	96⅜	2 12 1	3 19 2
100⅜	99⅛	Serial Funding 3% 1955	99⅛	99⅛	2 12 1	4 0 7
100⅛	96¼	Serial Funding 2½% 1957	96½	96⅜	2 17 10	3 17 10
99⅛	92⅛	Conv. 2% 1958-59	92⅜	92⅛	3 3 1	4 2 10
97⅛	91½	Exchequer 2% 1960	91⅝	91⅝	3 0 8	3 19 9
104⅛	96⅛	Exchequer 3% 1960	96⅜	96½	2 8 8	3 16 2
100⅛	90⅛	Savings Bonds 3% '55-65	91½	91½	2 14 11	4 2 9
100⅛	91½	Funding 2½% '56-61	92⅛	92½	2 18 5	4 1 3
97	86½	Funding 3% '59-69	86⅛	86½	2 18 9	4 6 11
103⅞	97	Funding 4% '60-90	97⅞	97⅞	2 18 5	4 13 8
96⅛	85⅛	Savings Bonds 3% '60-70	86⅛	86½	2 17 5	4 5 11
102⅛	92⅞	Exchequer 3% '62-63	93⅛	93⅛	2 13 6	3 19 11
99⅞	87⅛	Exchequer 2½% '63-64	88⅛	88⅛	2 18 8	4 1 7
95⅛	84½	Savings Bonds 2½% '64-67	85⅛	84½	2 19 4	4 2 11
94⅞	83⅜	Savings Bonds 3% '65-75	84⅜	84½	2 15 4	4 4 3
105⅛	98	*Victory* 4% '20-76	98⅛	98⅜	2 10 6	4 6 0
98⅛	87⅛	Funding 3% '66-68	88⅛	88⅛	2 17 4	4 5 10
103	92⅛	Conv. 3½% 1969	93⅛	93⅜	2 12 11	4 4 9
98⅛	87⅛	Treas. 3½% '77-80	88⅜	88⅛	2 12 11	4 5 0
99⅛	88⅜	Treas. 3½% '79-81	89⅛	89½	2 12 5	4 5 2
88⅛	78	Redemption 3% '86-96	79¼	79	2 11 3	4 1 8
95⅛	87½	Funding 3½% 1999-2004	88⅛	87⅞	2 9 7	4 3 2
97⅞	90⅛	Consols 4% aft. Feb. '57	92⅛	91⅞	2 10 7	4 3 6
88⅛	79⅛	War Ln. 3½% aft. Dec. '52	81⅞	81⅞	2 9 7	4 6 4
89⅛	79⅛	Conv. 3½% aft. April '61	81⅛	81½	2 9 9	4 6 10
78⅛	69⅞	Treas. 3% aft. April '66	72⅛	71⅞	2 8 3	4 4 2
66⅜	60	Consols 2½%	61⅜	60⅛	2 7 5	4 2 4
66⅛	59⅞	Treas. 2½% aft. April '75	60⅛	60	2 8 1	4 3 11
94⅛	84½	Br. Elec. 3% '68-73	85⅛	85	2 16 5	4 5 0
93⅛	83½	Br. Elec. 3% '74-77	84	83⅞	2 14 8	4 3 7
109⅛	99⅜	Br. Elec. 4½% '74-79	100⅛	100⅛	2 9 0	4 5 7
98⅛	87⅞	Br. Elec. 3½% '76-79	88⅛	88⅛	2 13 4	4 5 8
105⅛	97⅞	Br. Gas 4% '69-72	98⅜	98½	2 9 7	4 5 0
102⅛	91½	Br. Gas 3½% '69-71	92⅛	92½	2 12 4	4 4 2
88⅞	78⅛	Br. Gas 3% '90-95	79⅛	79½	2 11 1	4 1 1
94⅛	84⅜	Br. Trans. 3% '68-73	85⅛	85	2 16 5	4 5 0
105⅛	96	Br. Trans. 4% '72-77	96⅛*	96⅛*	2 10 3	4 4 11
88⅛	79	Br. Trans. 3% '78-88	79¼*	79¼*	2 13 6	4 3 1

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

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan. 1 to June 1 High	Prices, 1955 Jan. 1 to June 1 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, May 25, 1955	Price, June 1, 1955	Yield, June 1, 1955
							£ s. d.
97⅞	90½	94⅛	86½	Aust. 3½% '65-69	88½	88½	4 7 7
101⅞	97½	101⅛	95½	Ceylon 4% '73-75	97½	97½	4 3 9
106⅝	98⅛	103⅞	95	N. Zealand 4% '76-78	95⅛	95⅛	4 6 3
79⅜	71⅞	75⅜	66⅛	L.C.C. 3% aft. 1920	67⅛	67⅛	4 8 11
99⅛	95	99	89	Liverpool 3% '54-64	90⅛	90⅛	4 5 11
87⅞	80⅛	84	73½	M. Wtr. 'B' 3% '34-2003	74⅛	74⅛	4 5 0
104⅛	100	102½	100	Agric. Mort. 5% '59-89	100⅛	100⅛*	4 17 0
109⅛	71⅞	117⅛	91	German 7%	112	117⅛	...
171	102	180½	149	German 5½%	174½	178⅛	...
168⅛	132⅛	183½	160	Japan 5% 1907	182	183½	...
198⅛	167	216½	190	Japan 5½% Conv. 1930	213⅛	216½	...

Prices, 1955 Jan. 1 to June 1 High	Prices, 1955 Jan. 1 to June 1 Low	Last Two Dividends (*a*) (*b*) (*c*)	ORDINARY STOCKS	Price, May 25, 1955	Price, June 1, 1955	Yield, June 1, 1955
		% %	BANKS & DISCOUNT			£ s. d.
58/6	48/9	5 *a*	7 *b* Barclays £1	55/-	55/-	4 7 3
76/7½	64/-	7 *a*	8 *b* Lloyds 'A' £5, £1 pd.	68/-	67/6	4 8 11
89/3	76/9	8 *a*	10 *b* Midland £1, fully pd.	80/6	81/-	4 8 11
87/-	76/-	8½ *a*	9½ *b* N. Prov. 'B' £5, £1 pd.	78/6	79/-	4 11 2
96/10½	84/6	8 *a*	8 *b* Westmstr 'B' £4, £1 pd.	88/-	88/-	4 10 11
69/-	50/-	7½ *a*	8½ *b* Alexanders £1	50/-	50/-	4 16 0
58/6	47/6	5 *a*	7 *b* Nat. Disc. 'B' £1	54/6	54/-	4 12 7
60/-	51/-	5 *a*	7½ *b* Union Disc. £1	45/-	44/-	3 12 9
48/10½	39/6	4 *b*	4 *a* Barc. (D.C.O.) £1	44/-	44/6	6 14 10
51/9	42/3	7½ *a*	7½ *b* Chart. Bk. of India £1			
			INSURANCE			
18⅛	14½	50 *a*	110 *b* Leg. & Gen. £1, 5/- pd.	18*	18*	2 4 5
24⅛	20⅛	20†*a*	45†*b* Pearl £1, fully pd.	24	23½	4 14 7
46⅛	41½	112½†*c*	117½†*c* Prudential 'A' £1	46½	46½	4 8 5
			BREWERIES, ETC.			
141/-	128/3	10 *a*	33 *b* Bass £1	130/-	128/9	6 13 8
29/6	22/-	25 *c*	10 *a* Distillers 6/8	28/6	28/-	3 11 5½
49/6	40/3	8 *a*	15 *b* Guinness 10/-	46/3	47/6	4 16 10
95/9	81/-	7 *a*	14 *b* Whitbread 'A' Ord. £1	84/-	82/6	5 1 10

Prices, 1955 Jan. 1 to June 1 High	Prices, 1955 Jan. 1 to June 1 Low	Last Two Dividends (*a*) (*b*) (*c*)	ORDINARY STOCKS	Price, May 25, 1955	Price, June 1, 1955	Yield, June 1, 1955
		% %	STEEL & ENGINEERING			£ s. d.
43/-	35/9	17½ *c*	4 *a* B.S.A. £1	43/-	41/6	4 4 4
32/3	27/-	...	... Colvilles £1	32/3	31/10½	...
55/3	23/-	...	8 *c* Dorman Long £1	30/6	31/3	5 2 5
88/-	62/4½	5 *a*	15 *b* Guest Keen N'fold £1	83/1½*	85/7½*	4 13 5
68/3	42/-	...	12½ *c* Stewarts & Lloyds £1	58/9	65/7½	3 16 2
40/9	27/6	3 *a*	6⅜ *b* Summers (John) £1	35/6	38/9	5 1 6
39/-	28/6	4 *a*	6 *b* United Steel £1	35/6	37/6	5 6 8
44/-	36/9	2½ *a*	6 *b* Vickers £1	42/4½	42/9	3 19 6
			TEXTILES			
30/4½	21/9	4 *a*	6 *b* Bradford Dyers £1	23/6	23/-	8 13 10
33/4½	26/10½	12 *b*	3 *a* Brit. Celanese £1	30/6	30/-	6 0 0
29/6	23/-	2½ *a*	6½ *b* Coats (J. & P.) £1	27/3	27/-	6 9 8
43/6	35/-	4½ *a*	4 *a* Courtaulds £1	40/-	40/-	4 0 0
32/6	26/6	10 *a*	7½ *b* Lancs. Cotton £1	28/6	27/6	9 1 11
36/0⅜	28/-	15 *b*	2⅜ *a* Patons & Baldwins £1	30/6	30/3	6 12 3
			MOTOR & AIRCRAFT			
20/10½	17/4½	3½ *a*	6½ *b* Bristol Aeroplane 10/-	20/-*	19/9*	5 1 3
13/2½	9/10½	8½ *b*	4 *a* British Motor 5/-	12/3	12/9	4 18 2
27/3	21/3	7½ *c*	Nil *c* De Havilland £1	24/9	24/9	Nil
54/7½	37/-	5 *a*	10 *b* Ford Motor £1	49/-	52/9	2 16 10
57/6	43/1½	3 *a*	7½ *b* Hawker Siddeley £1	54/6	54/-	3 17 10
43/8	33/6	25 *c*	30 *c* Leyland Motors £1	40/-	41/3	4 17 0
106/6	71/3	5 *a*	12½ *b* Rolls Royce £1	98/1½	105/7½	3 6 3
9/2½	6/10½	12 *c*	12 *c* Standard Motor 5/-	8/6	8/9	6 17 2
			SHOPS & STORES			
36/7½	25/-	10 *a*	17½ *b* Boots Pure Drug 5/-	36/-*	36/6*	3 15 5
45/3	36/9	7½ *a*	20 *b* Debenhams 10/-	42/-	42/3	6 10 2
62/6	43/9	45 *b*	15 *a* Gt. Universal 5/-	55/-	53/6	5 12 2
97/6	57/6	5 *a*	17½ *b* Lyons (J.) 'A' £1	106/10½	107/-	4 4 2
114/-	76/-	15 *a*	30 *b* Marks & Spen. 'A' 5/-	69/-*	68/6*	3 5 8
76/-	58/6	20 *a*	36½ *b* Woolworth 5/-	63/6	62/9	3 19 8
71/9	55/3		OIL			
99/9	68/6	5 *a*	14 *b* British Petroleum £1	94/4½	95/7½	3 2 9
138/-	100/-	7½ *a*	13½ *b* Burmah £1	128/1½	128/9	3 5 3
£58½	£50½	6 *a*	10 *b* Royal Dutch 100 fl.	£53½	£54½	2 14 11
138/-	109/9	5†*a*	10†*b* Shell Reg. £1	122/6	123/9	4 4 3
35/1½	26/9	15†*b*	5†*a* Trinidad L'holds 5/-	31/3*	31/-*	5 12 2
			SHIPPING			
37/3	25/10½	5 *a*	7 *b* Cunard £1	30/-	28/6	7 0 4
57/-	45/-	12 *c*	12 *c* Furness Withy £1	49/-	48/6	4 19 0
76/-	55/-	3 *a*	13 *b* P & O. Def. £1	72/-	67/-	4 15 6
			MISCELLANEOUS			
76/6	61/3	14 *c*	2½ *a* Assoc. Elect. £1	72/6	75/-	3 14 8
105/-	88/9	5 *a*	15 *b* Assoc. Port. Cem. £1	103/9	101/10½	3 18 6
120/9	67/-	7½ *a*	15 *b* Bowater Paper £1	110/-	120/-	3 0 0
55/3	44/1½	2½ *a*	7½ *b* B.I.C.C. £1	50/-	49/6	4 0 10
48/3	35/6	4 *a*	8 *b* Brit. Aluminium £1	46/-	47/-	5 2 2
56/3	47/10½	15†*c*	5†*a* Brit. Amer. Tob. 10/-	54/9	55/-	4 14 9
$62½	$51½	3 *a*	3 *b* Canadian Pacific $25.	$58½	$62	4 7 11
45/4½	31/4½	41½ *b*	6½ *a* Decca Record 4/-	37/9	39/-	3 16 11
33/4½	27/-	4 *a*	10 *b* Dunlop Rubber 10/-	28/6*	28/6*	4 18 3
71/9	54/1½	4 *a*	8½ *b* English Elect. £1	70/-	71/3	3 10 2
61/9	51/3	12½ *c*	4½ *a* General Elect. £1	60/-	61/3	4 1 8
52/9	38/3	4 *a*	6 *b* Imp. Chemical £1	49/9	51/10½	3 17 1
65/7½	57/9	8½ *a*	12½ *b* Imp. Tobacco £1	64/-	64/-	6 11 3
$125½	$105½	$2·90	$2·90 *c* Inter. Nickel n.p.v.	$117½*	$125½	4 2 6
71/-	57/6	7½ *a*	10 *b* London Brick £1	67/6	68/9	5 1 4
34/9	26/-	6½ *a*	15½ *b* Monsanto Chemicals 5/-	30/6	31/-	3 12 7
74/9	60/3	3½ *a*	14½ *b* Tate & Lyle £1	67/9	72/6	4 8 10
91/-	72/6	10 *b*	10 *a* Tube Investments £1	87/-*	90/-*	4 8 11
114/9	95/6	17½ *b*	5 *a* Turner & Newall £1	110/7½	112/6	4 0 0
89/6	69/3	6 *a*	9½ *b* Unilever £1	82/6	87/-	3 12 5
43/3	34/6	7½†*b*	7½†*b* United Molasses 10/-	35/3*	35/-*	5 6 4
49/9	34/-	2½†*a*	27½†*b* Cons. Tea & Lands £1	36/6*	35/-*	29 16 2
2/8½	1/10½	10 *c*	10 *c* London Asiatic Rbr. 2/-	2/5½	2/4½	8 8 6
50/6	38/9	7½ *a*	20 *b* United Sua Betong £1	43/9	43/9	12 11 5
			MINES			
9⅛	7½	20 *a*	50 *b* Anglo-Amer. 10/-	8½	8⅛	4 6 10
143/3	106/10½	80 *a*	120 *b* De Beers 5/- Bearer	121/3	117/6	8 10 3
126/3	78/9	...	... Free State Geduld 5/-	91/3	95/-	Nil
70/9	53/9	5 *a*	10 *b* Randfontein £1	55/9	55/-	5 9 1
8/5½	6/8½	24 *c*	28 *c* London Tin 4/-	7/6½	7/6*	14 18 8
38⅛	31½	200 *b*	50 *a* Rhokana £1	37	38½	6 10 9

New York Closing Prices

	May 25	June 1		May 25	June 1		May 25	June 1
	$	$		$	$		$	$
Balt. & Ohio	45¾	46¾	Am. Smelting	48¾	47½	Inter. Paper	98	105
Can. Pac.	33	34¼	Am. Viscose	47½	50¼	Nat. Distill.	20½	20½
N.Y. Cent.	40¾	41¾	Cel. of Am.	*23½	23½	Sears Roebuck	86	87½
Pennsyl.	26¾	28	Chrysler	75¾	75¼	Shell	58¼	60⅜
Amer. Tel.	184	183¼	Gen. Elec.	51¾	52¼	Std. Oil of N.J.	111	112
Stand. Gas	9¼	10⅛	Gen. Motors	95⅞	96⅜	U.S. Steel	82¼	83⅜
United Corp.	6⅛	6⅜	Goodyear	59¾	62¼	Westinghouse	67¼	69⅜
W. Union Tel.	25	24⅜	Inter. Nickel	64¾	68⅜	Woolworth	47⅛	46⅞

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1⅔%. (*h*) On 8%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8½%. (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*u*) Dividend ... months. On 18%. (*v*) On 7½%. (*x*) On 12½%. (*z*) On 8½%. (§) On 20%. (‡) On 15%.

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	This week	Western Europe:	
Production and Consumption	May 14th	Production and Trade	This week
Manpower	May 21st	British Commonwealth	May 14th
External Trade	May 28th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	May 21st
Industrial Profits	April 30th	United States	May 28th
		World Trade.....April 30th	

Prices and Wages

	Unit	1952	1953	1954	1954			1955			
		mid-June			May 18	May 25	June 1	May 10	May 17	May 24	May 31
WORLD PRICES											
Commodity Price Indicator: (1)											
All items	1952=100	99	89	99	99	100	100	91	92	92	91'
Food	"	99·5	93·2	119·6	121·5	122·8	121·3	92·1	91·6	91·2	91·0
Fibres	"	98·5	87·0	88·7	88·8	89·7	89·7	83·4	83·4	82·7	82·2
Metals	"	100·0	80·0	81·5	81·6	81·9	82·8	91·0	93·1	94·3	94·6
Other items	"	96·3	95·9	93·5	93·1	93·3	91·8	99·2	99·9	99·9	100·2
		Monthly averages			1954			1955			
BRITISH WHOLESALE PRICES		1952	1953	1954	Feb.	Mar	April	Jan	Feb.	Mar.	April
Old series:											
All articles	1938=100	323·3	323·5	325·3	321·6	324·1	325·2	332·8	333·9	331·2	332·3
Food and tobacco	"	292·0	314·6	314·6	312·5	317·8	317·4	322·3	318·5	311·7	310·2
Materials used in:	June 30, 1949=100										
Non-food manufacturing	"	162·1	145·8	143·5	140·3	141·8	143·6	149·1	152·2	150·9	149·2
Mechanical engineering	"	149·9	145·7	150·4	146·3	146·7	147·5	159·0	163·9	164·3	163·6
Electrical machinery	"	165·4	155·2	160·5	155·1	155·7	156·7	173·4	183·2	184·2	181·7
Building and civil engineering	"	133·6	130·4	131·4	129·7	130·3	130·7	134·2	135·0	135·2	135·9
House building	"	130·6	128·7	130·7	128·5	129·2	129·8	133·7	134·2	134·4	135·4
Commodities:											
Cotton, raw (6)	"	171·9	140·6	155·0	149·7	155·8	155·6	158·1	157·9	153·9	150·6
Wool, raw	"	147·9	171·1	160·8	159·3	160·5	167·4	146·9	151·3	149·6	148·0
Rubber, No. 1 RSS, one month future	"	282·8	199·1	197·9	163·6	163·9	176·1	289·0	290·2	259·1	261·7
Softwood, imported	"	158·0	144·1	145·0	142·0	142·6	143·3	153·6	153·9	153·9	153·9
Copper, ex-warehouse (5)	"	220·7	217·6	213·4	197·3	204·3	206·1	260·0	294·0	301·6	281·8
UK RETAIL PRICES											
Interim index:	June 17, 1947=100										
All items	Jan. 15, 1952=100	136	140	143	140	141	142	146	146	146	147
All items	"	102·6	105·8	107·7	105·6	106·6	107·0	110·2	110·2	110·2	110·8
Food	"	105·4	111·3	114·2	109·5	111·6	112·6	119·2	118·8	118·6	119·9
All items	1938=100*	221	228	232	227	229	230	237	237	237	238
Food	"	221	233	239	229	234	236	250	249	248	251
Rent and rates	"	122	129	134	132	132	134	136	136	136	137
Clothing	"	259	253	255	255	255	255	253	255	255	255
Fuel and light	"	197	207	216	216	217	218	223	223	223	223
Household durable goods	"	294	286	284	285	285	284	284	284	284	284
Drink	"	255	256	257	257	257	257	260	260	260	260
Tobacco	"	386	387	387	387	387	387	387	387	387	387
Purchasing power of £ (based on all consumer spending)	1938=100	45	44	43	44	43	43	42	42	42	42
UK TERMS OF TRADE (4)											
Import prices:											
All items	1954=100	113	100	100	98	98	99	104	105	104	103
Food, drink and tobacco	"	100	96	100	97	97	99	105	105	103	101
Basic materials	"	123	102	100	99	98	98	102	103	104	104
Export prices:											
All items	"	105	103	100	100	100	100	100	101	101	101
All manufactures	"	105	103	100	100	100	100	100	101	101	101
Metals	"	105	102	100	101	101	100	98	100	101	102
Engineering products	"	98	100	100	100	99	99	101	101	101	102
Textiles (excluding clothing)	"	110	98	100	100	99	101	98	100	101	101
Terms of trade:											
Ratio of import to export prices	"	108	98	100	98	98	99	104	104	103	102
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	100·0	77·5	86·1	77·6	77·4	75·8	115·1	119·8	113·7	110·2
UK WAGES											
Weekly wage rates:	June 30, 1947=100										
All workers	"	130	136	142	139	139	141	146	147	149	151
Men	"	129	134	140	137	138	140	144	145	147	150
Women	"	133	140	146	143	144	145	151	151	153	154
Weekly earnings: (5)											
All workers	s. d.	151 11	160 1	171 9	...	...	166 6	...	...	...	...
Men	"	178 6	189 2	204 5	...	...	197 8	...	...	...	...
Women	"	96 4	102 6	108 2	...	...	105 3	...	...	...	...
	Oct.,										
All workers	1938=100	285	301	323	...	...	313	...	...	...	...
Men	"	259	274	296	...	...	287	...	...	...	...
Women	"	296	315	333	...	...	324	...	...	...	...

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

Financial Statistics

EXCHEQUER RETURNS

For the week ended May 28th there was an above-line " surplus (after allowing for Sinking funds) of £666,000 compared with a deficit of £16,691,000 in the previous week and a surplus of £4,132,000 in the corresponding period of last year. Net expenditure " below-line " last week reached £8,879,000, bringing the total cumulative deficit to £102,626,000 (£68,136,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to May 29, 1954	April 1, 1955 to May 28 1955	Week ended May 29, 1954	Week ended May 28, 1955
Ord. Revenue					
Income Tax	1877,400	163,690	154,543	18,621	20,587
Sur-tax	136,000	15,800	14,400	1,300	1,300
Death Duties	185,000	28,700	32,000	2,800	4,100
Stamps	74,000	10,500	11,000	1,300	1,500
Profits Tax & EPT	180,000	20,300	21,800	3,000	2,700
Excess Profits Levy	25,000	10,100	7,000	2,200	700
Special Contribution and other	1,000	300	100	100	...
Inland Revenue					
Total Inland Rev.	2478,400	249,390	240,843	29,321	30,887
Customs	1131 700	185,729	183,671	25,473	25,047
Excise	796,050	130,960	140,040	13,075	14,575
Total Customs and Excise	1927,750	316,689	323,711	38,548	39,622
Motor Duties	80,000	7,168	8,191	...	103
				Dr.	Dr.
PO (Net Receipts)	...	3,700	4,400	1,550	850
Broadcast Licences	25,000	2,500	3,300	1,250	1,800
Sundry Loans	24,000	1,948	2,096	...	...
Miscellaneous	175,000	32,329	9,042	8,373	310
Total	**4710,150**	**613,724**	**591,583**	**75,942**	**71,873**
Ord. Expenditure					
Debt Interest	600,000	101,698	107,705	2,468	4,800
Payments to N. Ireland Exchequer	53,000	6,849	7,539	1,712	2,022
Other Cons. Fund	10,000	632	966	51	58
Supply Services	3862,875	538,163	507,262	66,929	63,967
Total	**4525,875**	**647,341**	**623,472**	**71,160**	**70,847**
Sinking Funds	36,000	4,185	4,014	650	360
* **" Above-line " Surplus or Deficit**	—	**37,802**	**35,903**	**+ 4,132**	**+ 666**
" Below line " Net Expenditure*		30,334	66,723	914	8,879
Total Surplus or Deficit*	—	**68,136**	**102,626**	**+ 3,218**	**— 8,213**
Net Receipts from:					
Tax Reserve Certificates		55,829	22,165	17,829	2,515
Savings Certificates		2,900	6,400	500	— 500
Defence Bonds		6,659	1,713	— 50	— 45

* Since end September, 1954, the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in " below-line " expenditure and the total deficit. As at May 28th this item stood at £8,200,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
May 29	3,320·0	1,679·8	270·6	...	5,170·4
1955					
Feb. 26	3,150·0	1,691·5	268·0	...	5,109·5
Mar. 5	3,160·0	1,709·4	286·2	...	5,123·9
" 12	3,170·0	1,710·8	274·6	...	5,155·4
" 19	3,180·0	1,731·3	297·4	...	6,208·7
" 26	3,180·0	1,741·5	329·1	...	5,250·6
" 31	4,931·4		316·2	...	5,246·6
April 9	3,200·0	1,801·9	274·1	...	5,276·0
" 16	3,220·0	1,830·5	269·8	...	5,320·3
" 23	3,240·0	1,765·2	315·9	...	5,321·0
" 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
" 14	3,270·0	1,760·7	275·8	0·8	5,307·2
" 21	3,270·0	1,768·8	295·7	...	5,334·5
" 28	3,260·0	1,808·1	268·4	5·8	5,342·2

THE MONEY MARKET

At the Treasury bill tender on Friday last the discount houses bid at £99 0s. 5d. per cent for the fourth week in succession; and the average rate of discount was again virtually unchanged at £3 18s. 4.37d. per cent. The offer was up by £10 million to £250 million, so that despite an increase of £14.3 million in applications, to £389.9 million, the market's allotment dropped only from 50 to 48 per cent.

Credit was again generally short in the week to Wednesday last. Before the week-end the Bank of England gave a fair amount of special aid, but on Friday two or three houses were nevertheless obliged to take small seven-day loans at 4½ per cent. Conditions continued stringent after the holiday; on Wednesday the market received no special aid and was accordingly again forced into the Bank for a small amount.

Dealings in gold in the London market have been considerable this week; the price has moved in sympathy with the fluctuations in sterling (reported in a note on page 872).

The Bank return shows a further outflow of notes of £13.1 million, an unusually large amount for the week ending after Whitsun. The outflow has, in fact, gone largely to stock up the banks' tills against the uncertainties of distribution during the rail strike. Accordingly, there is little significance in the renewed fall in bankers' deposits at the Bank of England to £239.5 million, a new eight-year low point.

LONDON MONEY RATES

	%		%
Bank rate (from 31/10/%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	3⅛
Banks	2½	3 months	3⅛
Discount houses	2½*	4 months	3⅛–4
Money Day-to-day	2½–4	6 months	4–4¼
Short periods	2½–4½	Fine trade bills:	
Treas. bills 2 months	3⅛	3 months	4¼–4⅜
3 months	3⅛	4 months	4¼–4⅜
		6 months	4⅜–5⅛

*Call money

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	June 2	May 25	June 1
Issue Department :*			
Notes in circulation	1,624·7	1,752·2	1,765·3
Notes in banking dept.	50·7	23·1	10·1
Govt. debt and securities*	1,671·7	1,771·3	1,771·3
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	2·5	3·0	3·0
Banking Department :			
Deposits :			
Public accounts	10·4	13·7	15·4
Treasury special account	4·6	6·9	6·9
Bankers	280·8	240·5	239·5
Others	70·1	65·6	66·4
Total	365·9	326·7	328·2
Securities :			
Government	301·2	293·2	309·0
Discounts and advances	15·4	11·8	10·8
Other	13·9	14·0	13·9
Total	330·5	319·0	333·7
Banking department reserve	53·4	25·6	27·2
	%	%	%
" Proportion "	14·6	7·8	3·8

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £1,750 from £1,725 million on April 6, 1955 and to £1,775 million on May 4, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment: s.	d.	Allotted at Max. Rate* %
1954						
May 28	270·0	426·8	270·0	34	3·33	49
1955						
Feb. 25	260·0	381·9	260·0	75	5·32	50
Mar. 4	260·0	390·7	260·0	75	8·93	50
" 11	270·0	393·9	270·0	76	0·65	61
" 18	270·0	385·2	270·0	75	11·64	56
" 25	280·0	410·2	280·0	75	11·21	51
April 1	280·0	408·5	270·0	75	10·33	48
" 7	250·0	402·4	250·0	74	5·00	61
" 15	250·0	420·7	250·0	75	3·09	33
" 22	230·0	385·2	230·0	77	1·08	39
" 29	220·0	380·3	220·0	77	11·45	39
May 6	230·0	384·8	230·0	78	3·59	41
" 13	230·0	382·4	230·0	78	4·69	46
" 20	240·0	375·6	240·0	78	4·64	50
" 27	250·0	389·9	250·0	78	4·37	48

* On May 27th tenders for 91 day bills at £99 0s. 5d. secured about 48 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £250 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: June 1	Market Rates: Spot: May 26	May 27	May 28	May 31	June 1
United States $	2·78-2·82	2·79½-2·79⅝	2·79⅜-2·79½	2·79⅜-2·79½	2·79⅞-2·79⅝	2·79⅞-2·79⅝
Canadian $	...	2·74½-2·74⅞	2·74½-2·75	2·74⅛-2·74⅜	2·74⅛-2·74⅜	2·75⅛-2·75⅜
French Fr.	972·65-987·35	979½-979⅝	979½-979⅝	978⅝-979⅝	978½-978⅝	978½-979
Swiss Fr.	12·15⅜-12·33⅜	12·24⅜-12·24½	12·24⅜-12·25	12·24⅜-12·24⅝	12·23⅛-12·23⅜	12·23⅛-12·23⅜
Belgian Fr.	138·95-141·05	139·92½-139·97½	140·00-140·05	139·95-140·00	139·82½-139·87½	139·87½-139·92½
Dutch Gld.	10·56-10·72	10·62⅛-10·62⅜	10·62½-10·63	10·62⅛-10·62⅜	10·61⅜-10·61⅝	10·61⅛-10·62⅛
W. Ger. D-Mk.	11·67⅛-11·84⅛	11·75⅛-11·75⅜	11·75⅛-11·75⅜	11·74⅜-11·74½	11·73⅛-11·74	11·74⅛-11·74⅜
Portuguese Esc.	79·90-81·10	80·70-81·00	80·70-80·95	80·70-80·95	80·65-80·95	80·65-80·95
Swedish Kr.	14·37⅜-14·55⅜	14·49½-14·50⅛	14·50⅛-14·50½	14·49⅞-14·50⅛	14·48⅞-14·49⅛	14·48⅞-14·49⅛
Danish Kr.	19·19⅛-19·48⅛	19·40⅜-19·40⅝	19·40⅜-19·40⅝	19·40⅜-19·41	19·40⅜-19·41	19·41⅛-19·41⅜
Norwegian Kr.	19·85-20·15	20·01⅜-20·01⅝	20·01⅜-20·01⅝	20·01⅜-20·01⅝	20·01⅜-20·01⅝	20·01⅜-20·01⅝
One Month Forward Rates						
United States $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm
Canadian $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm
French Fr.		Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis
Swiss Fr.		2⅛–1⅝c. pm	2⅛–1⅝c. pm	2⅛–1⅝c. pm	2⅛–1⅝c. pm	2⅛–1⅝c. pm
Belgian Fr.		⅝–⅜ pm	⅝–⅜ pm	⅝–⅜ pm	⅝–⅜ pm	⅝–⅜ pm
Dutch Gld.		2⅛–2c. pm	2⅛–2c. pm	2⅛–2c. pm	2⅛–2c. pm	2⅛–2c. pm
W. Ger. D-Mk.		1⅛–1pf. pm	1⅛–1pf. pm	1⅛–1pf. pm	1⅛–1pf. pm	1⅛–1pf. pm
Swedish Kr.		⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis
Danish Kr.		Par–2⅛ dis	Par–2⅛ dis	Par–2⅛ dis	Par–2⅛ dis	Par–2⅛ dis
Norwegian Kr.		⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis
Gold Price at Fixing						
Price (s. d. per fine oz.)		250/11	250/9½	...	250/11½	250/11

COMPANY MEETINGS

THE UNION-CASTLE MAIL STEAMSHIP COMPANY, LIMITED

SERIOUS EFFECTS OF CONTINUED RISE IN OPERATING COSTS

DISPARITY BETWEEN LOW LEVEL OF FREIGHT RATES AND VOYAGE EXPENDITURE

SHIPBUILDING: URGENT NEED FOR SOME FORM OF FIXED PRICE QUOTATION

COMPANY'S NOTABLE ROLE IN SOUTH AFRICAN TRADE

SIR GEORGE P. CHRISTOPHER ON FORTHCOMING FREIGHT AGREEMENT NEGOTIATIONS

The annual general meeting of The Union-Castle Mail Steamship Company, Limited, was held on June 2nd at Winchester House, Old Broad Street, London, E.C., Sir George P. Christopher (chairman and managing director) presiding.

Mr W. Guy Densem, of Messrs Deloitte, Plender, Griffiths and Company, having read the report of the auditors,

The Chairman said:

ACCOUNTS

The Accounts have been in your hands for over three weeks. May I, as usual, assume that it will be your pleasure to take them as read?

The drop of £1,054,286 in the gross Profit of the Parent Company is entirely accounted for by increases in running costs, despite some improvement in gross earnings, as I shall explain later in this speech. This fall was, in part, offset by somewhat higher income from investments, by a slightly lower figure for depreciation and by the reduction in income tax on the smaller profits. The final result is a net profit of £631,576, or £482,570 less than the figure for the previous year.

Depreciation on the actual total cost of the Company's ships on the usual basis of 5 per cent per annum absorbed £1,392,173. If, instead, depreciation had been calculated upon replacement cost, the required figure would have been something upwards of £4 million. It is a disturbing thought that, on such a basis and on similar earnings, the Accounts would have shown a heavy deficit. Such a position is yet a long way off, but as new tonnage comes to be built to replace older units of the Fleet, on the hypothesis that building costs remain at their present levels, that position will gradually be reached, unless net earnings can be substantially increased to provide normal depreciation on the much higher actual cost of the new ships. It is not my object to sound a note of alarm, but I nevertheless feel it to be the duty of the Chairman of this Company to emphasise two things. They are, first, that whatever the amount by which depreciation provisions fall short of the cost of ultimate replacement, that shortfall must be made good out of accumulated reserves; and secondly, that when such reserves as we now command are used up for new ships further resources can only be provided or serviced out of future earnings. It is, therefore, axiomatic that in the long run Industry must provide the means in the freights it pays, if its transport is to be kept abreast of the requirements of the times.

If freight structures are framed and adjusted with these considerations in view there will be no need for perturbation as to the future. But there can be no escaping from the need of a broad-minded outlook on the part of the vast interests which expect shipping companies not to fall short of the unceasing demands being made upon them for up-to-date and ever more efficient ships. It must be borne in mind that these are most expensive things nowadays.

DIVIDEND

I now come to the manner in which we propose to deal with the balance of our Profit and Loss Account amounting, with the carry forward from the previous year, to £1,791,083. We have transferred £500,000 to Fleet Replacement Account, which, with the net book surplus on the sale of *Llangibby Castle*, brings that Account to £4,611,443, by no means an extravagant provision, indeed a modest one, having regard to the height to which the cost of shipbuilding has soared. Preference Dividends absorb £160,800 gross, or £88,440 net after allowing for Income Tax. We propose to pay the same dividend of 7½ per cent on the Ordinary Stock as last year, absorbing £411,000 gross, or £236,325 net after payment of Income Tax. The carry-forward will thus be £966,318.

We are, of course, aware of the insistence of the demands which have of late been made for increased dividend payments and revisions of the capital structure of public companies, with the ostensible object of protecting the general interests of shareholders. Your Directors are mindful not only of these things but also of their own responsibilities to you who entrust the Company's affairs to their hands. I sometimes think it is not so generally known as it might be that neither the Companies Act nor Articles of Association make any provision for these responsibilities to be undertaken or even so much as shared by any other persons or bodies than Boards of Directors. Without your complete confidence in our judgment and in our knowledge of matters which can only be acquired by intimate association with the many intricacies of the Company's affairs, I for one would find it quite impossible to continue to act. Therefore, I would ask you to be assured of the sense of duty with which we propose these allocations of the available resources and of our belief that they are in the best interests of the Stockholders.

BALANCE SHEET

The Union-Castle Balance Sheet calls for no special comment. It is based on unchanged lines, drawn up in such a way as to give a clear portrayal of the figures, and shows a sound current position. It is my hope that our trading potentialities in the times ahead of us will make it possible for this position to be maintained.

CONSOLIDATED ACCOUNTS

These are likewise drawn up on lines familiar to you. The King Line, which is our principal subsidiary Company, has met with the usual vicissitudes in the open freight markets during the year, but has well maintained its profits and has repeated the previous year's dividend. This Company is engaged in general world trading and is not directly concerned in the African routes but has behind it a wide and long experience in what are known as the "tramp" trades.

I am sorry to say that Bullard, King and Company, our other ship-owning subsidiary, which is engaged in the South African trade, made a trading loss in 1954. This, however, is fully covered by its own reserves.

FREIGHTS AND COSTS

Inherent in the figures with which I have been dealing are two factors of great potency, the first having a unique bearing on the affairs of the Union-Castle Company, the other being of more general application, although having a very definite effect upon us, in common with all industrial concerns. The first is the fact that, in the liner trades between South Africa and the United Kingdom and Europe, rates of freight and terms of carriage are subject to agreement with the South African Government. This has been said before, but being, so far as I am aware, a phenomenon applicable to no other shipping conference in anything like the same degree, it is easily lost sight of. Rates of freight to and from South Africa have not been fundamentally changed since the middle of 1951, despite the fact that

general increases have since then been made more than once in most other conference trades. In consequence, South African rates are now not only far below the levels of those on any other comparable liner route, but have become increasingly out of parity with the costs of running, maintaining and rebuilding fleets.

The second factor is the ceaseless spiral of costs, which is really another facet of the same state of things, forming a two-ply thread running through our economic existence; namely, gross and net earning power.

In August of last year, the South African Shipping Conference took part in a searching discussion with combined representatives of the South African Perishable Products Export Control Board and the South African Shipping Board, in the course of considering a request made by the Conference for a revision of rates of freight on the carriage of fruit from the Union. I use the word "searching" unequivocally, because the Union-Castle Company was subjected by the Shipping Board to an examination of the financial results of our voyages and our whole financial set-up of such a nature as to make any other term undescriptive. We hoped thereby that a frank disclosure of our case would convince the Shipping Board of the need for remedial action. We did not succeed. Our interlocutors seemed unconvinced by our case, and expressed themselves assured that costs of running and building ships would very shortly fall, basing on this hypothesis their refusal to accede to our request.

Facts are, however, proverbially much harder things than theory. Since that time there have, on the contrary, been further increases. No amount of theory can obliterate the fact that this Company's seven fully refrigerated ships, especially built for the conveyance of South African fruit, made a substantial trading loss in 1954. Nor is there any getting away from the following percentage increases in the main items of our voyage expenditure in the past year as compared with 1953:

	Were approximately per cent up
Passenger and Cargo Expenses ..	10
Crew Wages and Victualling	6
Repairs and Renewals.....	29
Port Charges.....	8

The only item which was lower in cost in 1954 than in 1953 was oil fuel, but increases in the price of this commodity for application in 1955 will wipe out even the comparatively small benefit under this heading.

In 1954 the actual increase in total expenditure by this Company, entirely exclusive of capital expenditure, was over two-and-a-half times the amount of the increase in cargo and passenger revenue. This is the outstanding reason for the reduction in the profits to which I have referred, accentuated, as it has been, by strikes.

It is impossible for those in control of industry to be blind to the tendencies which are making themselves evident in this matter of operating costs. Section after section of industrial labour, including seafarers, have, in quite recent times, secured considerably increased pay, the indicated additions of which to ultimate costs are tremendous in their aggregate totals.

I make no attempt to assess the considerations behind these increases, over most of which in any event we have no control. I would only comment that when it is remembered that shipping is vitally connected with practically every feature of industrial life, it will be seen that whatever happens to the general level of wages and whatever affects the cost of living and of maintenance, is reflected in full measure in the running and upkeep of ships, together with the additional wear and tear of the sea. It is, therefore, incumbent upon shipping managers to take a realistic view of cost increases.

FORTHCOMING NEGOTIATIONS

Further Freight Agreement negotiations are to take place between the South African Government and the Conference Lines in Pretoria in August, as well as discussions with this Company in regard to the Mail Contract, at which these considerations will be stated afresh. In view of this, it is disquieting to note that the Union Government recently introduced a legislative measure designed to produce greater control over shipping to and from their shores. The Bill has since been postponed until early next year. This is not the time nor the place to comment upon the detailed provisions of that measure. This much, however, must be said. From a perusal of its terms, in the language in which they are phrased, one can hardly fail to form an impression of unfriendliness towards shipping lines in place of the mutual good-will which is necessary for the continuity of the services rendered by them. I cannot believe this really speaks for the spirit in which the South African Government envisages these matters because it seems to be contrary to an encouragement of future facilities of the kind which have been available to them for so long, and which presumably they still desire.

What, in effect, we seek in the forthcoming talks is something much more important to South Africa, as well as to ourselves, than the mere enabling of shipping lines to exist. It is literally the wherewithal from which alone can come a continuance of shipping support second to none enjoyed by any other country in the world, by ships specially equipped for the carriage to her shores of the goods she needs and from them of the increasing output of her own agricultural, industrial and mineral production. To say the least, the measure to which I have referred is bound to be a severe discouragement to a future progressive shipping policy. May I add that such a measure, if it is persisted in, would result in an inevitable deterioration of the shipping resources available to South Africa, owing to the sheer inability of the Lines to face the costs or the consequences either of running or of replacing ships. It is for this reason that I hesitate to think it is the real intention of the South African Government to bring this about, and I therefore hope they will not proceed with their legislative proposals.

The Union-Castle Company has performed a very notable part in the trade of South Africa for a great many years. One in my position is perhaps peculiarly able to make an impartial assessment of matters which had their birth long before I was appointed to this chairmanship just over two years ago. In the careful study I have made since then of the past build-up of its traditions and commitments, I have been immensely impressed by the many evidences of the way in which my predecessors bent their efforts and formulated their policy in the determination to serve South Africa. Therefore, it would be more than a little odd if it were implied that we have been doing too well out of the remuneration we have received through the years. Had we not accumulated something more than just sufficient to give a modest reward to our shareholders on their venture in holding our stock, it would not have been possible for the fleet to have been renewed and equipped as it has so constantly been to meet the needs of the trade, thus conferring benefits on South Africa without any sort of anxiety on her part.

A point which needs emphasising is that the exorbitant costs now current are altogether disproportionate to the present levels of earning power of ships capable of effectively serving the South African trade. In the long run that great land, like every other country, can only receive the oversea transport for which it is ready to pay. In the days of our childhood our grandfathers used to admonish us that pennies did not grow on gooseberry bushes. Neither do ships, and there is no bottomless purse upon which a shipping company like this can draw for the building of tonnage. Except by the issue of fresh capital, which would need increased revenue to provide for its remuneration, it is only in the measure of the money which can be ploughed back out of the earnings of the ships that it will be possible to replenish the fleet as existing units become too old or too uneconomical to be retained. There must be sufficient inherent vitality left to us to enable the processes of reproduction to work. And, let me add, it must not be expected that we will be able to go on committing ourselves on terms which can only result in trading losses to this company.

NEW SHIP

These considerations apply with great urgency in the case of this company's older ships. The cost of replacing these at to-day's prices will call for some four and a-half times the figures of their original cost on which, incidentally, they have contributed to their own depreciation. This brings me to a practical illustration about which stockholders will rightly expect me to give some information. A public announcement was made in March last of the order placed by the company with Harland and Wolff for the construction of a new mail passenger steamer. This new ship will cost well over double that of *Pretoria Castle* or *Edinburgh Castle*, the last mail ships delivered in 1948, although she will be of the same dimensions and engine power and will embody nothing intrinsically more luxurious. Apart from additional Ministry of Transport requirements for sub-division and fire precaution, costly and far reaching in themselves in comparison with the standards called for when her immediate predecessors were built, the startling increase I have mentioned represents the rise in wages and materials in the intervening period. It may well be asked what justification there can be for embarking upon such an expenditure without any guarantee of countervailing improvement in freight rates. The answer is that *Arundel Castle*, which this new ship is designed to replace, is now 34 years old and will be 37 by the time her intended successor is ready. But for the war, the re-engining of such ships, and their reconditioning after war service, and the rising costs of rebuilding, together with the hope of those costs being stemmed, her replacement would have been accomplished long ago. Unfortunately, the hopes of prices coming down entertained when the position was reviewed two years ago have been completely disappointed. Having very carefully considered all the facts, including the heavily growing cost of *Arundel Castle's* upkeep and her inability to produce economic results, we came to the decision that no further delay should be faced. South Africa can regard this as an act of faith on our part in their future and their government's fairmindedness.

SHIPBUILDING COSTS

Those chiefly concerned with shipbuilding in the United Kingdom must be anxious lest their costs become so unproductive as to curtail orders. I would be so bold as to suggest to shipbuilders and their many sub-contractors the most penetrating joint consideration of the vexed question of finding some form of fixed price quotation. One of the most unfortunate legacies of war economics is what is known as the "price variation clause," the only reliable point about which is the certainty that the clause will apply. It is my belief that shipbuilders will find it more and more difficult to obtain orders unless they

place themselves in a position to quote either fixed prices or fixed "variations."

I would also say of the British shiprepairing section of the industry that, judging by their bills, one is driven to the conclusion that upkeep has become almost as expensive as shipbuilding. It seems to me that shipbuilders, shiprepairers and trades unions in this country should give earnest consideration to this problem from their respective points of view, in their own interests as well as those of shipowners. In both shipbuilding and shiprepairing, there is no doubt that the injurious effect of demarcation practices is a resultant cause of swollen costs.

FUTURE PROSPECTS

Those best able to judge hold the future of South, Central and East Africa in the highest degree of confidence. This is a matter for rejoicing to all concerned and the Union-Castle Company shares very fully in this feeling. May I express the hope that we will be permitted our just share in that prosperity which is the promise of the future.

The Federation of the Rhodesias and Nyasaland has started auspiciously and this augurs well for the future of these important territories. The new rail link with the port of Lourenco Marques will provide a valuable additional route for the inward and outward traffic of the Federation. As is known, we opened an office in Salisbury in 1953. So far as East Africa is concerned, considerable development work is proceeding at the ports of Mombasa and Dar-es-Salaam to facilitate the flow of traffic arising from the economic expansion of this large area. We have decided to open our own office at Dar-es-Salaam, which is an important centre.

DIRECTORATE

I would here wish to pay my tribute and that of their fellow Directors to the past services of Mr Arthur Henry Milbourne and Mr James Gray, before and during their periods on the Board. There are many who could speak with much longer experience of these two gentlemen than I can, but from my own personal association with them I can say without hesitation that the Company has had from them both long years of willing, loyal and devoted work.

In their places we are happy to have the assistance of Lord Maclay and Mr Reginald March Turnbull. The former bears a name highly respected in shipping circles, not only for the memory of his father, who was Shipping Controller in the first World War, but also for his own steadiness of purpose in the Admiralty and Ministry of Transport in the second World War, as well as for his services as President of the Chamber of Shipping of the United Kingdom in 1946. Mr Turnbull likewise comes of an old and famous shipowning family and he has himself won his own laurels both therein and in service in the Ministry of Transport during the late war. I am personally delighted to have both these well-tried friends with me on the Board to share in the problems and responsibilities ahead of us.

STAFF

To the Staff ashore and afloat, in this country and in Africa, administrative, executive, technical, seafaring and clerical alike, I would pay a well-merited testimony for work willingly and tirelessly performed and convey to them all a personal message of gratitude from one who has watched with pride their response to all the calls made upon their energies, as well as their abilities.

The report and accounts were adopted and the retiring Directors were re-elected.

The proceedings terminated with a vote of thanks to the Chairman and Directors.

KEMSLEY NEWSPAPERS LIMITED

VISCOUNT KEMSLEY'S ANNUAL REVIEW

The thirty-first Annual General Meeting of Kemsley Newspapers Limited was held on June 2, 1955, at Kemsley House, London. The following is an extract from the Statement of the Chairman, the Viscount Kemsley, submitted with the Report and Accounts for the year ended December 31, 1954, at the Meeting:

This statement occurs on the morrow of the greatest crisis through which the newspaper industry has had to pass since the general strike in 1926. These recent events overshadow the trading results for 1954 which in themselves were not unsatisfactory, as you will see from the accounts.

PENSION SCHEME

The most important event to be noticed in the accounts is one which is primarily for the benefit of the employees of the group. I refer to the inauguration on December 1, 1954, of the Kemsley Newspapers Employees' Pension Scheme. On many occasions in the past I have mentioned that it was our intention to initiate such a scheme and I have given some indication of the difficulties involved and the preparatory work and negotiations that had to be carried out. The bringing of the scheme to fruition has been a source of satisfaction to my colleagues and myself but especially to me; indeed, I am proud to say that its achievement has realised one of my cherished ambitions.

TRADING PROFITS

Turning now to the results of the year's operations you will see from the consolidated profit and loss acount that the trading profits and sundry income of the group amounted to £1,564,000 in 1954 as compared with £1,335,000 in 1953, an increase of £229,000.

After providing for taxation and deducting the share of profits (£6,000) attributable to minority interests there remains a balance of £685,000 which is the net profit of the group for the year attributable to our company.

As I said at the outset, the trading results of 1954 are overshadowed by the consequences of the recent strike. Although, as you will have seen, our combined efforts on your behalf in that year have been rewarded by an improvement in earnings, this encouraging trend has been reversed in 1955 by the substantial losses sustained during the four weeks of the strike, in addition to the very substantial increases in wages in London and Manchester, which operated from November 1, 1954, and of newsprint which was raised by 35s. a ton in January.

Against this background your directors have had to make their decision as to the final dividend which they should recommend on the ordinary stock. After very careful consideration we have decided to recommend the same distribution as last year, that is 5 per cent, making 10 per cent for the year.

SOLID PROGRESS

During 1954 the total circulation of newspapers in general tended to become stabilised and the sharp and often sensational movements of circulation which characterised the postwar years seem to have come to an end as, two years ago, I indicated would probably be the case. Nevertheless, the overall picture of our own publications is one of solid and steady progress. Although for some years we have published audited and certified figures of circulation, this year we associated ourselves with the Audit Bureau of Circulation, and to quote the headline in the *World's Press News* of January 21, 1955, "Kemsley's first ABC figures show large gains"—having risen from an average of 7,892,831 copies per issue in the last six months of 1953 to a figure of 8,137,703 copies per issue in the corresponding period of 1954. The figures are even more impressive when I say that this means we were selling over 22 million copies of the group papers a week, which represented an increase of more than 700,000 as compared with the same period in the previous year.

THE "SUNDAY TIMES"

It gives me great pleasure again to record a substantial increase in the circulation of the *Sunday Times*. Last year I was able to say that during 1953 the circulation of the *Sunday Times* increased by nearly 50,000. The net sale of the *Sunday Times* as certified by the Audit Bureau of Circulation shows an increase in the period July-December, 1954, of 49,220 copies per issue over the corresponding period of 1953 and reached a record average sale during the period of 600,266 per issue. You will be interested to learn that there has been a marked increase in the readership amongst the younger age groups.

WELSH ENTERPRISE

We found it possible to produce special Welsh and West Country editions of the *Empire News* when, on October 3rd, we inaugurated the printing and publishing of this newspaper at our plant in Cardiff (as well as in Manchester). It was thus able to serve a new and populous area with later news, to the great benefit both of our readers and of the circulation of the newspaper. The newspaper has now the highest circulation in the Group, selling more than 2 million copies every week.

COMMERCIAL TV

A new phase in advertising development has come into prospect with the introduction of Independent Television. It may be that Commercial Television will open a new and important field of advertising, but it would be a bold man who would make any firm prophecies. As you may have read, the opportunity was afforded to us to interest ourselves in this new development, and negotiations with the Independent Television Authority are proceeding at the present time.

THE FUTURE

This is an unusually difficult year for me to look into the future. I have told you of the losses we have sustained which must be borne in the accounts of the current year. I cannot yet estimate the extent to which we may be able to recover some of these losses by increased revenue. We are, moreover, aware that already new and heavy demands are to be made upon us for increased salaries and wages. You will understand, therefore, that I cannot at this moment be expected to make any firm forecast of the current year's working, but your directors can be relied upon to do all in their power to secure a favourable result for 1955.

THE BURMAH OIL COMPANY, LIMITED

FURTHER INCREASE IN VOLUME OF SALES

EFFECT OF HIGH TAXATION ON MOTOR SPIRIT

FURTHER DRILLING SHOWS LARGER GAS RESERVES

SIR KENNETH B. HARPER'S STATEMENT

The fifty-third annual general meeting of The Burmah Oil Company Limited will be held on Friday, June 24, 1955, in the Merchants Hall, 30, George Square, Glasgow.

The following statement by the chairman, Sir Kenneth B. Harper, has been circulated with the directors' report and accounts for the year ended December 31, 1954:

Since our last Annual General Meeting two of your Directors have been signally honoured by Her Majesty. At the New Year a Barony was conferred on Sir William Fraser and Lord Bilsland has recently been appointed a Knight of the Thistle. In the last New Year's Honours List also Mr M. J. Condon, who manages your interests in West Pakistan, was made a Commander of the Order of the British Empire. To all three we offer our warmest congratulations.

As was recently announced in the press, Mr W. E. V. Abraham has asked to be relieved of the duties of Managing Director and retired from the Company's service on April 30, 1955. He will remain on the Board so that his advice and the experience of 35 years of notable service with the Company may continue to be available to us.

We are fortunate in having as his successor Mr W. E. Eadie, who by experience and ability is particularly well fitted to assume the responsibilities of Managing Director

Mr R. P. Smith has been appointed a Director. Mr Smith served Burmah-Shell in India for 24 years before joining your Company's London staff and the Board expects to receive valuable assistance from his knowledge and judgment.

Mr E. Colman, after 21 years as Secretary to the Company, has decided to retire and will hand over his office to Mr D. Andrew on July 1st. We wish Mr Colman the long and happy retirement to which his loyal, valuable and efficient service so well entitles him.

ACCOUNTS

Last year, when comparing the 1953 results with those for 1952, I drew attention to a small increase in the volume of our Group sales and also to a slight reduction in profit margins. This year I am able to report a further increase in the volume of sales in each sphere of activity, although again this is accompanied by somewhat lower profit margins. After charging the cost of a comprehensive programme of exploration and including our interest in the trading of The Burma Oil Company (1954) Limited, the Group's trading profit for the year was £5,131,211, compared with £5,330,987 in 1953.

The deduction for depreciation amounts to £1,276,163, which corresponds closely to the charge in 1953.

Income from dividends and interest this year at £4,228,005 is £646,093 higher than last year, due mainly to increased dividends from The British Petroleum Company Limited and certain trade investments and to the receipt of dividends for the years 1952 and 1953 from The Tinplate Company of India, Limited.

Full provision has been made for UK and overseas taxation which absorbed £4,354,184 against £4,424,792 in 1953. Together with the balance of unappropriated profit of £596,411 brought forward from 1953 the total available for disposal becomes £4,325,280.

Your Board have allocated £1,100,000 of this amount to General Reserve and have set aside £1,599,445 for a final dividend of 13¼ per cent, which they recommend should be paid on the Ordinary Stock. After providing for this final dividend and the interim dividend of 7½ per cent paid on November 19, 1954, together with the dividends on the Preference Stocks, the balance of unappropriated profit carried forward is £610,888.

I draw your attention to that part of the Directors' Report which sets out our proposals for revaluing our direct and indirect investment in The British Petroleum Company Limited and, subject to the agreement of the Capital Issues Committee, for the *pro rata* distribution of shares to stockholders. There is nothing I need add here to what is contained in the Directors' Report.

The Burma Oil Company (1954) Limited started to operate in Burma as from January 1, 1954, and this involves a change in the Parent Company's Balance Sheet. The cost of our investment in the new Company is now included in Shares in Subsidiary Companies with a consequent adjustment of Advances. The reduction of Stocks of Stores and Materials, and consequently of the finance tied up in them, is also reflected in the reduction of Advances by the Parent Company.

The ordinary share capital of The Burma Oil Company (1954) Limited is the equivalent of £15 million. Your Company holds slightly over 55 per cent of this equity and the Union Government 33⅓ per cent. The balance is held by Indo-Burma Petroleum Company Limited and The British Burmah Petroleum Company Limited. A first payment of £2,500,000, of which your Company's share is £2,066,813, has been received from the Union Government in respect of the shares they have acquired. The balance is due to be paid by instalments or in one lump sum at the Government's option and your Company's share of this balance is shown in the Balance Sheet as a Loan to the Government of the Union of Burma. £51,670 of this loan has since been received.

The increase in Trade Investments results from your Company's share of the further capital required by Burmah-Shell Refineries Limited and from an investment of just over £1 million in the Sui Gas Transmission Company Limited.

During the year we received free issues of £21,371,940 British Petroleum Company Limited Ordinary Stock and £404,800 Shell Transport and Trading Company Limited Ordinary Stock.

TRADING

Our Group's share of the total trade in all petroleum products (excluding wax and candles) in Burma, India and Pakistan, was 4.5 per cent higher in volume than the corresponding figure for 1953, but there was, as I have already noted, a slight reduction in profit margins.

Assam Oil Company's production of wax during the year was the highest in its history and Burma started to produce wax again for the first time since 1952. Expanding demand in world markets enabled us to sell all our increased production and at somewhat better prices than in the previous year.

Burma. Indigenous and Imported Oil shared the trade in Burma about half and half. Total sales were some 11 per cent higher than in 1953, a small part of this increase being attributable to an improvement in security conditions.

Pakistan. Pakistan is at present a small motor spirit market, an average kerosine market, by Eastern standards, and a substantial user of fuel oils. The Group's sales of kerosine showed a small increase over the previous year, which would have been larger but for restrictions on the importation of tinplates involving foreign exchange. Some offtake of fuel oils was lost through the Eastern Bengal Railway converting a further number of their locomotives back to coal, but there are other developments in East Pakistan which should materially increase the demand for these oils.

India. There were substantial increases in the Group's trade in all products in the Assam Oil Company's sphere, while in the rest of India the increases were mainly in kerosine and fuel oils.

World trade of motor spirit increases steadily year by year and in the last three years, outside the Iron Curtain, the progressive increases have been 5 per cent, 6 per cent and 4 per cent. One would normally expect that in an underdeveloped country like India, working to a deliberate programme of industrial expansion, consumption of motor spirit would increase by more than the world average, but that has not in fact been the case. Offtake has stood still during 1953 and 1954, and in both years has been slightly lower than in 1952. This is ascribed to a combination of factors—sales taxes on motor spirit by States (or Provinces as they used to be called) on top of substantial Central import duties, States' taxation of motor vehicles, vehicle licensing policies and the threat to nationalise motor transport. There has also been an increasing use of diesel vehicles, especially by state transport organisations, resulting in some transfer of motor spirit trade to automotive diesel fuel.

I have commented in previous statements on the damaging effect of high taxation on the development of motor transport. In India import duty on motor spirit has stayed at 15 annas 9 pies (or about 1s. 6d.) per gallon since 1951. That is a Central duty. States have the power to impose sales taxes on the same product and are using it to an extent varying in different States from 2 annas to 6 annas per gallon.

One can understand the attraction to Governments of taxation on motor spirit; it brings in substantial revenue and costs so little to collect. But whatever advantages Governments may get out of taxing motor spirit, there comes a time when they can be obtained only at the expense of the development of motor transport and of the important part it plays in the development of the country as a whole. That point seems to have been reached in India, and this in spite of the increasing mileage of new roads and the improvement of road surfaces, as evidenced by sales of bitumen, which for the last three years have been 102,000, 125,600 and 168,700 tons. The figures suggest that the use of motor transport is not responding to the increase in motorable roads. It is to be hoped that the Central and States Governments will review their motor spirit and vehicle taxation policies in the light of the effect of these policies on their development plans.

PROSPECTING, OILFIELD DEVELOPMENT AND REFINING OPERATIONS

Burma. There appears to be some possibility that improvement in security conditions may permit resumption of a geophysical survey of the Irrawaddy Delta area and this is now under investigation. Stockholders are aware that no exploration work has been feasible in Burma since the war.

The Burma Oil Company (1954) Limited is now producing and refining crude oil from the concessions formerly held by the three participating Oil Companies and the products are sold through the agencies of our Burma Trading Company and Indo-Burma Petroleum Company Limited.

The "1954" Company has begun to rebuild at Syriam, near Rangoon, refining facilities which, combined with the existing facilities at Chauk, will make Burma self-sufficient in main petroleum products.

The Union Government have undertaken that their nationalised Inland Water Transport organisation will provide sufficient tug and barge capacity to transport crude oil from Chauk to Syriam.

I can still report no more progress in the matter of our "denial" claims against the Union Government than a slight advance in the preparatory steps towards the hearing of the preliminary legal issue of that Government's liability under the Defence of Burma Act, 1940.

India. As is a not uncommon experience, drilling results at Nahorkatiya have shown that the structure is geologically very complicated and further drilling will have to be done before the extent of the oil pools and the probable oil reserves can be reliably estimated, but I can say that results to date continue to be encouraging. In the meantime some crude oil is being piped to Digboi, where the refinery throughput has been increased by 50 per cent.

As a result of evidence obtained from geophysical surveys in the Upper Assam Valley, Assam Oil Company, Limited, has applied for prospecting rights over a number of further areas.

The new two-million-ton refinery built at Trombay Island at Bombay by Burmah-Shell Refineries Limited came on stream in January, 1955, and is expected to be in full operation by about the middle of the current year.

Pakistan. Pakistan Petroleum Limited, in which your Company has a 70 per cent interest, is continuing to explore vigorously in both West and East Pakistan. Following a seismic survey of the Uch area in West Pakistan, about 35 miles from the Sui Gas field, a test well was spudded in in February, 1955, and high pressure gas has been encountered. The first indications are that Uch will produce a substantial supplement to the supplies of gas from Sui. Drilling is being continued in the hope of striking oil at a deeper level.

Further drilling by Pakistan Petroleum Limited on the Sui Field has shown the gas reserves to be even larger than originally estimated and a fresh appraisement is being made. The laying of the Sui Gas Transmission Company's main pipe line was completed in April, 1955. The line is now being tested and deliveries to consumers are expected to begin in August.

Three related structures in this part of Baluchistan have now been drilled—namely, at Sui, Zin and Uch. Gas has been found in all three, though at too low a pressure in Zin to be a commercial proposition. Other structures in this region remain to be tested. The Pakistan Government are as anxious as we are to find oil in one or more of them, as imports of oil are a heavy burden on their foreign exchange.

After a seismic survey of the structure near the town of Sylhet in East Pakistan, a test well was started in January this year.

In East Pakistan good progress was made at Chittagong with the new Ocean Installation, which should be in full operation in a few months time.

PRIVATE ENTERPRISE IN INDIA

It is becoming increasingly difficult to be sure just how welcome private enterprise is in the India of today. The Prime Minister, Mr Nehru, has proclaimed that India's aim is a socialist economy in which there is to be a planned expansion of industry; that in this socialist plan there is to be a public sector and a private sector; that the former will predominate, but there will still be room for private enterprise because the policy will be to promote new state industries and, except in special circumstances, not to "nibble into the private sector"; to do the latter would be wasting the available resources because it would not add to the total development. Other responsible Ministers have declared that foreign capital will not only be admissible, but will be necessary to the progress of industrial development.

All that being so, one would expect that foreign capital would be positively encouraged to continue to enter India, but, instead, recent legislation gives a contrary impression. An amendment to Indian Company Law, at present on its way through Parliament, while not directly affecting our interests, indicates a disturbing trend in economic thought. An Act amending the Constitution does have a direct and adverse bearing on us, at least potentially, because it removes the right which the Constitution formerly gave to anyone whose property was acquired by the State to challenge the adequacy of the compensation in the Courts. The amount of compensation is now to be decided by the Legislature.

In the latter Amendment "searching for or winning Mineral Oils" is specified as one of the matters over which the State should be able to take full "control" by means of "the extinguishment or modification of any rights accruing by virtue of any agreement, lease or licence" which Government may have granted for that purpose.

The powers taken are permissive, and we are assured that the present Government of India have no intention of using them to expropriate foreign capital and so damage their international relations and credit in the world. I must state in all fairness that in our past experience they have always been as good as their word, but Governments change, and this wide power and the removal of the protection of the Courts are now written into the Constitution. For those like ourselves, who are already established in India, the proof of the pudding must be in the eating.

TANKERS

The Fleet has operated satisfactorily and without accident during the year. Our three new vessels have fully realised expectations and have been able to meet all demands made upon them. On two voyages no less than seven different grades of bulk oil as well as packed cargo were carried.

For the first time since they were built, the Special Surveys of ss *Badarpur* and *my Yenangyaung* were carried out in UK instead of in India, when the opportunity was taken to increase the capacity of the latter to the size of our new ships. Both vessels returned to the East in March, 1954, and continue to give excellent service.

LABOUR

In the field of industrial relations I am glad to say that there was no serious interruption of the Group's operations in any area.

Our relations with Trades Unions have been satisfactory. Too often, however, the opinion is expressed in Trade Union and other quarters that an Oil Company has an unlimited "capacity to pay." This is far from true and our mounting costs in clerical and labour salaries and wages are a source of some anxiety. Coupled with this is the desire of Governments, understandably in the light of national under-employment, to press for employment of the greatest possible numbers, a policy which can only militate against the ability to pay more in return for a higher overall output per man.

PERSONNEL

It is once more a pleasure to record the Board's appreciation of the loyal and efficient services throughout the past year of the Group's personnel, both at home and overseas.

ASSOCIATED FISHERIES

At the Annual General Meeting the Chairman, Mr W. A. Bennett, said that an increased demand for fish, due to improved quality, shorter trips and beneficial weather conditions as well as the progressive modernisation of the fishing fleet and careful management yielded improved trading results for the year to September 30, 1954.

The price of Distant Water Fish had only increased by 6 per cent since 1951, while other food prices had risen by 18 per cent since 1952 and 34 per cent in the three preceding years. The revised price structure of meat and bacon brought about by decontrol had materially assisted as for years the fish trade had faced an uneven struggle with these two heavily subsidised food products. Last year food subsidies cost the country £334 million—fish caught by the Distant Water fleet cost the country nothing.

Group sales of fish for the year increased by £1 million to over £7 million, but the profit remaining out of every £1 of income received was 1s 0¼d., of which taxation absorbed 6¼d., dividends a further 3¼d., leaving 2¼d. retained to assist in meeting increased replacement cost of assets.

British shipbuilders and employees must consider methods of meeting growing competition from Germany, with whom the company has reluctantly placed contracts for two modern trawlers at fixed price with 13 months' delivery against three years' delivery at a higher price plus wage increases (since materialised) in Britain.

The company believes that public demand for fish will be maintained so long as the right quality is made available at the right price. Fish is still the cheapest food money can buy.

KILLINGHALL TIN

A DIVIDEND OF 20 PER CENT

The annual general meeting of Killinghall Tin Limited was held in London on May 26th, Mr Jack Addinsell, the Chairman, presiding.

The following is an extract from his circulated statement:

The results for the financial year show a satisfactory improvement on those for the previous year, the output from the dredge being 595 tons of tin ore compared with 286 tons. After crediting interest and sundry receipts and charging head office expenses, depreciation, etc., the profit before tax amounted to £97,277.

Since the resumption of trading after the war the most conservative basis has been adopted in estimating tax liabilities arising upon the company's profits and War Damage Compensation. A more favourable settlement has been agreed with the Inland Revenue and in consequence the substantial sum of £60,836 has been released from the tax provision. Of this sum, £18,620 has been applied in writing off the balance of the expenditure on Rehabilitation and Reconstruction.

After bringing in the balance from the previous year, and the over-provision of tax, and charging £59,400 for tax on the year's profits, there remains a balance of £101,742. Your directors recommend a dividend of 20 per cent, requiring £17,250 net, and we have transferred to General Reserve £55,000, leaving £29,492 to be carried forward to the current financial year.

The dredge continues to operate in ground of variable tin ore content, but test bores in the remaining area within the present sub-leases indicate the occurrence, in places, of payable values of tin ore below the present maximum digging depth of the dredge, and we are now investigating possible methods of recovery, which may entail some modification to the dredge. This factor, together with the General Managers' constantly reiterated warnings that the ore recovery from this mine will always be of a most uneven nature, has made prudent the substantial appropriation to General Reserve.

A further area of the rubber estate is now being prospected and, provided closer boring confirms the values indicated by initial bores, may provide additional employment for the dredge in due course.

For the first six months of the current financial year the output of tin ore, which has varied considerably from month to month, totalled 233 tons and you will note that the General Managers anticipate a satisfactory overall rate of production, although considerable variations in outputs are to be expected.

The report was adopted

TAYLOR WOODROW LIMITED

ANOTHER YEAR OF STEADY PROGRESS

The annual general meeting of Taylor Woodrow Limited was held on May 27th in London, Mr Francis Taylor (chairman and managing director) presiding.

The following is an extract from his circulated review:

I am pleased to be able to report that our company continues to make steady progress.

You will notice on the profit and loss account the outside shareholders' interest amounts to £35,868 which leaves a net figure of £130,349 for Taylor Woodrow Limited.

An interim dividend of 4½d. per share, less tax, has already been declared and paid on the ordinary share capital and a final 7½d. per share, less tax, is recommended, making 1s. per share, less tax, for the year.

At an extraordinary general meeting, a resolution will be submitted dealing with the capitalisation of reserves, in which the directors recommend the issue to shareholders of one ordinary share for every share held.

It is unwise to prophesy, but the directors will endeavour to maintain the same total dividend as that which will be distributed in respect of the financial year ended December 31, 1954, which on the doubled issued ordinary capital would represent a dividend of 6d. per share (less tax) in the current year.

AT HOME

Notable progress has been maintained by our construction company, despite a year of unfavourable weather and increasingly competitive conditions.

Our road surfacing subsidiary has expanded its activities in keen anticipation of the part which it hopes to play in the impending road construction and improvement programme.

Our woodworking company continues to make good progress.

Housing.—During the year our house building company has made another major contribution to the country's housing programme by the execution of contracts for local authorities, and by sales to owner occupiers.

The relaxation of licensing in this latter market is a great encouragement for the free enterprise methods which I have for so long advocated, and we hope thereby to increase our sales considerably during the current year.

The virtues of owner occupation of houses, its advantage to the individual and the State, have long been advocated in the highest circles; we are happy to think that we are playing no mean part in making a valuable contribution to the welfare of our fellow men.

Building Exports.—Substantial expenditure on research, design, experimental prototypes, and a world marketing organisation, has enabled us to retain a leading position for Arcon structures at home and abroad. We anticipate continued good business during 1955.

Ballast Pits.—Our ballast company is extending its activities. The quality of its product is first class and enjoys a wide acceptance.

The Chairman then reviewed the company's widespread overseas interests and the statement continues:

I cannot speak too highly of the loyal support and service given by the executive directors, officers, and staff, in whatever part of the globe they are playing their part.

The report was adopted and the board's capitalisation and scrip issue proposals were sanctioned.

PROVINCIAL INSURANCE COMPANY LIMITED

STATEMENT BY THE CHAIRMAN

The Annual General Meeting of the Provincial Insurance Company Limited will be held at the Head Office in Kendal on June 8, 1955, at noon.

The following are extracts from the Chairman's statement.

Before speaking of the actual underwriting profits, I think it is worthy of note that the net premium income of the Company has passed the £5 million mark. The underwriting results of the year in point of actual profit are the second best in the history of the Company.

Once again the Fire department showed up well with a commendable increase in income and a very satisfactory profit of £146,435. The results in the home field in particular are a cause for congratulation. The Accident account is largely dominated by the Motor figures, and the usual complaint still remains that adequate rates for Employers Liability business seem very little nearer realisation. In the Marine account a slight increase in premium income was due, not to any relaxation of the policy of deliberate restraint to which I have referred on previous occasions, but to certain changes in our reinsurance arrangements. In spite of the very guarded view we must take of underwriting profits in the future, the composition of our Marine reserve has justified us in transferring £50,000 from profits earned prior to 1951.

There are a number of points in the Profit and Loss account on which I should like to make brief comment. After careful thought we have decided to show the taxation charge as a total figure. It will be noted that the gross interest, dividends and rents have increased by the remarkable figure of £110,000.

On the receipts side, a transfer of £200,000 has been made from undisclosed reserves no longer considered necessary, to be used for capital purposes referred to later. The increased dividend of 2s. 6d. per share, against 2s. last year, is a reflection of the fuller investment policy pursued and the rise in interest and dividend income.

Finally there is a transfer of £500,000 to a special Capital reserve. Within the next few months, with the consent already received of the Capital Issues Committee, it is proposed to hold General Meetings at which the shareholders will be asked to approve the increase of the Ordinary capital by £500,000 by the capitalisation of the special Capital reserve referred to above and the issue to the Ordinary shareholders of 2 million shares of 5s. each, credited as fully paid. The strength of the Company is in no way impaired, and as capital is non-distributable, it has even greater security for the policyholders. The actual amount of dividend distributed to the equity holder is not affected and can only increase with the growth in invested earnings of the Company.

CONSOLIDATED BALANCE SHEET

I come now to the Consolidated Balance Sheet. Under "Investments," the rise in the book value of our investments reflects the fuller investment policy to which I have alluded previously. The reserve allocation of £500,000 has already been dealt with and I do not think there are any items which call for comment, other than the passing of yet another landmark, the attainment of a total assets figure of £10 million.

STRONG FINANCIAL POSITION OF THE DAILY MIRROR COMPANY

The Thirty-Fifth Annual General Meeting of The Daily Mirror Newspapers Ltd. was held on May 27, at Brettenham House, Lancaster Place, London, W.C.2. Mr. Cecil H. King, Chairman and Managing Director, said:—

Cecil H. King discusses newspapers, television, advertising, newsprint

In the year which ended on February 28th, the trading profit of your company decreased, while the dividend income increased. The taxation provisions were smaller, and the net profit showed an increase of £168,687.

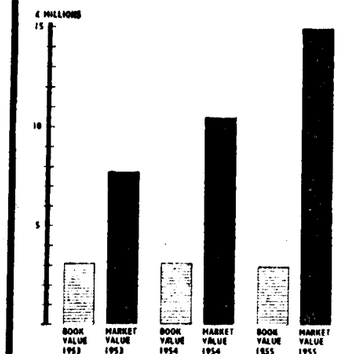
The drop in the trading profit was caused mainly by higher wage costs and by higher freight charges. The price of newsprint moved up in January, and together these factors made the level of trading profit considerably lower at the end of the year than it was at the beginning.

INCREASED VALUE OF INVESTMENTS

The balance sheet indicates, even more than usual, a strong position. In particular it is significant that your company's quoted investments and interest in the subsidiary company, having a book value of £2,925,236, increased in stock market value from £10,443,203 to £14,946,037. The latter figure was equivalent to 26/8d. per unit of your company's equity.

The capital reserve in respect of excess profits tax post-war refund was applied in writing down the book value of the unquoted trade investments. The value of machinery and plant increased due to completion of the installations at our Stamford Street establishment. Under the heading of current assets, paper stocks stood this year at a lower figure than last, but debtors stood at a higher figure due in part to payments on account of newsprint to be delivered.

£14,946,037 MARKET VALUE OF INVESTMENTS



This diagram compares the book value and the stock market value of the Daily Mirror company's quoted trade investments and quoted interest in the Anglo-Canadian Pulp and Paper Mills subsidiary. At the end of the last financial year, the total book value amounted to £2,925,236 and the total stock market value was five times larger at £14,946,037. The latter figure was equivalent to 26/8d. per unit of the company's equity.

CONTINUED EXPANSION OF SALES

The sales of the Daily Mirror continued to climb. The average sale for the second half of 1954 was 4,753,415. This represented an increase of 145,000 in a year, for the third year running a larger gain than that of any other national daily newspaper. The Daily Mirror's circulation lead over its nearest competitor, the Daily Express, increased from 358,000 in the second half of 1952 to 656,000 in the second half of 1954.

During the past year Mr. Hugh Cudlipp, the Editorial Director of the group, was appointed a member of your board. We unfortunately lost the services of Mr. G. S. Bull, our Production Director, whose health caused him to retire. His place as a Director was taken by Mr. E. M. Gray.

TREND OF TOTAL SALES

This may be thought an opportune time to survey the recent situation of the national newspapers which, since 1939, have enjoyed an unprecedented expansion in sales. The expansion reached its peak in the second half of 1950, when eight national daily newspapers had a combined sale of 16.8 million, and eleven national Sunday newspapers had a combined sale of 30.7 million. Price increases in May 1951 pushed the sales back, but that recession was followed by a slow recovery, so that in the second half of 1954 the daily sales reached 16.2 million and the Sunday sales 30.4 million.

By comparison with the peak half-year before the recession, Daily Mirror sales for July-December 1954 increased by 134,000 while the combined sales of the other seven dailies decreased by 712,000, and Sunday Pictorial sales increased by 379,000 while the combined sales of the other ten Sunday papers decreased by 655,000. In fact, both the Daily Mirror and Sunday Pictorial put the effects of the recession behind them, while most other national newspapers failed to do so.

This year there has been the strike which stopped publication for 26 days, and subsequently newspapers have been able to have more pages because newsprint was accumulated during the stoppage. Although these factors have caused some slight diminution of sales, their long-term effect cannot yet be judged. But with the expansion of television and continuance of larger newspapers, it would not be surprising if the tide receded again.

NEED FOR DIVERSIFIED NATIONAL PRESS

It is likely that in the months to come competition will intensify, and it is likely that the result of this competition will be to make the strong newspapers stronger and the weak ones weaker. Not all the long-established Sunday newspapers may survive, but some reduction in their numbers would do no harm. There are also some weak sisters among the dailies, but a reduction of the number of London dailies below the present figure would in my opinion be regrettable on all grounds—a vigorous and diversified press is a necessary part of a democratic state and, if the number of national daily newspapers were to fall, the survivors might well become too powerful to remain unmolested.

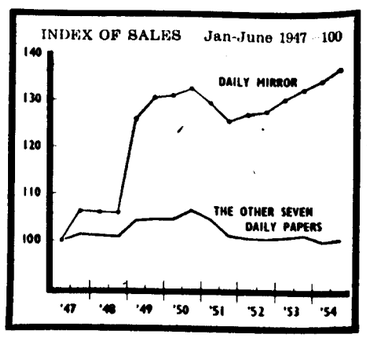
Since 1920 the number of national morning papers has fallen by two, the number of national Sunday papers by two, and the number of London evening papers by three. There have also been many casualties among the provincial newspapers. As I have said, not all the Sundays may survive, but any further reductions in the number of national daily newspapers should be resisted by all concerned.

INFLUENCE OF TELEVISION ON PRESS

The growth of television will certainly affect to some extent the character of the contents of newspapers. Though some newspapers do not yet seem aware of the fact, the advent of radio altered the character of newspapers from that of purveyors of news towards that of daily magazines. The impact of television will be greater than that of radio and may well have an important influence on the newspaper of the future.

We had hoped to take part in the development of commercial television in this country, but the Television Act seemed to us impossibly restrictive and

INDEX OF SALES Jan-June 1947 100



probably unworkable. The Act had in any case been evolved by people who had apparently not given this complicated subject any serious study, and had shown far more concern to placate some old blimps in the House of Lords than to produce a workable scheme. However, our interest remains and only time will show whether we missed the boat or whether a more favourable opportunity for participation may come in the future.

EXPENDITURE ON DISPLAY ADVERTISING

The two main sources of newspaper revenue are sales and advertising. Expenditure on display advertising regained its pre-war level in 1949, and has since doubled. Its distribution is rather different owing to the big development in national magazines, particularly the women's ones. Before the war, magazine advertising was supplementary to newspaper advertising, but this is no longer entirely so. It is said in some quarters that the rise of the magazines has been due to the fact that newspapers have their newsprint rationed while magazine paper is uncontrolled. No doubt this has had some bearing on the situation, but experience in America suggested for a number of years that there was great scope for well-printed magazines for women.

With more newsprint becoming available, newspapers can accommodate more of the advertising offered to them, and this will tend to hit the weaker magazines and the weaker newspapers. Commercial television will operate in the same direction, and here again it is likely that the strong will become stronger and the weak weaker.

EFFECT OF HIGHER WAGES ON PROFITS

An important factor affecting the finances of all newspapers is that of wages. Workers in the newspaper industry are, I am proud to say, among the most highly paid in this country. The new wage offers made earlier this year, which were the basis of resumed working after the strike pending further negotiations, seriously affected the profitability of all national newspapers. It is right that newspaper workers, whose hours are long and mostly at night, should be generously paid, but in these days wages must have some relation to productivity, or some of the geese that lay the golden eggs will be squeezed out of existence.

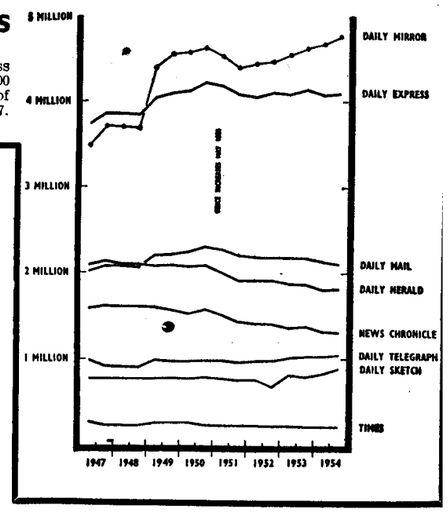
THE FREEDOM OF THE PRESS

In the last year we have seen some feeble and quite misguided efforts to restrict the Freedom of the Press. Someone wants to restrict the publication of wills: someone else wants newspapers to be prevented from enquiring about medical cases of general public interest: others again want secrecy for the meetings of public authorities. I suppose this is all harmless nonsense—we are bound to have with us, until human nature changes, the idea that all sorts of matters of interest and importance should only be discussed in a narrow circle mostly of self-important, self-appointed busybodies and that newspapers only exist to report the speeches of such people and their friends. However, we shall continue to give the news that interests and the news that ought to interest our readers, in spite of all efforts at suppression from whatever quarter they may come.

Daily Mirror increases its lead over the Daily Express

The Daily Mirror's circulation lead over the Daily Express increased from 358,000 in the second half of 1952 to 656,000 in the second half of 1954. This graph shows the trend of six-monthly average sales of daily newspapers since 1947.

AVERAGE DAILY SALES PER SIX MONTHS



RESTRICTED SUPPLIES OF NEWSPRINT

The essential raw material of the newspaper is newsprint, and one of the difficulties of our industry has been to secure an adequate supply. At one time the supplies for Fleet Street came mainly from Scandinavia and from British mills whose pulp was drawn from Scandinavia. But this pattern has changed. Production of pulp and paper in Norway and Sweden is limited to some extent by the annual re-growths of their forests. Finland is enlarging her output but may not wish to become over-dependent on the British market. And the only other major source of supply is Canada. In the year before the war, Britain consumed 1,195,000 tons of newsprint, of which 750,000 tons came from home mills, 120,000 tons from Scandinavia and 325,000 tons from Canada. This year we expect to have 936,000 tons, including 480,000 tons from home mills, 150,000 tons from Scandinavia and 300,000 tons from Canada. But if we ever could get back to our pre-war consumption, the additional paper or pulp would have to come mainly from Canada.

It is well known that an increasing standard of living involves a greatly increased consumption of paper of all kinds, and it is unfortunate that paper and pulp are to be had in large additional quantities only from dollar sources. Last year, due to newsprint rationing, UK newsprint consumption was about two-thirds of pre-war, while consumption of other types of paper normally used for printing exceeded pre-war.

Our relations with the Canadian manufacturers have always been of the happiest, but as long as the difficulties of the 'dollar gap' remain, so long will uncertainty hang over the supply of our vital raw material. I am not suggesting that there is really anything we can do about it; it is merely an awkward fact that must be borne in mind.

IMPORTANT INTERESTS IN PAPER INDUSTRY

Your company, as you know, has important interests in the paper industry, which is prospering. In Quebec the Anglo-Canadian Pulp and Paper Mills Ltd. had a consolidated net profit after taxation of $4,668,000 for the year to December 1954. That was the second year in succession when the net profit increased by more than $1,000,000. The Anglo-Canadian company's recently acquired subsidiary, the Dryden Paper company in Ontario, increased its output, and last December sold $14,000,000 worth of debentures to redeem outstanding bonds and debentures and to finance part of a proposed $11,600,000 expansion programme. The right to use an additional 3,800 square miles of timber land was acquired in preparation for this expansion.

At home, the Albert E. Reed company, in which your company has an important interest, has announced that it will be paying what amounts to an increased dividend on its recently enlarged capital.

INCURSIONS INTO NEW PUBLISHING FIELDS

Your company's other investments are mainly publishing ones, notably that in the Sunday Pictorial company which has announced satisfactory results. There have been vigorous incursions into new publishing fields by companies in which both your company and the Sunday Pictorial company share interests. Reveille's additional mid-week edition has become an established success. Junior Mirror has gained a foothold in its very competitive field. Woman's Sunday Mirror, launched in January, brought an entirely fresh and original element into the Sunday newspaper market, where, despite the interruption of the strike, it has made a promising start.

Sales of the Argus daily newspaper in Victoria have been showing a lively improvement. The Australian commercial radio stations in which you are interested have been increasingly successful, and your company has a small indirect interest in two of the first four companies to be granted commercial television licences in Australia. In West Africa all five of the newspapers which concern you have been going ahead well.

PROSPECTS OF THE CURRENT YEAR

The current financial year of your company started with the set-back of the strike, the influence of which on this year's trading profit will be considerable. Higher wages affected only part of last year's trading; they affect the whole of this year's. The future is not without uncertainties, but your company, which has flourishing investments and considerable reserves, is very strongly placed to meet whatever the future holds.

Before I close, I would like to pay well-deserved tribute to the staffs, both at home and abroad, whose work was the foundation of an eventful year.

The report and accounts were adopted.

THE BUTTERLEY COMPANY, LIMITED

CAUSES OF REDUCTION IN GROUP'S INCOME

MR E. FITZWALTER WRIGHT'S SPEECH

The sixty-eighth Annual General Meeting of The Butterley Company, Limited, was held at the Registered Office of the Company, Butterley Hall, Ripley, near Derby, on Friday, May 27, 1955.

Mr E. Fitzwalter Wright (Chairman of the Board of Directors) presided.

The Secretary (Mr P. Elliott) read the notice convening the Meeting, and the report of the Auditors.

The Chairman said: Ladies and Gentlemen,—I have to record with deep regret the death of Mr A. P. Coote, which occurred in October, 1954. Mr Coote had been ill for many months, and for him death must have been a welcome release. He had given thirty-two years of loyal service to the Company in a variety of posts, and joined the Board in 1938 We shall all miss him much

Since our last meeting Mr R. W. F Wilberforce, a partner in the firm of Messrs Travers Smith, Braithwaite & Company, has accepted an invitation to join the Board and you will be asked to confirm his appointment. I am sure his advice and experience will prove of great value to us

SALE OF KELVIN CONSTRUCTION HOLDING

In comparing the results of the Group in 1953 and 1954 as set out in the Accounts, the most important point to bear in mind is that the figures are not strictly comparable. This is because the 1953 figures include the results of the Kelvin Construction Company, at that time one of our Subsidiaries, whereas the 1954 figures do not, as our holding in the Kelvin Construction Company was sold in September, 1954. An announcement of the sale was made in the press at the time.

Our interest in the Kelvin Construction Company was acquired in 1947. Since that time its record has been one of rapid expansion and increase in profitability. An opportunity arose of disposing of our interest at a price which secured for us a very substantial capital profit, and your Board felt it prudent to take advantage of it. The capital profit of just over £200,000 has been placed to Capital Reserve. As a result of the sale, the Group's trading profit is deprived of the contribution which the Kelvin Construction Company would have made, a contribution which amounted to about £100,000 before taxation in 1953.

END OF COAL NATIONALISATION PAYMENTS

A further reason for the reduction in the Group's income is the ending of interim income payments under the Coal Industry Nationalisation Act now that we have received the whole of the compensation due to us for our collieries, etc.

These two items then, the sale of the Kelvin Construction Company and the cessation of interim income payments, just about account for the drop in the Group's income from £556,704 to £400,884. It must be our task to see that the cash now freed from investment in the Kelvin Construction Company is put to other fruitful uses so that the reduction in income may be made up. I see no reason why we should not perform this task successfully.

Other changes in the Accounts before you to which I should make reference are:

(1) The reduction in the issued ordinary capital to £225,000 as a result of the repayment to shareholders in May last year of 7s. 6d. per share.

(2) The appearance of a figure of £110,540 in our Capital Reserve. This represents assets found to be in excess of liabilities when the affairs of our Colliery Workmen's Compensation Trust were wound up. We are advised that this is a capital receipt not liable to tax.

PROFIT AND ALLOCATIONS

Turning to the consolidated profit and loss account, I have already referred to the reduction in income from £556,704 to £400,884. However, after making provision for tax and other charges and adding in the balance brought forward from the previous Accounts, the amount available for appropriation is only reduced from £288,868 to £263,462.

Your Directors have decided not to recommend a final dividend, but instead to make a capital distribution of 8d. per share, absorbing £60,000, from our Capital Reserves. This is approximately the same net amount as the final dividend last year, and is not of course subject to income tax or surtax. Shareholders therefore who have not attained to the surtax bracket are left with the same net income from their investment as before, while shareholders who are surtax payers enjoy a welcome relief. At the same time the Board recommends that a total of £60,000 should be transferred to General Reserve in the Group's Accounts. As at present advised, it will be our policy to make capital distributions of this nature year by year until the Capital Reserve is exhausted, at the same time making transfers of equal amounts from our trading profits to General Reserve. In assessing the amount of the capital distribution to be recommended each year, your Directors will have regard to the trading profits of the year in question, and although it is impossible to prophesy with certainty, I see no reason to expect that the total net distributions from the Company in the immediate future will be any less than they have been in the recent past.

A DIFFICULT ENGINEERING YEAR

To the ordinary person the year 1954 may not in retrospect have very much to distinguish it from other years. To those engaged in the Civil Engineering and General Contracting industry, to whom the weather is just as important as to the farmer, it will long be remembered as the worst in living memory. In the months of May to August inclusive the rainfall in the Midlands was over 3½ inches more than in the previous year, and was higher than in the average winter period. As a result, although we started the year with considerably more work on hand than in the previous year, the actual work done in 1954 was about 20 per cent less than in 1953. Small wonder, therefore, that profits in this Department were less than half what they were in 1953. It is to my mind a considerable achievement to have made any profit at all. We can reasonably expect, I think, that this year's weather will be better than last year's, and with over £3 million worth of work on hand we may hope for very much better results from this Department.

IRONWORKS' RECORD SALES

The Ironworks Departments had a very good year indeed, considerably better than in 1953. In the Foundry, although the rate of profit was down, turnover continued to rise, as it did in all the other Ironworks Departments except the Forge. In the Wagonworks particularly, sales reached a new high record of well over a million pounds, a remarkable achievement from a works where only a few years ago sales were less than half that figure. In the Constructional Department we have decided to build a new erection bay for overhead electric cranes. We are particularly gratified that our customers continue to favour our cranes, which are built to a most exacting specification, and are therefore by no means always the cheapest offered. We are very busy indeed in the Oxygen Division. Shareholders will no doubt remember that we were successful in the Autumn in gaining an order from Messrs Stewarts & Lloyds Limited for a 250-ton-a-day plant for their Works at Corby. Progress on this project has been good, and we hope to start erection of the main compressor house this summer. Negotiations with other customers for even bigger plants are in progress, but naturally for plants of this size negotiations must of necessity be protracted Orders for the smaller plants continue to come in, and we have altogether now nearly £700,000 worth of orders for oxygen plant of all sorts on the books. This I think is most encouraging and worthy of congratulation to those who have built up this entirely new Department in so comparatively short a time.

BRICKWORKS EXCEPTIONALLY BUSY

Our Brickworks have remained exceptionally busy, and our output in 1954 of 44 million bricks is a record for our Company, and some 2 million bricks more than the target set for us by the Ministry of Works. More than 75 per cent of our output consists of high quality facing bricks, for which we are assured a keen demand will continue for many years to come. We have decided to put down a new kiln at Boughton, close to our Ollerton Works. Experiments on the brickearth there show that it will produce facing bricks very similar to and just as good as the bricks we are now producing at Blaby. We hope to be in production there in about March of next year.

SUBSIDIARY COMPANIES

Shareholders will have noted two new names in the list of Subsidiaries—T. Darnell & Sons, Limited, and First Inter-Town Properties Limited. T. Darnell & Sons, Limited, are a small firm of light constructional engineers situated in Nottingham, which has been acquired as an adjunct to our Civil Engineering Department. We believe it will prove a useful addition. First Inter-Town Properties Limited is a firm which held the remainder of a long lease of No. 9 Upper Belgrave Street, which we have converted into our London Office. We have been quite inadequately housed in London ever since our original offices in the city were destroyed by enemy action. The remainder of the lease we acquired from the purchase of First Inter-Town Properties Limited has been surrendered to the landlords, Grosvenor Estates Limited, and a new lease of 83 years has been negotiated with them. We now have a London Office of which I think we may well be proud, and with room for the expansion I am confident we shall need.

TRIBUTE TO EMPLOYEES

Taking it by and large I think we have come through a difficult year in 1954 with commendable steadiness. The hard work and loyalty of our employees in all grades made it possible for this to be done, and I offer them our best thanks on your behalf.

I now have pleasure in moving that the Directors' Report and Balance Sheet which carries with it the following recommendations of the Directors:

(a) that the sum of £10,940, Capital surplus from investment, be transferred to Capital Reserve;

(b) that the sum of £30,000 be transferred to General Reserve;

(c) that a capital distribution be made to the Ordinary Shareholders at the rate of 8d. per share, absorbing £60,000, out of the capital profit realised on the sale of a Subsidiary;

(d) that the balance on profit and loss account of £331,593 be carried forward, be received, approved and adopted. After it has been seconded, any Shareholder can ask any questions before the motion is put.

The Report and Accounts were adopted; the retiring Directors, Mr M. F. M. Wright, Mr P. N. Wright, and Mr R. W. F. Wilberforce, were re-elected; the Auditors, Messrs Price, Waterhouse & Company, were reappointed, and the proceedings terminated with a vote of thanks to the Chairman.

THE BURY FELT MANUFACTURING COMPANY

INCREASED TURNOVER

EFFORT TO MEET PROGRESSIVE RISE IN COSTS

LT. COL. A. BUCKLEY ON HIGHLY COMPETITIVE SELLING PRICES

The fiftieth annual general meeting of The Bury Felt Manufacturing Company Limited was held on June 2nd in Manchester, Lieutenant Colonel A. Buckley, CBE, DSO, JP (the chairman), presiding.

The following is his circulated statement:

Shareholders will observe from the accompanying notice of the Annual General Meeting that the accounts now laid before them are in respect of the fiftieth year of the Company's trading.

The group trading profit for the year ended December 31, 1954, is £296,547. After crediting investment income and charging Directors' and Auditors' remuneration and providing for depreciation and development and taxation, the net profit is £126,802 compared with £116,623 for 1953.

Adding the profit on realisation of investments £7,955 and the net profit to the balance brought forward from last year, there is an available figure of £300,029. Your Directors recommend that £50,000 be again transferred to General Reserve, the profit on investments be carried to the appropriate reserve account (which now shows an aggregate surplus of £22,066) and that a dividend of 1s. 9d. per share, together with a bonus of 3d. per share, less income tax at 8s. 6d. in the £, be paid on the Ordinary Shares in respect of the year ended December 31, 1954, against 1s. 9d. per share for the preceding year. After these appropriations and deduction of the Preference dividends which have already been paid, £182,512 remains to carry forward to next year.

REVENUE RESERVES AND SURPLUS

Revenue Reserves and surplus on Profit and Loss Account now amount to £727,078 apart from the provision for future taxation of £115,084. Investments, Tax Reserve Certificates and Cash total £675,075.

During 1954 the subsidiary companies have continued on a profitable basis and a dividend has been received from one of them equivalent to last year's payment. The manufacturing subsidiary continues to be efficiently managed and its buildings and productive capacity have been increased.

The present time may be opportune to refer to the value of the Company's fixed assets which appear in the consolidated Balance Sheet at £286,603 against which there now exists a depreciation and development reserve of £140,000. To arrive at an accurate present-day value of these assets is a difficult problem but it may be mentioned that for fire insurance purposes the buildings, plant and machinery of the group have recently been valued on a depreciated basis at a figure well in excess of £1 million and on a replacement basis at a much higher figure.

CONTINUED ADVANCE OF MANUFACTURING COSTS

Turnover during the year, both in value and volume, has increased satisfactorily. Profits have not proportionately increased owing to the continued advance in manufacturing costs to which reference has been made in previous reports. Selling prices in both the home and overseas markets have continued to be highly competitive and the full recovery of rising costs under such circumstances has been impracticable. Unless the progressive increase in costs in Britain can be arrested the outlook for industry generally must give cause for concern. In an effort to meet this situation, your Directors are in course of transferring and redeploying a substantial portion of the plant and machinery of the parent company into new buildings, some erected during recent years with this object in view and others now under construction. No benefit can be expected during 1955 from this operation but it is anticipated that it will be possible to carry out the alterations without undue interference with normal production. The total cost of the project is envisaged as being well within the amount of the Depreciation and Development reserve of £140,000, some of which may be utilised towards this development.

DIRECTORATE

During the current year Mr Clifford Snape and Mr Graham Buckley have been co-opted to the Board. Mr Snape has been with the Company for almost twenty-two years and Secretary since June, 1948. Mr Buckley is responsible for the engineering and maintenance departments.

Your Directors again take this opportunity of placing on record their appreciation of the services of the staff and employees of your Company during the year.

The report and accounts were adopted.

POWER SECURITIES CORPORATION, LIMITED

WELCOME INCREASE IN PROFITS

The thirty-second annual general meeting of Power Securities Corporation, Limited, will be held on June 22nd in London.

The following are extracts from the circulated statement by the chairman and managing director, Sir Andrew M. MacTaggart:

The accounts under review show a welcome increase in profits which I trust you will regard as satisfactory. The consolidated net profit at £270,524 shows an increase of £120,854 over that of the previous year.

Balfour, Beatty and Company, Limited, is our chief subsidiary and continues to maintain an ever-increasing volume of work, both at home and abroad. Progress on the Staythorpe and Carmarthen Bay Power Stations which we are constructing for the Central Electricity Authority continues satisfactorily. During the year we erected a total of approximately 800 miles of high tension transmission lines, and we still have in hand the erection of some 2,000 miles of transmission lines for that Authority and the North of Scotland Hydro-Electric Board. In addition we have carried through a considerable number of other contracts, including tunnelling for railway, sewerage and water undertakings, together with a substantial amount of miscellaneous works. Overseas we continue to handle a large volume of work.

Tersons Limited, our building subsidiary, had a successful year, and continues to expand. The organisation is efficient and well equipped to carry out all types of building contracts. During 1954 a block of flats built by Tersons for the London County Council was awarded the gold medal presented annually by the Royal Institute of British Architects for the best building of the year.

Stent Precast Concrete Limited.—During the year a considerable amount of development work was carried out for special products, and there is plenty of business in hand. The company, however, is operating in a highly competitive market.

Metropolitan Construction Company Limited had a satisfactory year and has an increased volume of work in hand. This company is also equipped for, and is carrying out, a substantial amount of demolition work, and recently successfully completed an intricate under-water demolition contract at Tilbury Docks.

In Canada, *Balfour, Beatty and Company (Canada) Limited* have completed their first year of operation, which has been chiefly devoted to investigating various projects with a view to collaborating with our Canadian associates in future developments. A certain amount of work was carried out successfully during the year, but it is too early to venture any further opinion than the one that I expressed last year of confidence in the future.

During the past three years we have been living more or less hopefully and striving with others to help shape things towards a more stable future, and the results achieved, I think, can be considered satisfactory. Now we have a newly elected Government with an avowed policy of expansion and liberation of effort we look forward to the future with confidence.

Your Board of Directors, after viewing the position of the various companies in which this Corporation is interested, have again felt justified in recommending an increase in the dividend on the Ordinary Share Capital of 1 per cent, making 9 per cent for the year.

Sunday Pictorial company's year of enterprise and expansion

The Thirty-Fifth Annual General Meeting of Sunday Pictorial Newspapers (1920) Ltd. was held on May 27, at Brettenham House, Lancaster Place, London, W.C.2. Mr. Cecil H. King, Chairman and Managing Director, said :—

The year which ended on 28 February was in many ways a good one, but your company did not escape the effect of economic factors which influenced the trading of all national newspapers—in particular increased wages from November onwards, and higher freight charges. The higher wage costs considerably reduced the margin of trading profit, and this effect was only partially offset by a small increase in the Sunday Pictorial's advertisement rate in January.

The trading profit, which was arrived at after charging a pension fund contribution of £56,682, decreased by £145,106. This was largely counter-balanced by an increase of £122,546 in the dividend income, which at £467,773 accounted for over half of your company's total profit of £867,457. The net profit after taxation, no provision for excess profits levy being required this year, showed an increase of £44,863 to £436,467.

The increase in dividend income reflects the health and breadth of your company's investments. Those quoted had a book value of £2,838,618 and a stock market value of £8,750,154, equivalent to 29 2d. per unit of your company's ordinary stock.

Of the capital reserves, the whole of the reserve of £65,469 in respect of excess profits tax post-war refund, and £134,530 of the reserve of £238,082 in respect of surplus on sale of investments, were applied to write down certain trade investments that have no stock market quotation. The balance of £103,552 in respect of surplus on sale of investments was transferred to the investment reserve.

SUNDAY PICTORIAL OUTSTRIPS COMPETITORS

The sales of the Sunday Pictorial continued to expand, and for the latter half of 1954 exceeded five and a half million copies weekly. Compared with the sale for the latter half of the preceding year, the Sunday Pictorial had an increase of 171,000 —three of its competitors in the popular Sunday newspaper field also had increases, the largest of which amounted to 66,000—and its other five competitors suffered some decline in sale. This was the second year in succession in which the Sunday Pictorial made much greater progress than any of its competitors. During the two years the Sunday Pictorial increased its lead over the People by about 375,000, and narrowed the gap between its and the News of the World's sale by about 500,000.

Our great sister company, The Daily Mirror Newspapers Ltd., had an increase in net profit after tax during its recent financial year. That company, like yours, reaped the benefit of investments from which the yield went up. The sales of the Daily Mirror continue to grow to a substantially greater extent than those of any other daily newspaper.

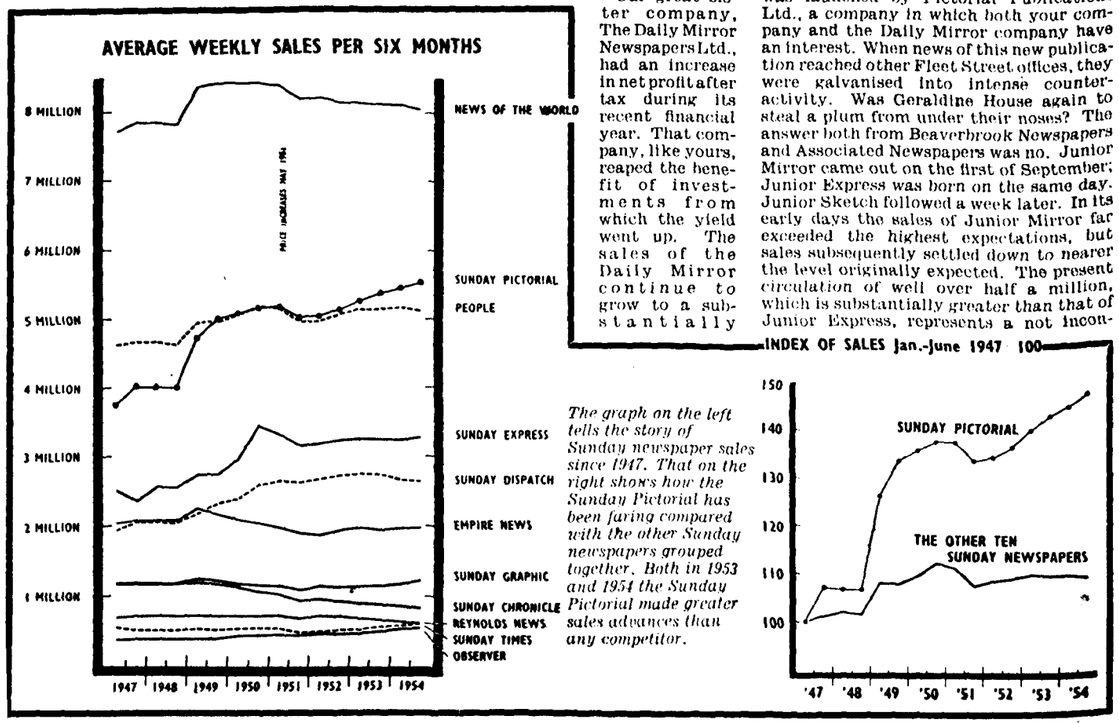
THREE NEW NEWSPAPERS IN TWELVE MONTHS

There have been notable developments in the affairs of various other companies in which your company has interests. Three new newspapers were launched in Britain within a period of twelve months, each in the face of severe competition.

First there was Midweek Reveille, started in February 1954 as a companion to Weekend Reveille. At that time the market for weekly family newspapers, which had expanded hugely since 1947 when the Reveille company entered the field, was still not fully satisfied, and Weekend Mail, a somewhat belated imitator, was making progress. Midweek Reveille succeeded effectively in taking up the slack in the market, and indeed, as anticipated, caused the sales of both Weekend Reveille and Weekend Mail to decline temporarily to some extent. Recently Weekend Reveille's sale was about 3,200,000 and Midweek Reveille's sale was about 1,600,000, the latter being somewhat less than that of Weekend Mail. Midweek Reveille proved a profitable venture from the outset, and it has enhanced the value of your company's investment in the Reveille company.

COMPETITIVE FIELD FOR JUNIOR MIRROR

Then, in September last, Junior Mirror was launched by Pictorial Publications Ltd., a company in which both your company and the Daily Mirror company have an interest. When news of this new publication reached other Fleet Street offices, they were galvanised into intense counter-activity. Was Geraldine House again to steal a plum from under their noses? The answer both from Beaverbrook Newspapers and Associated Newspapers was no. Junior Mirror came out on the first of September; Junior Express was born on the same day. Junior Sketch followed a week later. In its early days the sales of Junior Mirror far exceeded the highest expectations, but sales subsequently settled down to nearer the level originally expected. The present circulation of well over half a million, which is substantially greater than that of Junior Express, represents a not inconsiderable share of the comparatively small total market.



The graph on the left tells the story of Sunday newspaper sales since 1947. That on the right shows how the Sunday Pictorial has been faring compared with the other Sunday newspapers grouped together. Both in 1953 and 1954 the Sunday Pictorial made greater sales advances than any competitor.

SUNDAY NEWSPAPER EXCLUSIVELY FOR WOMEN

The third new newspaper in which your company has an interest is Woman's Sunday Mirror, of which the first issue appeared at the end of January. This was the most momentous of the new ventures, and may well turn out to be the most successful. It was, I believe, over 30 years since a new national Sunday newspaper had been launched in London, and the first time in history that a Sunday newspaper had been designed exclusively for women. In this case the launching was beset not by imitators but by distributional difficulties which temporarily starved some areas of copies, and later by the stoppage in the newspaper industry. In spite of these difficulties the reception of the paper, both by women and by advertisers, has been most encouraging, and the circulation exceeds the anticipated level of one million. It will be no surprise to you that the advent of Woman's Sunday Mirror spurred other publishers of Sunday newspapers into violent—and expensive—measures to retain their readers. How the pattern of Sunday sales will settle down has yet to be seen. Meanwhile, it may suffice if I tell you that the sales of your own company's newspaper, the Sunday Pictorial, continued to flourish.

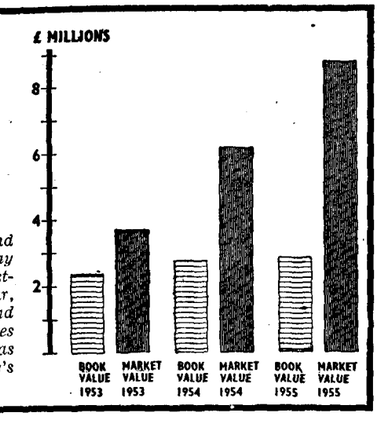
INVESTMENTS IN PAPER-MAKING COMPANIES

Your company has, as you know, an important stake in Albert E. Reed & Co. Ltd., the parent company of the well-known Reed Paper Group, and news has been released at regular intervals of substantial developments in that company's activities. Last June it enlarged its paper-making resources by acquiring the shares of the Sun Paper Mill company. In July it acquired an interest in Colthrop Board and Paper Mills, thus widening its packaging interests and becoming associated with the building of a new board mill. In October came a one-third interest in Cellucotton Products, with plans for a new cellulose wadding converting factory. This was followed by the announcement of a £1,500,000 investment in Tasman Pulp and Paper, the big New Zealand newsprint undertaking. The Albert E. Reed company has increased its capital by a 50% free scrip issue, and the proposed final dividend of 12½% on the increased capital means that your company will receive a handsomely increased return from its investment.

Our second major paper-making interest is in the Anglo-Canadian Pulp and Paper Mills of Quebec. There the mills have continued to work to capacity and profits have increased.

Some 1,000 miles farther west in Central Ontario is the Dryden Paper company, of which the Anglo-Canadian company bought the shares about a year and a half ago. At Dryden the first stage of a development programme has been completed and a further $11,600,000 expansion scheme is proposed, all of which should result in Dryden's annual rate of production being more than doubled. The prospects as regards your company's Canadian investment look more than satisfactory.

Cecil H. King reviews world-wide interests



This diagram compares the book value and the stock market value of the Sunday Pictorial company's quoted trade investments. At the end of the last financial year, the book value amounted to £2,838,618 and the stock market value was three times larger at £8,750,154. The latter figure was equivalent to 29/2d. per unit of the company's ordinary stock.

INCREASED SALES OF MELBOURNE ARGUS

I will now turn to the affairs which interest you in Australia and West Africa. The news of your company's Australian publishing investment is considerably better than it has been in past years, although the position is not yet satisfactory. The main property, the Argus daily newspaper, is gaining ever wider public recognition as the most alert source of information and comment. Sales of the Argus have been well above the level of last year, when, on the basis of six-monthly average figures, the Argus had a larger percentage increase since 1949 than any other Australian metropolitan daily newspaper. Advertisers have noted the growing vitality of the newspaper, and advertisement space has been in good demand. The weekly magazine, Australasian Post, has made rapid strides forward and recently had a sale some three times greater than it did in 1949. The Argus company's three country radio stations, at which a rebuilding programme has been completed, are doing very well.

Last year Mr. R. F. Sanderson retired as Chairman of the Argus and Australasian Ltd., after guiding the company with great skill through a difficult period. He was succeeded by Mr. J. D. Patience, formerly Deputy Chairman, with whom we look forward confidently to continued improvement in that company's well-being.

RADIO INTERESTS IN AUSTRALIA

We have also, as you know, an indirect interest through our associated company Broadcasting Associates Pty. Ltd. in several commercial radio stations in Australia, most of them in New South Wales. The prosperity of these radio stations continued to increase. The most important of them, 2GB in Sydney, has for each of the last three years had a higher overall popularity rating than any of the other seven stations serving the city. Fifteen of the twenty-five most popular programmes in Australia were recently being broadcast by the Macquarie network, of which 2GB is the key station.

Commercial television is being introduced in Australia, and in April it was announced that, among the first four licences to be granted, there would be one for Amalgamated Television Services Pty. Ltd. in Sydney and one for General Television Corporation Pty. Ltd. in Melbourne. The extent of overseas investment in Australian television is, as anticipated, limited by the terms of the licences. But both of the companies I have mentioned are ones in which your company has a small indirect interest.

THRIVING NEWSPAPERS IN WEST AFRICA

Let us now look at West Africa, where your company and the Daily Mirror company share interests that are comparatively small in terms of capital, but which have been developing fast against a background of expanding trade and improving education. There are now four vigorous and prosperous newspapers—a daily and a Sunday newspaper in both Nigeria and the Gold Coast. In the last quarter of 1954, their net daily and weekly sales reached a combined average of 182,000, an increase of 44,000 over the previous year.

In Sierra Leone the up-and-coming Daily Mail has also been making steady progress, and its sale recently reached the 10,000 mark. New buildings are going up in Lagos and Accra. A branch office has been opened in Togoland, which now for the first time gets its daily newspaper on the day of publication. Process engraving plant has been installed in Sierra Leone, which can consequently for the first time enjoy the immediate publication of news pictures. The profitability of the Nigerian and Gold Coast undertakings has increased, and when recent developments in Sierra Leone bear fruit we expect there also to see a good return on our investment. While commercially the future of these West African undertakings seems assured, the political risks in such a rapidly changing part of the world are necessarily appreciable.

PROGRESS AT HOME AND OVERSEAS

I have given you a broad picture of the way your company's interests have been progressing both at home and overseas. The year was one of enterprise and expansion in many spheres. Trading profits of the current year will be affected both by non-production during the newspaper strike and by higher wages effective throughout the year. Nevertheless, the scene is one at which you may look with a fair measure of satisfaction and confidence in the future. It now remains only for me to express the company's appreciation and thanks to all the staffs at home and overseas whose services contributed towards the progress that was made.

The report and accounts were adopted.

HARLAND AND WOLFF, LIMITED

LAUNCHINGS AGAIN EXCEED 100,000 GROSS TONS

SERIOUS COMPETITION FROM CONTINENTAL YARDS

SIR FREDERICK E. REBBECK ON NEED FOR PERIOD OF WAGE STABILITY

The seventieth Annual General Meeting of Harland and Wolff, Limited was held on May 25th at the registered office of the Company, Queen's Island, Belfast. Sir Frederick E. Rebbeck, KBE, DSc, DL, Chairman and Managing Director, presided.

The Secretary, Mr F. V. Spark, CBE, ACA, read the Notice convening the meeting and the Report of the Auditors.

The Chairman said:

As the Statement of Accounts and the Directors' Report have already been in your hands for some time, I propose with your permission to take them as read. (Agreed.)

It will be seen from the Accounts that after charging £513,256 for Depreciation the Gross Profit of the group before taxation is £2,168,390, and notwithstanding the reduction in the standard rate of Income Tax to 8s. 6d. in the £ the Government takes approximately 50 per cent of the gross profits, as the sum of £1,068,824 is required for Income Tax and Profits Tax on dividends paid and profits retained in the business.

The consolidated net trading profit after depreciation and taxation is £1,099,566. During the year considerable progress has been made in finalising as far as possible our taxation liabilities over recent years and it became clear that our reserve for taxation raised over the past ten or twelve years was more than was required. We have, therefore, been able to transfer a sum of £88,200 back to Profit and Loss Account.

In addition the accounts are credited with a further sum of £12,000 arising on settlement of claims under War Damage Act Part II, and a transfer from Future Income Tax re Initial Allowances of £15,934.

These make the total amount available £1,215,700 out of which the Directors propose the same rate of dividend payment on the Ordinary Stock as for a number of years, together with a Special Bonus on the Ordinary Stock of 3 per cent as last year, both less Income Tax at 8s. 6d. in the £, and to add to the reserves and carry forward on Profit and Loss Account a sum of £829,084 in the accounts of the parent company and £50,170 in the accounts of the subsidiaries.

The consolidated total of reserves and undistributed profits now amounts to £6,418,782, which is very necessary for keeping up to date the equipment and financing the business of the Company.

LAUNCHINGS AND WORK IN HAND

For the fifteenth successive year the vessels launched from the Company's yards have exceeded 100,000 gross tons, the total for 1954 being over 154,000. During the year twenty-one vessels were delivered, the most notable being the Light Fleet Carrier *Bulwark* for Her Majesty's Navy and the Passenger Liner *Iberia* for the Peninsular & Oriental Steam Navigation Company. This is the second year in succession that we have delivered a Light Fleet Carrier.

At the present time the Company has 58 vessels under construction, or on order, including the Light Fleet Carrier *Bonaventure* for the Royal Canadian Navy and other Naval work consisting of Frigates and Coastal Minesweepers.

Merchant work includes two large Passenger Liners, the *Reina Del Mar* for the Pacific Steam Navigation Company and a Passenger Vessel for the Mail Service of the Union-Castle Mail Steamship Company, three cross-channel passenger vessels, several cargo and passenger/cargo vessels, large tankers for British and foreign owners, including two for The Texas Company, and a number of smaller tankers and other craft.

Her Majesty The Queen honoured the Shaw Savill & Albion Company Limited and ourselves by visiting the Company's Belfast Works in August and naming and launching the *Southern Cross*, which was delivered to her owners early in 1955 and is now on her maiden voyage.

DIVISIONAL OPERATIONS

The Marine Engineering Division has been fully employed throughout the year in the manufacture of Diesel and Steam machinery for ships building by the company and for a number of vessels being constructed by other Shipbuilders. Several sets of our new turbo-charged Diesel propelling engine have been ordered and will soon be in service.

The Land Engine Division is engaged in the manufacture of our standard 2-stroke and 4-stroke Diesel Engines, most of which are now pressure-charged, also Compressors driven by gas engines, Diesel engines and electric motors. Recent contracts include an important order for large Diesel engines for a Middle East pipe line project.

The Steel Construction Division has been fully employed and has secured some further large contracts which will keep it well occupied for some time to come.

The Electrical Division has also been well employed during the year on electrical systems on board ships, both Naval and Merchant, and in the manufacture of alternators, direct current dynamos, motors, and other electrical work for both the home and foreign markets.

The Repair Works at London, Liverpool and Southampton were well employed during the year and important repair contracts have also been carried out at Belfast. British Shiprepairers continue to feel the keen competition from the Continent, and they are at a considerable disadvantage due largely to the fact that the Continental repairers are comparatively free from demarcation rules and are able to work a three shift system and so carry out work in less time than in the United Kingdom.

Scotstoun Works, in association with The English Electric Company Limited, have been engaged throughout the year on the manufacture of turbo-alternators for hydro-electric installations at home and abroad. They have also been employed on gun mountings for the Admiralty, and on general engineering work.

FOREIGN COMPETITION

Towards the end of last year there was some revival in the placing of orders with British Shipyards, principally for dry cargo vessels of various types, and this has continued in the opening months of the present year. Most of these orders have come from British Shipowners, and your Company has been successful in obtaining a number of such contracts. The vessels we now have under construction and on order should keep the Works well occupied until early 1957; but it cannot be too strongly stressed that if regular and full employment is to be maintained in the future it is essential that there should be a steady inflow of new work. It is to be regretted that some publicity has been given to the idea that the competition from Germany and elsewhere is now slackening. Those of us who are in the Industry see nothing of this. Our problem is to maintain the present level of employment against the competition not only of Germany but of Holland and the Scandinavian countries, all of whom have developed their shipbuilding capacity, and most of whom have very willing labour to carry out the work.

Orders from foreign clients—principally in Norway—have been lost to Continental Builders, who are still ready to quote Fixed Prices; but if British Shipbuilders could be assured of a reasonable period of wage stability in their own industry and in the steel, coal, and transport industries, on which they so much depend, it would go some way towards enabling them to meet this serious competition from Continental yards.

The Company's property and plant have been well maintained.

In conclusion, I must thank all the members of our staff, both at home and abroad, for the excellent work they have done throughout the year.

The Report and Accounts were adopted; the proposed dividend and special bonus were approved; the retiring Directors, namely, Sir John Craig, Mr W. Strachan Jr, Mr H. C. MacEwan and Mr W. H. Park were re-elected. Messrs Price Waterhouse & Company were reappointed Auditors and their remuneration was fixed.

The meeting terminated with a unanimous vote of thanks to the Chair.

NEW BROKEN HILL CONSOLIDATED

A HIGHLY SATISFACTORY RESULT

The nineteenth annual general meeting of New Broken Hill Consolidated Limited will be held on June 22nd in London.

The following is an extract from the circulated statement of the Chairman, Mr John R. Govett:

The profit for the year 1954, before providing taxation, amounted to £1,141,234, compared with £677,922. This result, which I think may be regarded as most satisfactory, is due partly to the substantial increase in production and partly to the higher prices realised for lead and zinc. The tonnage of ore milled reached a total of 483,461 tons, compared with 403,662 tons for 1953.

Depreciation has been provided, amounting to £307,000, compared with £277,400 for 1953. The charge for taxation amounts to £543,960. This leaves a net profit for the year of £597,274 compared with £413,262 for 1953.

Two hundred thousand pounds has been transferred to General Reserve and the Board recommend a final dividend of 1s. 9d. per share, making a total distribution for the year of 3s. per share, which compares with 1s. 6d. per share for 1953.

Capital expenditure during 1954 amounted to £650,061.

The total production for 1954 was 482,058 tons (lead averaging 9.4 per cent, silver 2.1 oz, and zinc 14.4 per cent) as compared with a total for 1953 of 405,629 tons (lead 8.8 per cent, silver 2.0 oz and zinc 13.7 per cent).

The ore reserves fully outlined and developed ready for stoping, or in process of being stoped, show a further satisfactory increase, and at December 31, 1954, were 2,800,000 tons assaying 11.1 per cent lead, 2.7 oz silver and 11.9 per cent zinc, as compared with 2,500,000 tons assaying 10.9 per cent lead, 2.7 oz silver and 11.4 per cent zinc.

After reviewing the year's operations the statement continued:

I know shareholders will again wish to join me in a tribute to our management at Broken Hill and the staff and employees there for the further substantial progress made in 1954 towards our present goal of 540,000 tons of ore per annum. This rate of production should be fully achieved so soon as the underground crusher station and extension of the mill are completed before the end of the current year.

Our financial resources place us in a strong position to meet possible vagaries in the metal markets and the demand likely to arise for future mine development, including any development of the low grade orebodies within our leases which we consider will ultimately prove a substantial additional asset. I have every reason to expect that our results for this year will be no less favourable than those I have been able to put before you today.

SCHWEPPES LIMITED

RECORD OF PAST SEVEN YEARS

THE HON R. HANNING PHILIPPS ON RECENT ACQUISITIONS

The fifty-eighth annual general meeting of Schweppes Limited was held on May 27th in London, The Honourable R. Hanning Philipps, MBE (the chairman), presiding.

The following is an extract from his circulated statement:

Owing to the very poor summer the 1954 trading season proved unexpectedly difficult. Nevertheless, with the exception of July and August, normally the period of peak sales, every month showed an increase over 1953, and the final home trade sales for the year exceeded those for the previous year by 4 per cent. Home trading profits rose from £1,018,067 to £1,108,207, after absorbing substantially increased wages and increased transport, advertising and miscellaneous costs.

The growth of our business over the past seven years can be seen by comparing 1948 figures with those of 1954.

In 1948, shareholders' capital and reserves totalled £2,405,000 as against the 1954 figure of £4,653,000, the increase being represented by a further £1,450,000 of new share capital subscribed and £798,000 ploughed back into the business out of undistributed profits.

Profit, after charging depreciation, but before taxation, was £246,000 in 1948 (10 per cent on the capital plus reserves) as against £940,000 (over 20 per cent) for 1954.

Taxation absorbed only £134,000 as against £469,000, which figure would have been substantially higher but for the removal of excess profits levy (which the previous year had cost the company £75,000). In addition, last year we benefited from substantial tax allowances in respect of our new fixed asset investments which were purchased during the year at a cost of £591,000.

Having considered the position of our large body of shareholders who have ventured their capital in our enterprise, it might interest you to know how our workpeople have fared over the same period.

I have told you on a previous occasion of the advantages they have earned from the prosperity of our company in the form of extended pension benefits and health schemes. What of their cash earnings? Since 1948, the average wage has risen by 75 per cent and in addition, the annual bonus which reflects the profits of the company has increased by 200 per cent, and this year amounted to £70,000. Out of the profits for 1954, after setting aside what is needed for payment of staff bonus, your board have appropriated £100,000 to write down the company's investments in subsidiaries. They believe this to be a prudent course in view of the heavy development expenditure being incurred by two of our companies, namely, Pepsi-Cola Bottling Company (London) and Schweppes (USA) Limited, in introducing their products on to their respective markets.

Your board further recommend a transfer to general reserve of £150,000 and the payment of an increased dividend on the ordinary stock of 15 per cent as compared with 12½ per cent in the previous year.

After allowing for the £200,000 recently capitalised under the scheme for reorganising the company's preference capital, and after the allocation to reserve now proposed, the general reserve will stand at £1,425,000.

TRADING ACTIVITIES

Last summer's poor trading weather adversely affected sales of Pepsi-Cola, which fell well below the figure we had budgeted for, though still showing a small increase over the previous year. As this is a product peculiarly susceptible to weather conditions, we do not feel that the results were a fair indication of sales potential. We are pressing on with our plans to achieve national distribution and during 1955 Birmingham and Manchester areas will be opened up.

After reviewing the progress of the overseas companies, the statement continued:

Franchises. — During 1954, Belgium, France, Malta, Gibraltar and Switzerland have all traded successfully. During 1955 Franchise bottling will start in Ceylon, India and Norway.

In the USA the results have again been encouraging. The Canadian market is also showing encouraging results but, as in the United States, further development costs will have to be borne before we can show a profit.

The substantial development programme that we have initiated overseas now requires a period of a year or two to consolidate the position both in terms of providing trained manpower and of profit earning, having in mind that our overseas development was definitely planned as a means of spreading our risks and as a safeguard for the future security of both our workpeople and shareholders.

Recent Acquisitions.—Early this year we completed long drawn out negotiations for the acquisition of the whole of the capital of the English company known as Apollinaris Company Limited. We have also acquired the whole of the share capital of Jewsbury & Brown Limited, of Manchester.

FUTURE OUTLOOK

Once again we have started the year with an increase in our home sales for the first three months. While it is difficult to forecast the future under the present uncertain political and economic conditions, given a reasonable summer the parent company's trading profit at the end of this year should at least equal that for 1954.

The report and accounts were adopted.

THE CONSOLIDATED ZINC CORPORATION

RESULTS SHOW A SATISFACTORY INCREASE

INCREASED OUTPUT AND IMPROVED EFFICIENCY

The sixth annual general meeting of The Consolidated Zinc Corporation Limited will be held on June 22nd at 37, Dover Street London, W.

The following is an extract from the circulated statement of the Chairman, Mr John R. Govett:

The results for 1954 show a satisfactory increase over the previous year and reflect the higher prices realised from sales of lead and zinc, the profit before taxation amounting to £4,696,142, compared with £2,516,562 for 1953, an increase of £2,179,580. This result is arrived at after charging depreciation of £942,673, compared with £837,471 for 1953. Taxation absorbs £2,229,409, compared with £1,043,799 for 1953.

The net profit for 1954 amounts to £2,383,378, compared with £1,393,022 for 1953. Provisions set aside in previous years and now no longer required, amounting to £141,490, have been credited to the Consolidated Appropriation Account. Transfers to general reserves have been made of £1,500,000, which compares with total transfers in 1953 of £1,130,000.

An interim dividend of 1s. 3d. per share, compared with 1s. per share for 1953, was paid on January 1, 1955, and a final dividend of 2s. 6d. per share is being recommended, payable on the Capital increased by the rights issue in December, 1954. The balance on the Consolidated Appropriation Account carried forward at December 31, 1954, amounts to £905,445, an increase of £61,475 over the balance at December 31, 1953.

Capital expenditure during the year on buildings, plant, machinery and equipment amounted to £1,049,116 (compared with £1,470,053 for 1953), of which £484,235 related to the plant extensions of Sulphide Corporation Pty Limited at Cockle Creek, New South Wales, and £338,165 to smelting and other plant of Imperial Smelting Corporation Limited in the United Kingdom.

To make provision for the present programme of capital and exploration expenditure up to the end of 1956 and towards future projects and contingencies, an issue was made in December last, of 2,182,649 Ordinary shares of £1 each.

An important step in the integration of the Group was taken in January, 1955, when an offer was made to holders of Imperial Smelting Corporation Limited 6½ per cent Preference shares to exchange their shares for 4½ per cent Preference shares in the parent company, and this offer has been accepted by holders of 99 per cent of the shares.

The market value of the quoted investments is nearly £2 million in excess of their book value. The Directors are satisfied that the value of the unquoted investments, which include our interests in the Broken Hill Associated Smelters Pty Limited and British Titan Products Company Limited, is considerably in excess of their book value.

The summary of activities published with the report and accounts shows that the year's operations have achieved increased output and improved efficiencies in all major branches of our activities.

Given freedom from any major disturbance in world affairs we can, I feel, look forward to the future with confidence.

UNIVERSAL PRINTERS LIMITED

(Controlling Bemrose and Sons Limited, Derby, Alf Cooke Limited, Leeds, and Norbury Printers Limited, Manchester)

RECORD SALES

The thirty-fourth annual general meeting of Universal Printers Limited was held on June 2nd at Derby, Mr Max Bemrose, chairman, presided.

The following is an extract from his circulated *statement*: *Group Sales* have passed £3 million, which constitutes a record. This has only been achieved by greater efforts on *the part of Sales Staff, Management* and other workers.

As a consequence of most departments of all factories being busy, trading profit shows a very satisfactory increase.

Taxation absorbs the greater proportion of the increased profit, leaving approximately one-third only for net profit, which is available for development and dividends.

The enormous contribution that industry is making to the upkeep of the Welfare State is often not fully appreciated. *In our case,* £290,000 out of a total profit of £450,000 goes to the State.

If we, and many thousands of firms like us, did not do so well, taxation in other directions would have to be considerably increased.

But *heavy taxation of business profits* makes it increasingly difficult for companies to finance replacements of machinery, new buildings and developments.

Income Tax, Surtax and Estate Duty also handicap British Industry through penalising those who bear the brunt of responsibility. It is wrong that progressive policy cannot benefit those who have the courage and wisdom to make decisions which lead to the successful expansion of a business. Taxation on the reward for middle management, too, prevents some from taking responsibility.

The reduction given in the recent Budget is a step in the right direction. Nevertheless, taxation in this country is still higher than in America, Germany or any other country.

You will recollect that the interim dividend was increased by 1½ per cent to 6½ per cent. Your Directors recommend the payment of a Final Dividend on the Ordinary Shares of 12½ per cent, which is also an increase of 1½ per cent, making a total of 18½ per cent for the year, as compared with 16½ per cent for 1953. The net amount of the Preference and Ordinary dividends provided in the *Accounts represents 4.71 per cent of the* Shareholders' Funds employed in the business at December 31, 1954, *i.e.*, the total of *the Capital and Reserves* £1,271,387.

EMPLOYEES' WELFARE

Great stress is laid at all factories on providing better working conditions, such as good canteen facilities, better lighting and welfare services.

In addition, there is a Contributory Staff Superannuation Scheme and a Non-Contributory Pension Scheme for Works Employees.

During this period of buoyant trade, considerable improvements have been made to buildings at all factories. At *Manchester* a new warehouse has been completed, at Leeds increased capacity for Finishing and other departments has been provided.

The Photogravure Department at Derby has again been enlarged and, in addition, a new factory of 26,000 square feet has been *built six miles from the town.* Six months after placing the contract with Taylor Woodrow Construction Limited for an "Arcon" structure the building was being used for the production of advertising calendars.

This factory is of the latest form of structure, with large spans and good lighting. The canteen and office blocks are of the "Derwent" structure, devised primarily for school *buildings.* These have a large expanse of window, they are well insulated, and are completely modern in decoration.

The new factory was opened on April 29th by The Right Honourable Reginald Maudling, PC, MP, Minister of Supply.

Your Company has also created a record in *the purchase* of machinery. Part of this is replacement, and part new equipment for *further* development in the wrappings *section.*

Commitments at December 31, 1954, for buildings, plant and machinery at £138,323 are higher than in previous years. As a consequence of this heavy expenditure, however, *cash balances are likely to be further* reduced.

THE FUTURE

Whilst business in the first three months of the year has been well maintained, there are signs of growing competition and, in addition, negotiations are in hand for a new wage structure. It is to be hoped that a sound agreement will be made for the benefit of the industry as a whole. Subject to general prosperity, your Company is in a strong position.

The report was adopted.

At a subsequent extraordinary general meeting the proposed capitalisation of reserves and scrip issue of one new Ordinary share for every three held was approved, and the increase of the authorised capital from £800,000 to £1 million was sanctioned.

GUARDIAN ASSURANCE COMPANY LIMITED

ANNUAL GENERAL MEETING — 1st JUNE, 1955

Chairman—The Rt. Hon. Lord Blackford, D.S.O., D.L., J.P.

Extract from the Directors' Report.

For the first time since 1938 the figures of the Albingia Insurance Company of Hamburg, practically the whole of the capital of which we acquired 20 years ago, have been included in the Accounts.

LIFE DEPARTMENT

Net new sums assured were a new record at £10,565,503, an increase of £1,904,191 compared with the previous year. *Immediate Annuities securing £27,492 p.a. and Deferred Annuities* securing £351,512 p.a. were issued.

The net rate of interest earned on the Fund was £4 7*s.* 1*d.* per cent. and the Fund increased during the year to £26,055,272.

The end of 1954 was the end of a quinquennial period and the usual actuarial valuation was made as at the 31st December. The surplus disclosed was highly satisfactory and enabled *a reversionary bonus of 50s.* per cent. per annum calculated on the sum assured to be declared on *With-Profit Policies of the new series which was opened on the 1st January, 1950.* With-Profit Policies of the old series which closed on the 31st December, 1949 received bonuses *at least at the same rate of 50s.* per cent. per annum calculated on the sum assured *and* bonuses. Interim bonuses will be paid on claims at the same rate until further notice.

REDEMPTION ASSURANCE ACCOUNT

A valuation at the end of the year revealed a surplus of £31,390 of which £20,000 has been transferred to Profit and Loss. The fund at the end of the year after the transfer was £4,980,509.

FIRE DEPARTMENT

The net premium income increased during the year by £657,544, of which £418,000 applied to the "Albingia", to £5,144,498. The loss ratio was 42.7% and after providing for unexpired risks on the usual 50% basis the surplus transferred to Profit and Loss was £681,990.

ACCIDENT AND GENERAL DEPARTMENTS

The net premium income increased during the year by £3,290,752, £2,777,000 of which came from the "Albingia", to £8,517,924. The loss ratio was 54.9% against 50.6% in 1954 and after providing for unexpired risks on the usual 45% basis the surplus transferred to Profit and Loss was £599,089.

MARINE DEPARTMENT

The net premiums amounted to £1,808,140 against £1,411,756 in the previous year, £380,000 representing the Marine income of the "Albingia". After a transfer of £301,536 to Profit and Loss the Marine Fund was £2,268,917 representing 125.5% of the premium income.

PROFIT AND LOSS

After making full provision for taxation, *including that on the* Profit for the year and after transferring £475,000 to General Reserve and providing for the increased final dividend recommended by the Directors of 4*s. 6d.* less *income* tax (3*s. 6d.* in 1954) *on each ordinary* share and meeting the cost of the Preference dividend for the year, the balance carried forward was £414,884.

BALANCE SHEET

The total assets of the Company and its subsidiaries increased during the year by £12,000,000 to £60,000,000 of which approximately £5,400,000 is due to the inclusion of the figures of the "Albingia".

During the year the Company acquired a holding of 80% of the shares of the *Cambrian* Insurance Co. Ltd. by the issue of 30,270 shares of £1 each at a *premium of £7 15s. 0d. to the* shareholders of that Company.

ALL THE PRINCIPAL CLASSES OF INSURANCE TRANSACTED.

The Company undertakes the office of Trustee, Executor and Administrator.

Head Office: 68, KING WILLIAM STREET, LONDON, E.C.4.

THE CUNARD STEAM-SHIP COMPANY LIMITED

FIVE PER CENT CUMULATIVE PREFERENCE STOCK
SIX PER CENT SECOND CUMULATIVE PREFERENCE STOCK

NOTICE IS HEREBY GIVEN that the Transfer Books in respect of the above Stocks will be closed from June 8 to 10, 1955, both *dates inclusive*, for the purpose of preparing Warrants in respect of Dividends for the *half-year ending* June 30, 1955, to be paid on and after July 1, 1955.

Offices: Cunard Building, Liverpool.
June 2, 1955.

By Order of the Board,
J. C. TOMLINSON,
Secretary.

THE ALEXANDRIA WATER COMPANY, LIMITED

ALEXANDRIA, EGYPT
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the seventy-seventh ORDINARY *GENERAL MEETING* of the Shareholders will be held at the Company's Offices, 61 Avenue Fouad 1er, Alexandria, on Friday, June 24, 1955, at half past five in the afternoon, for the transaction of the ordinary business of the Company, pursuant to Act of Parliament and for the purpose of considering and, if thought *fit, passing* the subjoined resolution as a special resolution:

"To elect Mr Mohamed el Sayed Marzouk, manager of the Company, as a director of the Company and, *for that* purpose, to declare Article 106 (a) of the Articles of Association suspended *in his favour.*"

Holders of share warrants to bearer desiring to attend or to be represented at the Meeting must deposit their share warrants in London before June 10, 1955, or in Alexandria before June 21, 1955, until after the Meeting, at the National Bank of Egypt, 6 King William Street, London, E.C.4, or at the National Bank of Egypt, Alexandria, or at some other approved bank in London or Alexandria.

A Member of the Company is entitled to appoint a proxy to attend and vote at the Meeting in *his* stead and any proxy so appointed need not be a Member of the Company.

Dated, Alexandria, Egypt, May 26, 1955.

By Order of the Board,
ALEX. L. BENACHI,
Chairman and Administrateur Délégué.

THE WEST AFRICAN EXAMINATIONS COUNCIL

There are vacancies for posts of Assistant Registrar in the offices of the Council in Accra and Lagos. Candidates must hold an honours degree of a British University and have experience in teaching or educational administration.

Salary scale £1,000 x £40 to £1,280, plus overseas pay in the range £275 to £350, where applicable.

The posts are pensionable but contract terms at higher salaries can be arranged. Quarters with heavy furniture are provided at a rental of £75 to £120, according to salary.

Further details and forms of application may be obtained from The Registrar, West African Examinations Council, C/o Box 969.

Completed application *forms* must be returned not later than June 25, 1955.

CAN THE TORIES FIND ECONOMIC STABILITY ? The leading article in the JUNE issue of THE BANKER poses the challenge of the rail crisis in its wider context. Another key question discussed in this issue is the extent to which sterling and the gold reserves are being bolstered by the inflow of foreign money. The careful analysis of the technicalities of the exchange market explodes some popular fallacies.

SHOULD THE BANKS participate more directly in industrial finance ? The controversy set off last month in high banking quarters is among other topics discussed in the June issue of THE BANKER. Further articles include: Can Output Maintain Its Rise?; Monetary Policy and Australia's Deficit; Sweden Takes the Plunge; and What Reserves do Building Societies Need? Price 2s. 6d. (or 30s. a year) from bookstalls or 72 Coleman Street, E.C.2.

KEEN YOUNG ACCOUNTANTS who can write fluently, and consider that a career in financial journalism, with an *excellent* starting salary, has attractions are invited to write to Box S. 707, c/o Streets, 110 Old Broad Street, E.C.2.

ASSISTANT COMMISSIONERS, NATIONAL SAVINGS COMMITTEE. The Civil Service Commissioners invite applications for about 15 pensionable posts. Age at least 21 on *March 1, 1955.* University education and knowledge of economics desirable. Final year university students may apply. Experience of public speaking, supervision of office procedure, *organisation of* work with the public an advantage.

Starting salary for men (including extra duty allowance, where payable), according to age, e.g. at 21 £434; at 25 or over on entry £559. *Maximum £1,112. Somewhat* lower for women (above age 21) and for provincial posts. *Prospects of promotion.*

Particulars and application form from Secretary, Civil Service Commission, Burlington Gardens, London, W.1, quoting No. 154/55; application *forms* to be returned by June 16, 1955.

A YOUNG Chartered Accountant is required to train for a responsible position with a well-known manufacturing company. The appointment requires experience of management accounting and costing, and provides excellent opportunities for rapid advancement. A good commencing salary is offered. Applications will be considered from accountants about 30 years of age.—Particulars of qualifications and experience should be sent to Box 968.

EXCELLENT opportunity and good prospects for three technical and business managers for expanding private *companies,* situated 15 miles S.W. of Central London, engaged in Domestic Appliances, *Refrigeration* and Automatic Controls respectively. Salaries *offered range* between £1,000 and £1,500 p.a.—Applicants between 35 and 45 to furnish, in confidence, particulars of age, education qualifications, experience, present and required *emoluments to* Box 965.

BEFORE YOU BUY those shares, see what the *Investors' Chronicle* has to say. It is the best-informed and widest-read financial weekly. Two issues free of charge from 30 Grocers' Hall Court, *London*, E.C.2.

UNIVERSITY OF CAMBRIDGE

DEPARTMENT OF ENGINEERING
POST-GRADUATE COURSE IN STRUCTURES AND MATERIALS

A *post-graduate course* in Theory of Structures and Strength of Materials, extending *over one* year (October to June), will begin at the Department of Engineering, Cambridge University, on October 5, 1955.

The latest advances made in the understanding of the behaviour of metallic *structures* under static, repeated or fatigue loading will be the principal subject of the course, with particular emphasis on welding as a method of fabrication. No attempt will be made to teach conventional methods of design, but present-day practice and possible future developments will form the subject of critical study.

The object of the course is not to train research workers, but to help engineers to apply the latest advances in knowledge. The course will include lectures, colloquia and laboratory work, and each student will be encouraged to make a detailed study of some problem of particular interest to him.

The course is open to university graduates with industrial experience, and to others with suitable equivalent qualifications.

Applications for admission should be sent by July 1st to The Secretary, Cambridge University Engineering Laboratory, Trumpington Street, Cambridge, from whom further particulars may be obtained.

NORTHAMPTON COUNTY BOROUGH EDUCATION COMMITTEE

NORTHAMPTON COLLEGE OF TECHNOLOGY
Principal: E. Jewitt, BSc(Eng), MIEE
LECTURER IN MANAGEMENT STUDIES

Applications are invited for appointment to the post of full-time Lecturer in Management Studies as from September next.

The successful candidate will be required to develop contacts with local industry and to assist in the development and organisation of courses in management subjects. He should be well *qualified* by experience and *training* to teach a number of subjects up to the level of the Diploma in *Management Studies.*

Salary in accordance with the 1954 Burnham Technical Scale for Lecturers (£965 x £25 to £1,065).

Form of application and further details of the post may be obtained from the undersigned.

"Springfield,"
Cliftonville, Northampton.

H. A. SKERRETT,
Chief Education Officer.

BANKERS' NOTICE TO THE PUBLIC

The Committee of *London* Clearing Bankers gives notice that as a result of the Railway Strike delays may occur in the collection of cheques and other items. Bankers cannot, therefore, undertake that the clearing of such items will take place within the normal period.

M. P. GREENWOOD,
Assistant Secretary.

The Committee of London Clearing Bankers,
Post Office Court,
10 Lombard Street, London, E.C.3.
May 31, 1955.

RAPIDLY *expanding* Public Company, S.W. Greater London, requires *immediately* General Manager to control a group of adjacent private companies, total employees 1,500, engaged in light engineering, instrument making and automatic control apparatus. This appointment may, later, carry a seat on the *parent* board. Applicants between 40 and 50, with an engineering and business background, who have held or are holding posts of £3,000 to £4,000 p.a. salary level, are invited to apply. Experience in heavy engineering, foundry or textiles is here of no value.

Details of age, education, qualifications and *experience, with* present and past *emoluments*, should be forwarded in confidence. The position offers exceptional opportunity to the right type of senior executive.—Box 964.

BEECHAM GROUP LIMITED have a vacancy for an Assistant Technical Controller for their Overseas Division. The successful applicant must be a Qualified Chemist or a Qualified *Chemical* Engineer and must have held the position of Works Manager of a factory within the Pharmaceutical or Chemical Industry and be experienced in modern production methods. The position entails co-ordinating the technical activities of Overseas factories (under the direction of the Technical Controller) in the field of both production and quality control and will necessitate visiting overseas factories when necessary. Profit Participation and Pension Schemes in operation.—Apply in writing only, giving full details of age, qualifications and experience, to Personnel Controller, Beecham Group Limited, 68 Pall Mall, London, S.W.1.

PROSPEROUS *Private* Company, with increasing orders, eight miles from Richmond, Surrey, 400 employees, engaged in light engineering and small component *manufacture*, requires a Chief Engineer. Salary £1,200 to £1,500 p.a., according to *experience.*

Applicants between 35 and 40 should possess first-class knowledge of non-ferrous *metal* machining, autos, capstans, presses, progression tools and design experience of tools for quantity component production. Experience must include at least five years in a similar capacity. Fine future for a man with the right background.—Box 966.

M.A. (Oxon), 27, Economics, commercial experience, at present P.A., seeks post (sales, administration), preferably not London. Hard working enough to expect reasonable remuneration.—Box 972.

EXPERIENCED SALES MANAGER required by company with branches dealing in electrical accessories and with substantial turnover. Pension scheme in operation.—Box 953.

EXPERT POSTAL TUITION

For Examinations—BScEcon, LLB and other external London University *Degrees;* Law Society; Bar; Accountancy; *Banking;* Secretarial; Civil Service; *Commercial;* General Certificate of *Education* etc. Also many non-examination courses in business subjects. —Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2)

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

The Economist: Annual Air Subscription Rates

Anglo-Egyptian Sudan: £5.10s.
Australia: £8.5s. (sterling)
Canada: $21.50 or £7.14s.
East Africa: £5.5s.
Egypt: £3.5s.
Europe (except Poland): £4.15s.
Gibraltar, Malta: £3.15s.
Hongkong: £7
India & Ceylon: £6
Iran: £6
Iraq: £6
Israel: £6
Japan: £9
Malaya: £6.15s.
New Zealand: £9 (sterling)
Nigeria, Gold Coast: £5.5s.
Pakistan: £6
Rhodesia (N. & S.): £5.10s.
S. America and W. Indies: £7.15s.
Union of S. Africa: £5.10s.
U.S.A.: $21.50 or £7.14s.

Printed in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2 Published weekly by THE ECONOMIST NEWSPAPER, LTD., at 22 Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2d.; Overseas 2d.—Saturday, June 4, 1955.

Parsons & Whittemore's

world-wide facilities for building

Paper Mills Using Native Fibres



This is Parsons & Whittemore's Private Point 4 Program to develop Pulp and Paper Mills throughout Free World

1. Conduct a preliminary survey and prepare an appraisal report.
2. Engineer the complete project in cooperation with the world's leading consulting engineers.
3. Produce and deliver all the pulp and paper machinery and other necessary equipment that cannot be produced in the country where the mill is to be built.
4. Supply the necessary trained personnel to assure proper operation of the project until local workers can take over.
5. Assist the local group to obtain financing within the currencies available in the particular country, such as dollars, sterling, francs, D-Marks, Finn-Marks, etc.
6. Assist the local group to obtain the necessary raw materials and chemicals to operate the mill after it is built, as well as sell the output through Parsons & Whittemore's own offices.

LYDDON & CO. Aldwych House, 71-91 New Bridge St., London EC4, England

PARSONS & WHITTEMORE 250 Park Ave., New York 17, New York

Cooperating with the paper industry since 1898

Offices Throughout The World

The British Isles
LONDON EC4, ENGLAND
Lyddon & Co., Ltd.
35 New Bridge St.

Parsons & Whittemore, Ltd.
Blackfriars House

EDINBURGH 1, SCOTLAND
Lyddon & Co., Ltd.
4a St. Andrew Square

European Continent
PARIS 8e, FRANCE
Parsons & Whittemore, SARL
5, rue Jean Mermoz

ZURICH, SWITZERLAND
Parswhit, Ltd.
Gotthardstrasse 6

HAMBURG 1, GERMANY
Parsons Export,
Aktien-Gesellschaft
Moenckebergstrasse 31

STOCKHOLM, SWEDEN
Lyddon & Co. (Stockholm) A. B.
Brunnsgrand 6

OSLO, NORWAY
Lyddon & Co. (Oslo) A. S.
Tollbugate 32

AMSTERDAM, HOLLAND
Parswhit Amsterdam, N. V.
Heerengracht 27

BRUSSELS, BELGIUM
Parsons Bruxelles, S. A.
26 Bd. Maurice Lemonnier

VIENNA 1, AUSTRIA
Oesterreichische Papier und Zellulosexport Gesellschaft
Singerstrasse 8

United States
NEW YORK 17, N. Y.
Parsons & Whittemore, Inc.
250 Park Ave.

Canada
TORONTO, ONTARIO
Manton Bros., Ltd.
93-103 Elizabeth St.

MONTREAL, QUEBEC
Manton Bros., Ltd.
970 McEachran Ave.

WINNIPEG, MANITOB
Manton Bros., Ltd.
384 McDermot Ave.

CALGARY, ALBERTA
Manton Bros., Ltd.
609 22nd Ave. N E

VANCOUVER, B. C.
Manton Bros., Ltd.
1074 Hornby St.

South America
SAO PAULO, BRAZIL
Parsons & Whittemore,
Maquinas Industriais, S. A.,
and Companhia Lyddon Materias Primas para Industriais
Rua 15 de Novembro, 269

RIO DE JANEIRO, BRAZIL
Parsons & Whittemore,
Maquinas Industriais, S. A.,
and Companhia Lyddon Materias Primas para Industriais
Ave. Presidente Vargas 4

BUENOS AIRES, ARGENTINA
Parsons & Whittemore SRL
Avenida Belgrano 271

Africa
SOUSSE, TUNISIA
Ste Lyddon & Cie de Tunisie
Avenue du 12 Avril 1938

LIBRARY 12 JUN 1955 MADRAS GOVERNMENT

The Economist

FOUNDED 1843

JUNE 11, 1955 ONE SHILLING

PUBLIC LIBRARY & STORE ROOM GOVT. OF MADRAS

For This Relief . . .

Tito's Tug-of-War

Siam, "Land of the Free"

How the Bill Tender Works

Recipe for Tea Shares

AMERICAN SURVEY: A Guaranteed Wage
THE WORLD OVERSEAS: The Danger at Gaza
BOOKS: Labour's Struggle in Australia

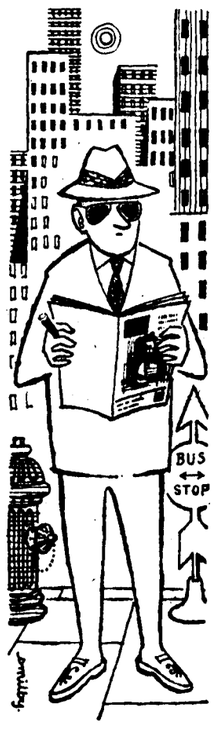
Annual Postal Subscriptions: by ordinary mail £3; by air see page 995

THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1

VOLUME CLXXV · NUMBER 5833

Nothing so dense in the whole U.S.A.

IN THE WHOLE of the U.S.A., home of mammoth-circulation magazines, there is no publication with a circulation-density to compare with that of the Radio Times in Britain. What is "circulation-density"? It is the circulation of a publication compared with the population of the area in which it circulates. In Britain the Radio Times sells 163 copies for every 1,000 people. In the United States, Life sells 36 copies and the Reader's Digest 67 copies for every 1,000 people. In fact, no publication in the world beats the Radio Times figure.



What is the significance of this fact? It means that British business men have an absolutely unique advertising medium to help them sell their goods or services—and the uniqueness of the Radio Times doesn't end with its circulation density.

Pound for pound, the Radio Times will put an advertiser's message before more total readers and more readers in the higher income groups for a longer period of time than any other publication or group of publications.

These are big claims but readership surveys, with which this country is unusually well supplied, substantiate their validity with statistical emphasis. With a circulation of well over 8,000,000 copies a week,* the Radio Times is bought by more people than any other publication. It goes into almost eight homes out of fourteen. It is read by every other man and woman in the country. Its pages are consulted any number of times a day for nine whole days after publication. Even this period of nine days is not the end of its active life as those who 'key' their advertising know. Coupons from advertisements continue to be returned by readers in significant numbers over many months—a considerable 'bonus' to advertisers.

PUBLICATION	CIRCULATION	DENSITY PER 1,000 POPULATION
RADIO TIMES	8,223,612*	163
READER'S DIGEST (U.S.A.)	10,500,000	67
LIFE (U.S.A.)	5,615,000	36

What is more difficult to weigh, but nevertheless a critical element in an advertising medium's worth, is the authority of the editorial context in which the advertisement appears. It is like trying to evaluate the benefit of a good address, or estimating the bonus in sales derived from transferring a shop to a street of high reputation. Some of the BBC's own authority, universally envied, carries over to the pages of its major publication to the benefit of any product advertised there.

Unfortunately, newsprint shortages continue to make the Radio Times a 'hard-to-get' publication. But the time will come when this unique magazine can be the backbone of *every* national campaign.

*Average Weekly Net Sales (A.B.C.) Jan.—Dec., 1954, 8,223,612.

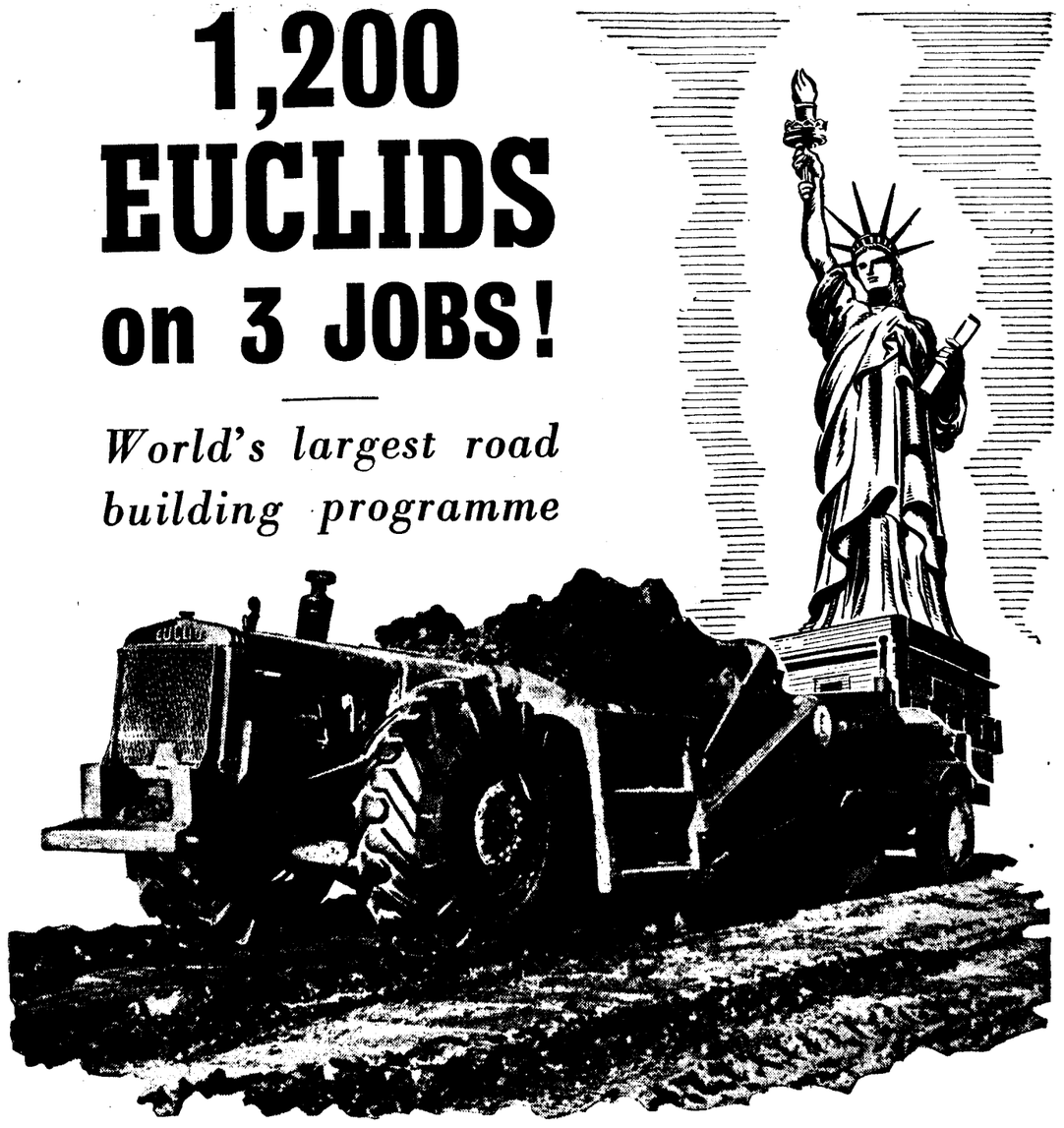
RADIO TIMES

LARGEST SALE OF ANY BRITISH PUBLICATION

A BBC PUBLICATION. ALL ENQUIRIES TO: TOM HEBB, HEAD OF ADVERTISEMENT DEPT., BBC PUBLICATIONS, 35 MARYLEBONE HIGH STREET, LONDON, W.1

1,200 EUCLIDS on 3 JOBS!

World's largest road building programme



EUCLIDS outnumber competitors by more than 4 to 1 on the Ohio Turnpike—a 261-mile road from the Pennsylvania border to the Indiana line—where 438 EUCLIDS are hard at work.

On the New York Thruway, more than 500 EUCLIDS are combating swamps, rock, sand and heavy clay to drive this new 427-mile road.

When it comes to rock jobs—deep cuttings and fills through mountains—the West Virginia Turnpike is really tough! But 260 EUCLID Rear-Dump Wagons are, in a matter of months, removing mountains that took nature centuries to build.

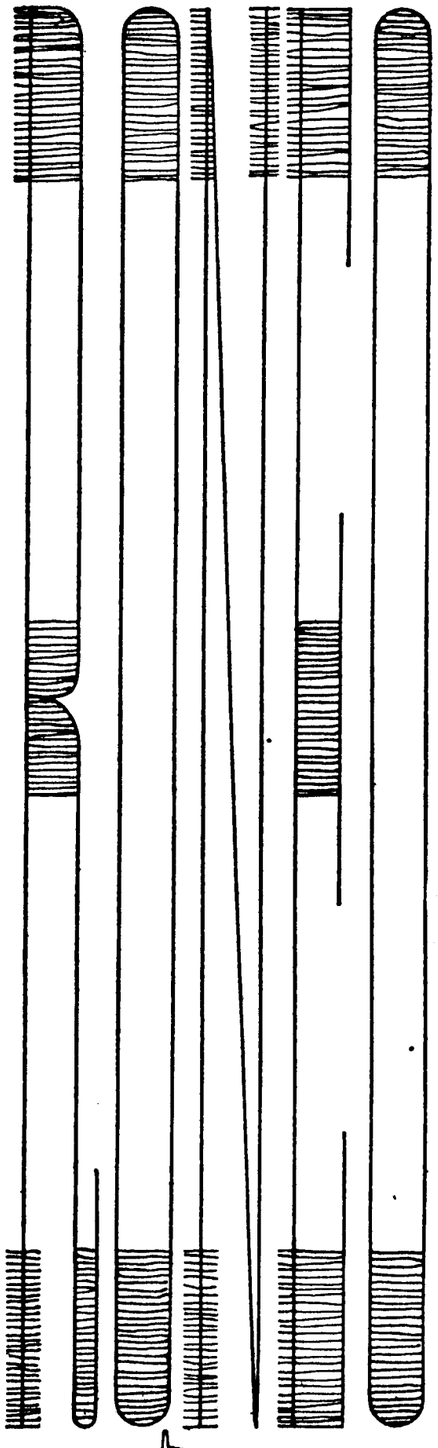
Whatever the job, EUCLIDS move *more* loads in *less* time at *less* cost.

EUCLIDS are available for sterling. They are distributed and serviced by:

Visit the Blackwood Hodge-Euclid exhibit STAND 58 Ministry of Works Building & Civil Engineering Plant Exhibition. Queenslie Industrial Estate, Glasgow 8th—15th June

BLACKWOOD HODGE

Subsidiary Companies Branches Works and Agencies throughout the World



LATERAL FILING

Compresses a lot into a little space

Bulk filing can occupy a great deal of valuable space as many business houses know only too well. RONEO LATERAL FILING is designed to compress a mass of documents into the compass of relatively little floor space. It can be installed very economically in existing shelving and cupboards; also in "awkward" spaces (corridors, landings and odd recesses) which are not normally used to advantage. If desired Steel Units, with open or protected fronts, are available. *RONEO LATERAL FILING saves staff time by giving speedy reference and ease of access.*



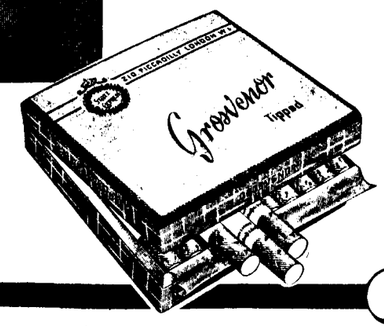
LOOK AT IT  *FROM HERE—THEN WRITE FOR FULL PARTICULARS TO RONEO LTD.*



"It's a fine change....

. . . to find a cigarette so smooth and satisfying. The pure white plastic fibres of the tip yield more flavour from the fine tobaccos. Try them—and prove that Grosvenor really do

DOUBLE your smoking enjoyment



If any difficulty is experienced in obtaining Grosvenor Tipped, please write to :—
The House of State Express,
210, Piccadilly, London, W.1.

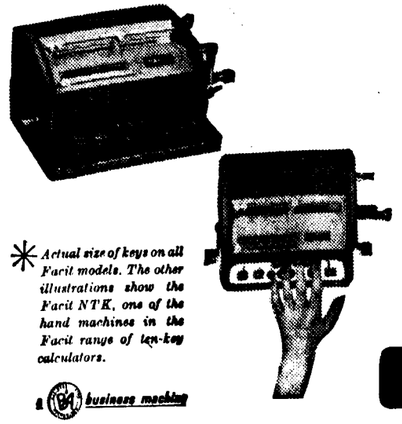
Grosvenor TIPPED

IN BOXES OF **20** for **3/7** AND FLAT CARTONS OF **10** for **1/9½**

Made by State Express

G.9

try these keys *



* *Actual size of keys on all Facit models. The other illustrations show the Facit NTK, one of the hand machines in the Facit range of ten-key calculators.*

a BM business machine

Why not try your hand at calculating . . . on a Facit ten-key calculator.
Nothing could be simpler. With only ten-figure keys to use, any member of your staff can become a proficient operator *after a few minutes' instruction.*
Think what this means—all the routine multiplication, division, addition and subtraction in every part of your business, can be handled by any clerk.
Essential figures can be computed at a moment's notice. Tedious, time-wasting figuring becomes high-speed, machine-perfect calculating . . . without special departments, trained staff or reorganisation.
You can also use FACIT for on-the-spot calculating and figure checks.
Your Director can use FACIT on his desk for rapid reckoning.
Your Accountant can use FACIT to speed the routine of his department.
Your Secretary can use FACIT on the figures in Company control.
Anyone can use FACIT to save time and labour, wherever there is more than a half hour's figure work a day.
There is a complete range of FACIT hand and electric models . . . each one a precision-built item of equipment for the modern office. Let us send you a FACIT to use on your own work for a day or two . . . or write first for full details to: **Block & Anderson Limited,**
58-60 Kensington Church Street, London, W.8. Tel: WEStern 2531.

FACIT ten-key calculators

IN TEXTILES

The WHOLESALER helps the MANUFACTURER

By selling his goods through the Wholesaler, the Manufacturer gains many advantages. He receives bulk orders in advance of the seasons and thus ensures an even flow of work throughout the year.

He saves the expense and worries of a large sales and distribution organisation, of credit control and increased office work. He avoids the problem of finding storage space for mounting stocks awaiting delivery.

The Wholesaler orders early, takes delivery for stock and pays quickly, thus enabling the Manufacturer to buy further raw materials. In textiles, the distribution channel of *Manufacturer—Wholesaler—Retailer* has consistently proved economically sound.

This is the SECOND of a series of four announcements describing how the Textile Wholesaler helps the Manufacturer, the Retailer and the Nation.

Issued by
The WHOLESALE TEXTILE ASSOCIATION, 75 Cannon St., London, E.C.4

Tib. 308

S-P-E-E-D YOUR BUSINESS—



...BY DIESEL RAILCAR!

Ideal for business men! New Diesel Railcars are now coming into service on long-distance non-electrified runs between large provincial centres. Travellers by Diesel Railcar enjoy high-speed with noiseless running, spacious comfort, meals served directly to compartments and all the latest methods of lighting, heating and ventilation.

DAY TRIPS. You can leave in the morning, travel from 350 to 500 Km., have several hours in which to conduct your business and return the same evening, in comfort. Examples: Day return trips from PARIS include La Rochelle, Lyon, Antwerp or Sarrebruck.

HALF-FARE CARDS which entitle the holder to unlimited travel between two particular stations or in a particular zone at half the standard fare can now be purchased without deduction from the basic travel allowance.

OVER-NIGHT TRIPS. You can leave in the evening, travel from 500 to 600 Km., stay the night at an hotel, devote most of the following day to your affairs and return to your headquarters that night. Examples: Over-night return trips from PARIS include Bordeaux, Grenoble, St. Nazaire or Zurich.

SPEED AND PUNCTUALITY. You can be sure of arriving on time for your appointments, for French Railways have an unrivalled reputation for speed and punctuality.

FRENCH RAILWAYS SNCF

Information, tickets and reservations from any good Travel Agent or French Railways Limited, 179 Piccadilly, W.1

CVS-122



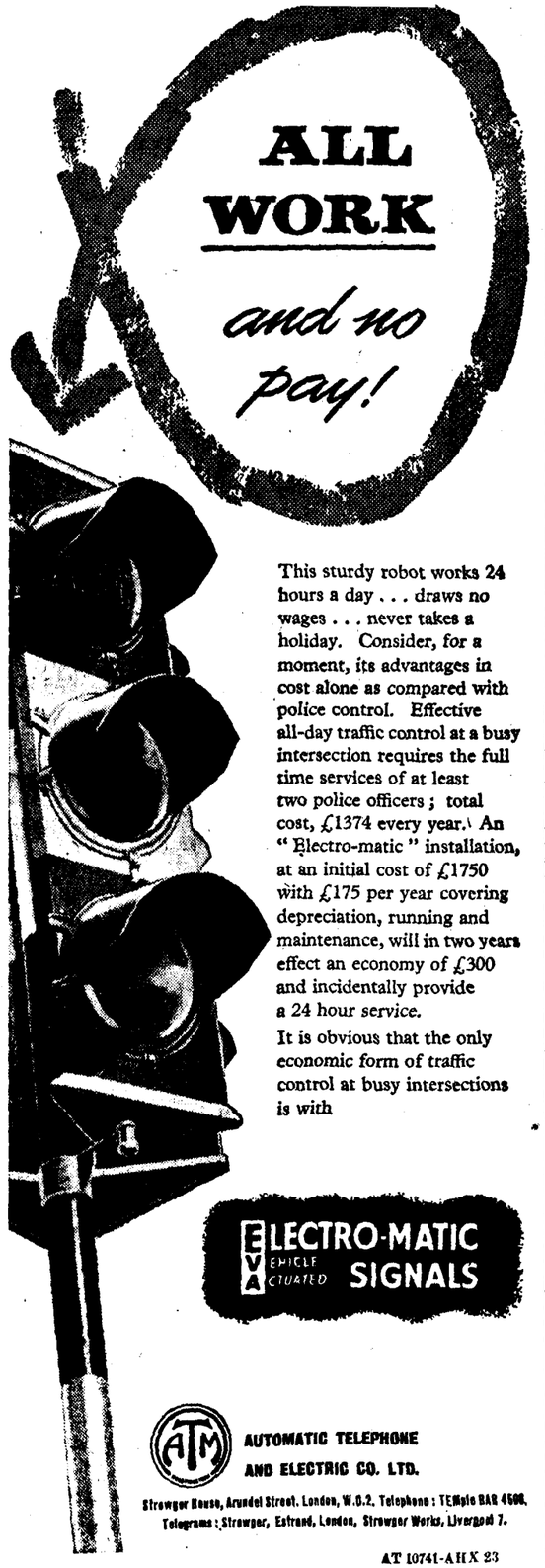
Can YOU look forward to plain sailing too?

They're vigorous, vital, and keen to get on and after eight years of marriage, they're looking forward to plain sailing with quite a bit of confidence. They're starting to buy a lot of the things they've been longing for, too. Some of them quite expensive. Are they choosing your products? Do they plan to? Today? Tomorrow, perhaps?

By facing the problems of our time realistically and presenting the news in a vigorous, modern style, the Daily Mirror appeals outstandingly to young readers. In fact, the majority of the 4,753,415 people who buy it every day belong to the all important younger generation. With long buying years ahead of them they're forming brand preferences now which may last them all their lives. If they take a fancy to your products you can look forward to plain sailing too.

With the biggest daily sale on earth, the Daily Mirror offers you the most powerful mass market coverage in the history of daily newspapers at the lowest square inch per thousand rate. Moreover, its readers are *young* readers. Your customers today—next month—next year.





This sturdy robot works 24 hours a day . . . draws no wages . . . never takes a holiday. Consider, for a moment, its advantages in cost alone as compared with police control. Effective all-day traffic control at a busy intersection requires the full time services of at least two police officers; total cost, £1374 every year. An "Electro-matic" installation, at an initial cost of £1750 with £175 per year covering depreciation, running and maintenance, will in two years effect an economy of £300 and incidentally provide a 24 hour service.

It is obvious that the only economic form of traffic control at busy intersections is with

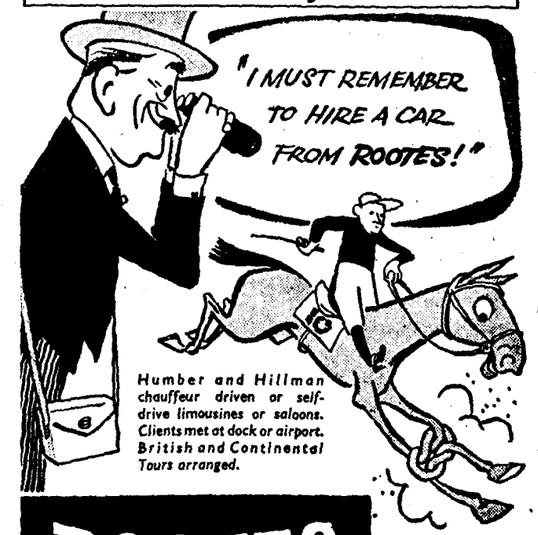
ELECTRO-MATIC VEHICLE ACTUATED **SIGNALS**

AUTOMATIC TELEPHONE AND ELECTRIC CO. LTD.

Strowger House, Arundel Street, London, W.C.2. Telephone: TEMple BAR 4500. Telegrams: Strowger, Estrand, London, Strowger Works, Liverpool 7.

AT 10741-AHX 23

ROYAL ASCOT JUNE 14-17



Humber and Hillman chauffeur driven or self-drive limousines or saloons. Clients met at dock or airport. British and Continental Tours arranged.

ROOTES CAR HIRE

ABBEY HALL, ABBEY ROAD, LONDON N.W.8

TELEPHONE: CUNningham 5141 | CABLES: Rootesshire, London

Also at:
MANCHESTER
BIRMINGHAM
MAIDSTONE
CANTERBURY
ROCHESTER
FOLKESTONE
WROTHAM HEATH

ABOUT NEWS LETTERS

News letters are the oldest form of journalism. Hand-written news letters were in wide circulation during the reign of Elizabeth I, and, indeed were important factors in politics long before that.

Modern news letters are in wide use amongst advanced students of world affairs, large business houses, in Government and diplomatic circles, and at military colleges and Universities.

Britain's leading news letters are subscribed to by over 40 official agencies of the U.S. Government alone. Official agencies of every leading Government subscribe to them.

The news letter is based on a special form of reporting. It is outspoken *in its presentation*. It publishes all the facts, theories, and trends behind international policy. Privately circulated, neither accepting advertisements nor bothered by news-stall circulation problems, the 20th century news letter is a private communication to its subscribers. Britain's top circulation news letters are prepared and published by

The Kenneth de Courcy Group

World Politics:	Investment & Finance:	Scientific News:
Intelligence Digest	The Weekly Review	World Science Review
60/- per annum	210/- per annum	30/- per annum

Do you take a news letter? If not, send for a free specimen copy. No responsible person can afford to be without one of the leading private news letters. If you do not take our Services, then there are others. But a news letter is an essential service, without which one's knowledge of world trends is not complete.

To: The Editor, Alderbourne Manor, Gerrards Cross, Bucks. E.2.

Please send details and specimen copy (free of charge) of:

1. Intelligence Digest ☐
2. World Science Review ☐
3. The Weekly Review ☐

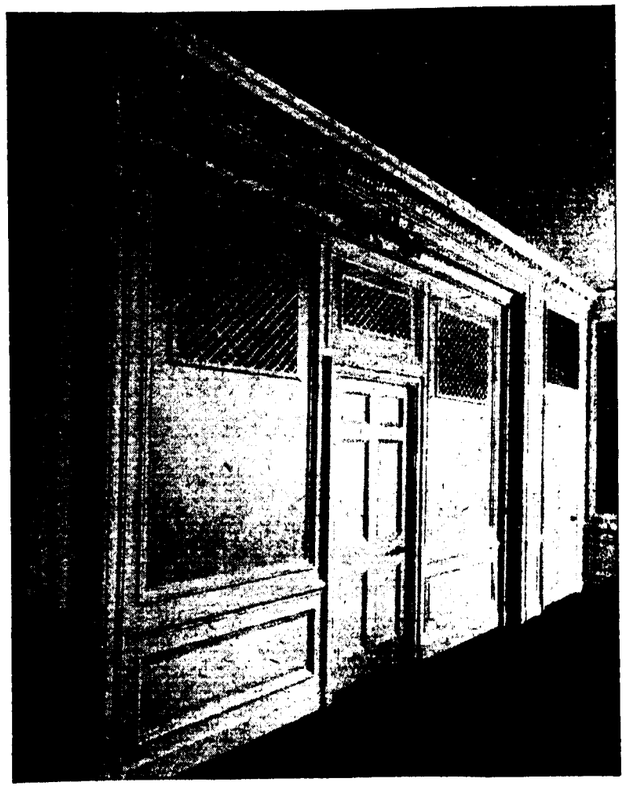
Name .....

Address .....

.....

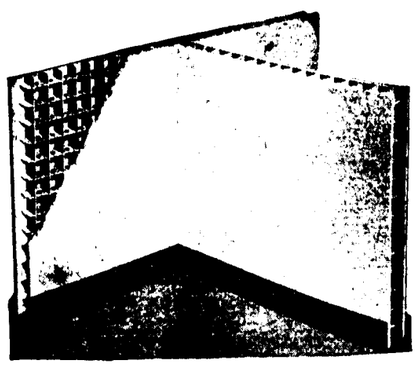
Date..... Signature.....

BATH HOUSE IN PICCADILLY, one of the stately Homes of London. It was built about the year 1740 for William Pulteney, the first Earl of Bath. Later, as the Pulteney Hotel, it housed many Royal personages including the Emperor Alexander of Russia. It was rebuilt in 1831 by Alexander Baring (later Lord Ashburton). It is now the headquarters of The British Plaster Board Group.



Conversion Work at its best

Only the best was good enough for this lovely room, now the Board Room of our Parent Company, The British Plaster Board (Holdings) Limited. The wall shown in this picture was constructed with **'Paramount' Dry Partition** the most up-to-date partitioning technique. Inexpensive and speedily erected, 'Paramount' Dry Partition is also very adaptable. The beautiful plaster work shown has been super-imposed on the partition and matches perfectly the existing décor.



Combine the best of the past with the best of the present by using—

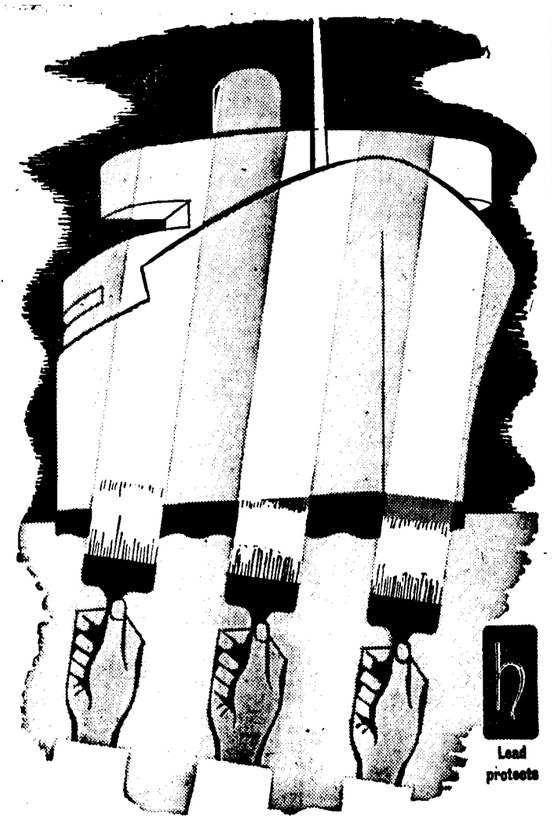
'Paramount' DRY PARTITION

write for details to—

THE BRITISH PLASTER BOARD (MANUFACTURING) LIMITED

BATH HOUSE, 82 PICCADILLY, LONDON W.1. Telephone: GROsvenor 7050

A.P.244.214



Steel needs paint

AND PAINT NEEDS LEAD

Research over the last twenty-five years by the British Iron and Steel Research Association and its predecessors has resulted in the recommendation of a special Red Lead/White Lead mixture as a priming coat for steel

(B.S.S. 2523: 1954. Type C)*.

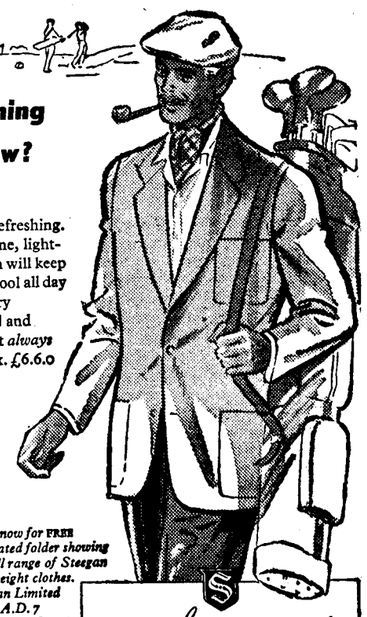
For undercoats and finishing coats, too, it is the lead in the paint that gives long and effective life however rigorous the exposure.

**The Lead Development Association will be pleased to supply on request a digest of a paper on this subject given by Dr. J. C. Hudson of B.I.S.R.A. to the Institute of Metal Finishing.*

Issued by **LEAD DEVELOPMENT ASSOCIATION · Eagle House · Jermyn St · S.W.1**

Telephone: Whitehall 4175 Telegrams: Ukleadman · Piccy · London DA.11

What's the coolest thing you know?



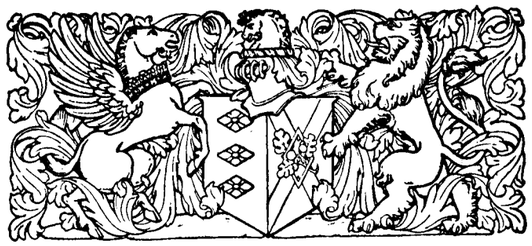
An iced lager? Yes, it's refreshing. But a Steegan jacket in fine, lightweight 'Moygashel' linen will keep you looking and feeling cool all day however high the mercury soars. Craftsman tailored and finished, a Steegan jacket *always* looks smart. Price approx. £6.6.0



Write now for FREE *illustrated folder showing the full range of Steegan lightweight clothes. Steegan Limited Dept. A.D.7 222 Regent Street. London, W.1.*

Steegan

SENSIBLE SUMMER COMFORT FOR EVERY MAN

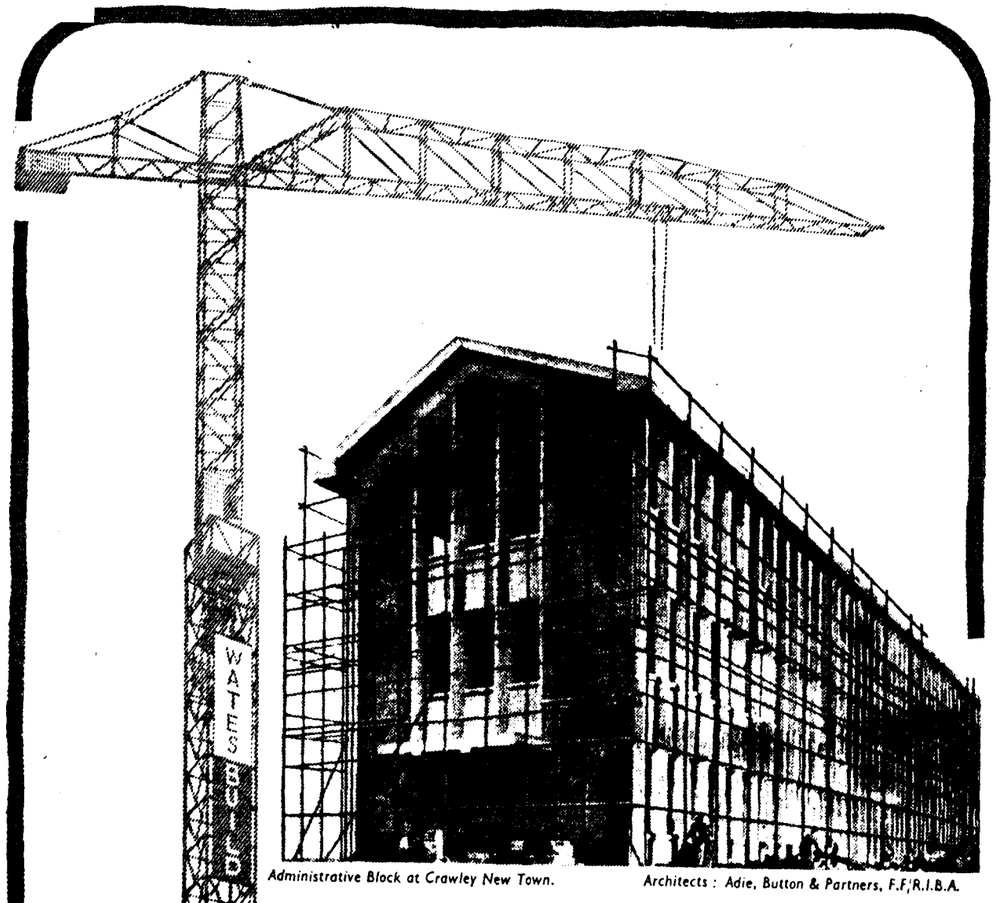


LEATHER UPHOLSTERY

MAKES YOUR NEW CAR A LASTING INVESTMENT

Real leather is unique for its enduring comfort and luxurious appearance. So, even if this refinement involves a little extra cost, you will be more proud of your car and, when the time comes to re-sell, your good judgment will be more than rewarded.

"YOUR CAR AND YOUR COMFORT" is the title of a booklet on the virtues of leather upholstery and gives an up-to-date price list of cars that are available with leather upholstery. *Write to:* The Dressed Hide Leather Publicity Committee, Leather Trade House, Barter Street, London, W.C.1



Administrative Block at Crawley New Town. *Architects : Adie, Button & Partners, F.F.R.I.B.A.*

BUILDING WITHIN A BUDGET

The most successful building operations today are the fruits of collaboration—the closest possible partnership of owner, architect and a widely experienced firm of builders and contractors. Wates are such a firm.

Wates believe in pre-planning, the scrupulous examination of all possible means of achieving the client's aims with maximum economy and at maximum speed. And the final drawings are those which crystallize optimum solutions to every aspect of the building problem. The Wates method invests the owner with complete control of costs : he gets his building at a price within his budget, and he gets it on time.

Wates building operations are economical because they make full use of the latest mechanical equipment, because they employ resources of men, materials, machines and architectural talent to maximum advantage.

These services are offered either on a fixed fee basis or at a fixed inclusive price. Consult Wates or put them on your tender list—it pays.

WATES BUILD

Wates Offer :

The advisory service of their experienced engineering, surveying and planning departments.

Efficient and highly economical building to precise programmes.

Financial assistance covering building contracts and the purchase of sites.

WATES LTD *Building & Civil Engineering Contractors*

HEAD OFFICES · 1258/1260 LONDON ROAD · S.W.16 · *Telephone: POLlards 5000*

LONDON · DUBLIN · NEW YORK

The ALUMINIUM CENTENARY EXHIBITION

is now taking place at the

FESTIVAL HALL · SOUTH BANK · LONDON

A Glimpse of the Past...
A Record of the Present...
A Peep into the Future...

Admission tickets may be obtained from the organisers, The Aluminium Development Association, 33 Grosvenor Street, London, W.1

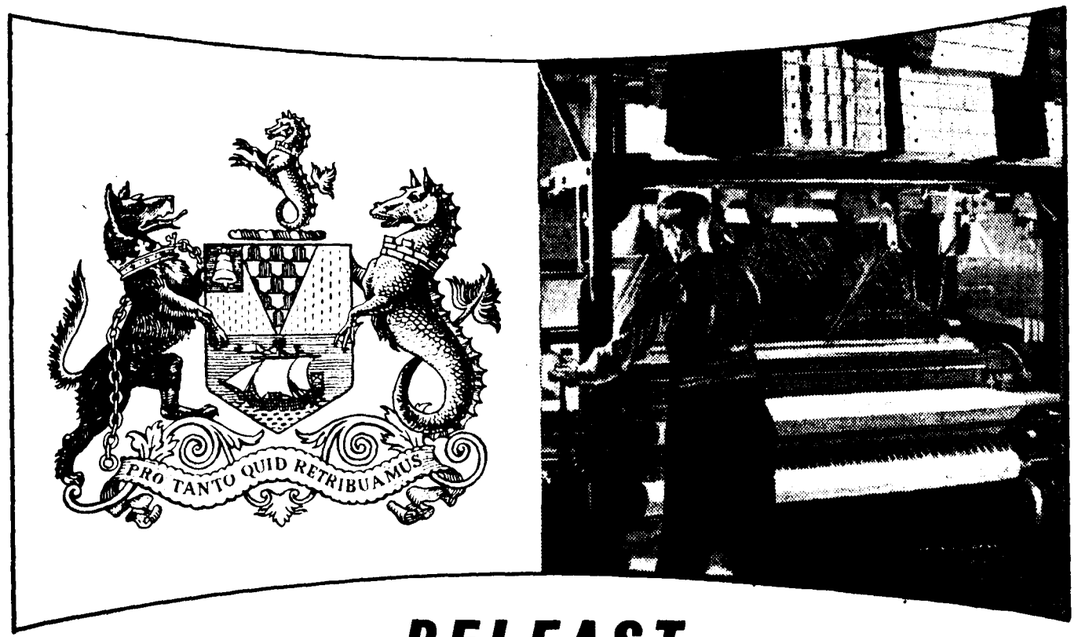
ALMIN LIMITED

ALMIN HOUSE · STOKE POGES · BUCKS **Telephone: SLOUGH 25061-4**

Almin Ltd. is the parent of a group of ten companies organised to meet the needs of modern industry for Aluminium — from Alloys to Finished Products.

"If it's Aluminium - ask Almin!

The World is their Market



BELFAST

Linen manufacture in the city of Belfast was developed into a flourishing industry by Huguenot refugees during the eighteenth century. In Belfast today they will tell you they make the finest linen in the world. And so they do. But they'll also tell you that *quality manufacture alone* is not enough if their products are to hold their own in the international market. Competition from the linen industries of other countries is increasing—and increasing fast.

It's the same whatever the industry, whatever the business. Making products for the world is only half the job. You've got to show them, sell them—and *sell them hard*—wherever a market for them exists. Many manufacturers are doing this with remarkable success through the pages of TIME, The Weekly Newsmagazine.

WORLD SALES FORCE

TIME's net paid audited circulation exceeds two-and-a-quarter million copies weekly (ABC). There are five separate editions of TIME* with the same editorial content. One circulates only in the United States—the other four, the *International Editions*, are published simultaneously in English and read by important people in more than 100 countries outside the U.S.A.

Ninety-three of every 100 readers of TIME's International Editions hold influential positions in business, government and the professions. They look upon TIME not only as the best means of keeping abreast of international news, but as an introduction to the world's foremost companies and products.

You can buy advertising space directed to those markets which interest you most—through one edition, any combination of *two*, *three* or *four*, or in all *five* of the world-ranging editions of TIME.

Advertising in TIME sells around the world!

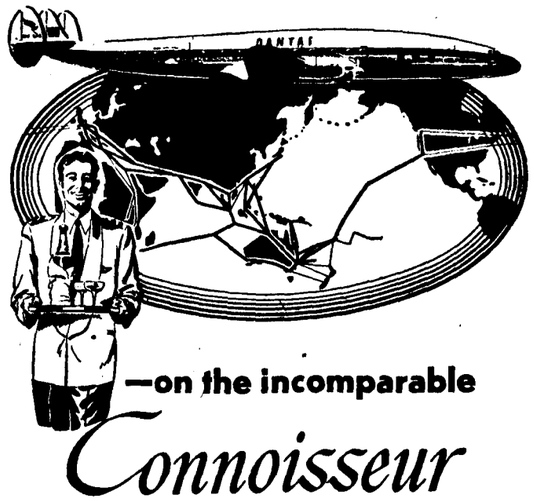
TIME

THE WEEKLY NEWSMAGAZINE

*TIME **Atlantic**
TIME **Pacific**
TIME **Latin American**
TIME **Canadian**
TIME **U.S.**

TIME & LIFE BUILDING, NEW BOND STREET, LONDON W1 · *Telephone:* GROSVENOR 4080

Fly across the world in Super Constellation luxury



—on the incomparable

Connoisseur

ALL-FIRST-CLASS SERVICE

Enjoy QANTAS' super-service all the way from London to San Francisco via Sydney, Australia. Limited passenger list . . . delicious meals with champagne . . . luxurious Sleeper-chairs . . . spacious lounge . . . a cabin crew of four! And all this costs no more in air fare. Your Travel Agent will gladly supply full details.

QANTAS

AUSTRALIA'S OVERSEAS AIRLINE

Qantas Empire Airways Ltd. in association with B.O.A.C, B.E.A. & TEAL

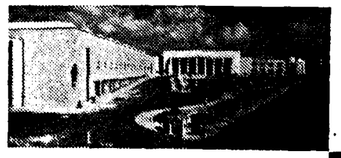
QANTAS BOOKING OFFICE: 69 PICCADILLY (MAYFAIR 9200) OR ANY OFFICE OF B.O.A.C.—our General Sales Agent

To exhibit at Charleroi . . .

is to reach to the very heart of one of Belgium's most important industrial regions.

2nd INTERNATIONAL TECHNICAL AND INDUSTRIAL EXHIBITION

World Market for products of highest technical values



17th September—2nd October 1955

CHARLEROI

Mines and Quarries . Iron & Steel and Metallurgical Industries Mechanical & Metallic Constructions Electricity—Electronics . Glass Industry . Chemical Industries . Ceramics Production and Distribution of Energy

Information and Documentation:
W. H. Wadmore, 56 Victoria Street, LONDON
PALAIS DES EXPOSITIONS CHARLEROI (Belgium)

-ABDULLA-

MAKE

THE BEST

VIRGINIA

CIGARETTES*

14,388,000 TONS OF STEEL IN 1954
...DELIVERIES OF FINISHED STEEL
INCREASED BY 18% SINCE 1949...
OUTPUT NOW ENOUGH TO BUILD
5 FORTH BRIDGES A WEEK!



...it's part of Britain's progress, to which

'ENGLISH ELECTRIC'

contributes, at home

and abroad

New factories, increased activity, more goods in our shops, are proof of Britain's progress.

Since 1949, Britain's industrial output has risen by 20% and the value of British exports has gone up by 42%.

More goods at home, more of the exports the country depends on . . . mean *better living for Britain.* In both ways ENGLISH ELECTRIC is playing a vital part.

Production needs power. 50 power stations have been brought into commission by the Central Electricity Authority since April 1948; output of current has risen by 60%. Much of the equipment for these power stations has been provided by ENGLISH ELECTRIC.

And ENGLISH ELECTRIC makes the motors and other electrical gear by which industries *use* power for production.

Export success

Moreover, ENGLISH ELECTRIC is a vigorous exporter of equipment—and of engineering skill. *Approximately half its business is overseas.* All over the world, ENGLISH ELECTRIC is earning foreign currencies for Britain—and a reputation that helps all British exports.

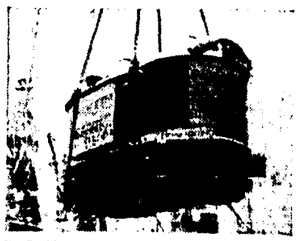
This Company encounters diverse problems; solving them adds to the store of *experience* through which its resources are combined in making their contribution—at home and overseas—to Britain's progress.



POWER FOR INDUSTRY. *This* ENGLISH ELECTRIC *60,000-h.p. steam turbo-alternator in Thornhill Power Station helps to provide power for industrial Yorkshire.*



POWER IN INDUSTRY. *The power for this 60-ton electric melting furnace at Stocksbridge is supplied through an* ENGLISH ELECTRIC *switchboard and transformer.*



EARNING DOLLARS. *One of two 125-MVA three-phase transformers, built by* ENGLISH ELECTRIC *for the city of Seattle in the United States, being loaded at Liverpool.*



DEVELOPING MARKETS OVERSEAS. *One of five* ENGLISH ELECTRIC *straight-flow valves, the world's largest, for the Castelo do Bode and Cabril Power Stations in Portugal.*

bringing you  **better living**

The English Electric Company Limited Queens House, Kingsway, London, W.C.2

The Economist

FOUNDED 1843

JUNE 11, 1955

ONE SHILLING

For This Relief 915
Tito's Tug-of-War 917
***Siam*, "Land of the Free"** . . . 919

NOTES OF THE WEEK

Spanner or Olive Branch?; Unappetising Diet; The Main Courses; Red Carpet for Dr Adenauer; On the Upper Slopes; Operation Greybeard; Patience Not on Strike; Relaunching "Europe"; Fogging the Formosa Strait; The Fate of Simonstown; Newspaper Dispute Again?; Peace at the Ports?; Guessing Game; Same Again in Holland; Little Landslide in Sicily; Polling Dates Along the Mekong; Queueing for the Test; Uganda in the Melting Pot; Doctors and Heroin. 921

LETTERS TO THE EDITOR . . . 931

BOOKS 932

AMERICAN SURVEY

A Guaranteed Wage 937
Liberalism in Practice; Green Light for Foreign Aid; Merry Month of June; Who Buys Houses?; Harnessing the Sun; Perennial Drought; Shorter Notes.

THE WORLD OVERSEAS

The Danger at Gaza 944
France's "European" Feud; Indian Socialism and the State; Free Trade Unionists in Vienna; South Africa's "Historic Mistake."

THE BUSINESS WORLD

***How* the Bill Tender Works** . . . 953
Recipe for Tea Shares 955

BUSINESS NOTES

Effervescent Markets; Steel Thrust; Coal Now and Next Winter; Output Without Transport; The Price of Coal; Bargaining for Comet IVs; Power Behind the Atom; Hard Selling in Wool Textiles; MG Up to Date; Russia in the Rubber Market; Fats to Feed the World; Boom Statistics; Currency and the Strike; Juggling with "Free" Sugar; Rio Tinto Pays Out; Shorter Notes. 957

COMPANY NOTES AND SECURITY PRICES 969

STATISTICS 972

Registered as a Newspaper Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

For This Relief . . .

LAST Tuesday, after four and a half years of hard work, the Royal Commission on the taxation of profits and income produced its final report. It would be impertinent to offer firm conclusions on the report in a mere four and a half days; it is destined in its scope, in its breadth of discussion and in its free expression of dissenting views, to be the formative document on income tax of this generation. Together with the Commission's two interim reports (on the taxation of overseas earnings and the taxation of personal incomes) and flanked by the two Tucker Committee reports (on the assessment of taxable profits and the taxation of pension schemes) this final report completes the most comprehensive grand inquest that has ever been held on direct taxation in this country. The first duty of all good taxpayers must be to thank Lord Radcliffe and his colleagues for their patient labours, for their care for the Queen's English, and for the scrupulous quality of their argument.

To many, this will nevertheless seem a disappointing report. It is well endowed with reservations, and it contains a formidably argued memorandum of dissent signed by the two trade union members and Mr Nicholas Kaldor. The majority report, plus the unfinished business carried over from the two interim reports, will keep any Conservative Chancellor fully employed for the next five years. The minority report must cheer up any prospective Labour Chancellor during his enforced period of opposition. Yet it would be an exaggeration to think of the two reports as rigidly opposed tracts from the Right and the Left. The minority argue for subjecting capital gains to income tax (though not to surtax); but the ordinary man who disagrees with them will concede that they argue their case no less well than the majority who find against such a tax. It is the minority's dissenting memorandum that cuts through the objections to a single-tier corporation profits tax (the majority reject this by a narrow margin of argument) and indeed suggests that it should be levied at the rate of 33⅓ per cent; the majority would improve the present system but evidently expect companies to pay about 50 per cent. And it is the minority who come out clearly for giving earned income relief to all incomes, no matter how large, that are assessed under Schedule E rules. Thus the Royal Commissioners have not spoken with one voice, and the dissenters have produced some good arguments—as they did in the second interim report—capable of appealing to many people who have never voted Labour.

Simplicity, intelligibility and fairness are cardinal virtues in any tax system. The British system does not lack these virtues, even though equity soon gets in the way of simplicity, and the sheer weight of taxation often magnifies the defects into serious grievances. These are conditions outside the Royal Commission's terms of reference and beyond its power to remedy. It has been forced, moreover, to make one broad assumption that will cause raised eyebrows; the assumption is that there will be no marked change in the value of money.

"If we could not take it as our premise that stability of purchasing power is the normal thing to be expected . . . our review would be beating the air. . . . Indeed, if we had thought that we were obliged to assume a persistent decline in the purchasing power of money, even if only a slow one, our examination of the problems of dealing with the inflationary elements in profits . . . would have started on a different basis and might have reached a different conclusion." This is a large assumption, and it seems to come close to imperilling the Royal Commission's conclusions on the proper scale of relief that the tax system should allow for the depreciation of productive assets. The report comes down solidly in favour of the "historical cost" school, and rejects the arguments of most economists and some accountants that depreciation should be allowed on the "replacement costs" of the fixed assets that are being used up in production. It is true that the impact of rising prices on capital replacement now seems much less severe than it was in 1951 when the Royal Commission and its witnesses started their work. It seems equally true that the more dire forecasts of the erosion of industrial capital through the inadequacies of depreciation allowances in a period of inflation have somehow not come to pass. But if the premise of no further inflation should turn out to be wrong, then the endorsement of depreciation based on historical cost would turn out to be fallible, too.

There is a sharp contrast, indeed, between the Royal Commission's conventional conclusions about the depreciation of fixed assets by reference to historical cost and its forward-looking findings on the valuation of stocks in computing profits. The majority are prepared (subject to one rather formal reservation) to admit the "last in first out" principle in the valuation of stocks. These questions abound in technical jargon, but the upshot is this: whereas the Royal Commissioners are not in favour of taking the inflationary element out of profits to the extent that it arises from insufficient provision for fixed assets, they are prepared to take the inflationary element out of profits to the extent that it arises from increases in the price levels of stocks. Despite the contradiction, here is an important gain of principle; it would mean a great relief to industry in a period of galloping prices, and a correspondingly heavy reduction of taxable income in those circumstances.

★

Something, at any rate, of the heat has been taken out of these controversies by the comparatively moderate behaviour of prices in the last two years. Industry has gone ahead, profits have risen, and even the biggest companies have managed to survive. The report offers the hope of an important, if still partial, measure of reform in the computation of profits by its endorsement of LIFO. And while the majority are not prepared to go to the logical limits, proposed by Mr Kaldor and his associates, of a straight corporation profits tax, they unhesitatingly reject the conception of a differential profits tax, as introduced by Dr Dalton in 1947. They find that the economic arguments in favour of a heavy tax on distributed profits are dubious; they emphasise the uncertainty and weight of the potential tax liability that companies bear if they should in future years make payments that can be construed as distributions for profits tax purposes. The differential rates of profits tax should be brought to an end and replaced by a single rate which, it is suggested, "would be a good deal nearer to the lower rate of 2½ per cent than the higher rate of 22½ per cent."

This proposal is welcome, despite its limitations. The majority reject, for reasons that are a compound of technical and philosophical objections, any notion of a single-tier corporate profits tax. Company profits, they say in effect, ought to be subject to their own tax régime—a régime that goes beyond the old conceptions of the Colwyn Report of 1920 that companies should be regarded largely as mere agents, collecting in advance the personal income tax due by their members. In tax law and practice, these conceptions have long been discarded; but it is one of the important merits of the Radcliffe Report that it sets out an acceptable philosophy of the taxation of company profits as a distinct class of incomes. It is a matter for regret that the Commissioners were unable to accept the final logic of a separate tax for them.

★

Most of the Royal Commission's work comes under the heading of useful improvement, rather than major reform. One does not fell an oak tree to change its shape; the tax tree has grown over a century and a half, and the Inland Revenue, which has the responsibility for collecting the acorns, can be forgiven, up to a point, for tendering cautious advice when drastic reforms are proposed. To some, the balance of the majority report may seem to err too far on the side of caution. But this does not arise from any merely complacent acceptance of the tax system as it is. The report might have gone further, perhaps, in considering the highly favoured position of the small incorporated business under British tax laws. But many of the detailed proposals are on the side of equity and reason, and the British tax system, for all its complications, has been built on the foundation of these two principles. The modification that the majority propose to the present narrow and strict rule governing the expenses that can be deducted from wage and salary incomes is a good case in point. Because of the different treatment of expenses, it has been said that Schedule D incomes (from profits or professional earnings), and Schedule E incomes (from employment) are in essence taxed under two separate systems—not two Schedules so much as two distinct taxes. Whether the more liberal form of words proposed for Schedule E expenses is the best that can be devised remains to be seen; but the spirit of the proposal, to hold justice more evenly between the two main classes of tax-paying persons, is welcome.

There are other suggestions, undramatic in form but excellent in intention, such as the averaging of widely fluctuating incomes, the acceptance of the "current year" basis of assessment for companies, and the new proposals for taxing compensation for loss of office. The Royal Commission has spared the time to consider the tax advantages of "playboy ploughboys," and would stiffen the rules against those whose farming activities (in their admirable phrase) "can be seen clearly to lack commercial inspiration." But when these items have been listed, they merely pick the eyes out of the Radcliffe Report. There is vast material here for more considered discussion in later issues of *The Economist*. From a quick first reading of the report, and from his fuller acquaintance with the two interim reports, the British taxpayer ought to be grateful for many proposals that will ease his burdens, particularly if he is in the middle income group, and set right many injustices. Given the limiting terms of reference and the composition of the Royal Commission, this is still a great achievement. Now it is the Chancellor's turn.

Tito's Tug-of-War

IN Moscow and the satellite capitals the declaration issued after the Soviet-Jugoslav talks has been received with enthusiastic approval. It could hardly be otherwise. But it is doubtful whether the Russian leaders really feel such unalloyed satisfaction over the results of their journey to Belgrade as their leader writers and radio commentators are in duty bound to feel. It would be wrong to talk about their mission in terms of failure; but it is inconceivable that they would have embarked on such an enterprise unless they expected great things from it and, in some important respects, Marshal Tito has certainly been a great disappointment to them.

The Russian delegates may have left Belgrade with a document in their briefcases that endorses—so far as it goes—the main lines of Soviet foreign policy, but any plans they may have had for staging a triumphant and magnanimous (on their part) reconciliation between the Soviet and Jugoslav Communist parties were firmly knocked on the head at the outset. On the contrary, in the final communiqué, any mention of either Communist party was conspicuous by its absence; the "inter-state" character of the talks was underlined—at Jugoslav insistence—by having the document signed, not by the official leader of the Soviet delegation, Mr Khrushchev, but by Marshal Bulganin, who may, in Belgrade, have played second fiddle to the party boss, but is Prime Minister of the Soviet Union; and, finally, the Russians accepted an astonishing and unparalleled declaration that "different forms of Socialist development are solely the concern of the individual countries." In other words, the "mutual understanding" between the two Communist parties for which Mr Khrushchev pleaded in his famous speech at Belgrade airport is to consist, in effect, of an agreement to disagree.

Moreover, if the leader of the Soviet Communist party imagined that the Jugoslav leaders had smouldering regrets for their estrangement from the rest of the "Socialist camp" which he would be able to fan into vigorous flame, he proved to be very much mistaken. Mr Khrushchev may have managed to live down some of the tactlessness with which he celebrated the first moments of his first venture outside the borders of the Sino-Soviet world; but he went on behaving very much as if he lived in a Communist world of his own, and his continued ineptness only served to confirm the Jugoslavs in their belief that they have nothing to learn from their former masters, and are better off as they are.

Obviously, the Russians will squeeze the last drop of propaganda and bargaining value out of the declaration on improving international relations in general that was signed in Belgrade. This has rather more stuffing to it than the blamelessly innocuous five-point declaration of Mr Nehru and Chou En-lai. But it is still couched in very vague terms; and in no case have the Russians succeeded in persuading Marshal Tito to accept something that he would not have been perfectly ready to accept without a personal visit from Mr Khrushchev and Marshal Bulganin. The declaration gives the impression of a well-fought-over battlefield, from which both combatants have withdrawn with no advantage ceded without a compensating gain and with the battle honours even.

Marshal Tito agrees to condemn "military blocs" (which he has in any case been doing for some time), but there is nothing to suggest any breath of criticism of the Balkan Alliance, which has always been regarded by the Russians with the most categoric and vituperative disapproval. He agrees that there should be a system of general security which would include special arrangements for Europe, and that there should be an agreed settlement of the German question "on a democratic basis in conformity both with the wishes and interests of the German people and in the interest of general security"; but there is not a word to suggest that he specifically subscribes to Mr Molotov's long-cherished European security plan or that he is prepared to fall in with Russian ideas of the form that a German settlement should take. He implicitly supports the repeated Russian demand for the abolition of the western embargo on the export of strategic goods to the Communist bloc; but in return he gets the Russians, who have always denounced all western aid as a form of "enslavement," to approve of economic assistance

through the United Nations " or in other forms which are in accordance with " United Nations principles.

High-sounding and unexceptionable declarations between members of the Communist bloc and uncommitted countries outside are becoming increasingly fashionable. But although these may lead to a more relaxed atmosphere and generate a certain amount of ingenuous good will towards the Communist bloc, they do nothing to paper over the real and deep rifts that divide it from the rest of the world. If the Jugoslavs ever had any doubts about this, they are unlikely to have them now. Indeed, all through the Russian visit their press was emphasising that Soviet-Jugoslav differences could not be settled at the drop of a hat. And an article in the semi-official *Borba* towards the end of the talks, stating categorically that it was quite wrong to believe that the progress of the world depended on the expansion of one or other ideological bloc, suggests that on the most fundamental and long-term issue of all, the Jugoslavs very definitely did not agree with their Russian guests. There must have been a good many raised eyebrows in Belgrade when Mr Khrushchev, after accepting a declaration that extols " peaceful co-existence . . . regardless of ideological differences " and condemns military blocs, proceeded to beat all the old war-drums in the Victory Square in Bucharest, and to assure his audience that the Soviet-Jugoslav agreement was part of the Soviet-led struggle " against reaction and imperialism " and that Soviet Russia was not weakening in the struggle.

★

It is easy to understand why Mr Khrushchev felt it necessary to go home by way of Sofia and Bucharest, even though we can only guess at what he said to the satellite party bosses who gathered to confer with him. The visit to Belgrade, the attempt to blame Beria for the Tito-Cominform quarrel (a tale which has not actually been suppressed in the satellites although, understandably, it has been given the minimum of publicity and attention), the startling admission that Titoism is after all a respectable form of " Socialist development "—all this must have left the satellite leaders wondering whether they were coming or going. Most of them have climbed to power over the bodies of men accused of " Titoism " and " nationalist deviations," and however strong may be the popular longing for a change, the men in power are unlikely to relish any radical alteration in the *status quo*. In fact, however, on present evidence, any such change does not seem very probable.

It is true that the strongest reverberations of the Russian visit to Belgrade may well be felt in Eastern Europe, but it is too early yet to estimate either their strength or their exact nature. There is no reason to suppose that the Russians are at present considering any dramatic reversal of policy in Eastern Europe, or that they would ever be willing to do so unless the *quid pro quo* were something equally dramatic. It must be remembered that if the satellite leaders are told that they can strike out on their own a little, they are most likely to want to do so in the economic field, where obedience to Moscow's demands has involved them in a wealth of popular disapproval and a multitude of difficulties ; but that it is precisely in this field that Moscow, with its scheme for the inauguration of co-ordinated five-year plans throughout the bloc in 1956, is demanding even closer conformity with its own policies. It is quite possible that the Cominform may be openly or tacitly abandoned and another organisation with a new and more fashionable look set up in its place. But although the Russians may have decided to shift or camouflage their grip on Eastern Europe, there is no sign as yet that they have made up their minds genuinely to loosen it.

★

Marshal Tito, however, seems to hope that he may now have forged for himself a weapon with which eventually to prise open Moscow's hold on the satellites. The Russians have agreed to the reciprocal establishment of information services, and have promised to assist the " exchange of socialist experiences and a free exchange of opinions." It appears also that together with whatever other assurances and explanations Mr Khrushchev saw fit to give the satellite leaders, he told them that they too will be expected to join in the general swapping of ideas and experiences. In other words, if the agreements are put into effect, there is now to be a grand war of words for the soul of the satellites. Already the Jugoslavs have pointed out that it is not they themselves who stand to benefit most from the declaration on different forms of Socialism, but those Socialist countries which have not yet been able to develop according to their own peculiar needs. In Khrushchev's eyes, of course, it is a war for the soul of the Jugoslav Communist party, whose real feelings, he no doubt hopes, are not adequately represented by its present leaders. Marshal Tito, for his part, must realise that the game on which he has embarked is not without its risks, but he may well believe that the Russians suffer from grand illusions about the powers of attraction of their own brand of Communism and reckon that they are courting far greater risks.

For the Russians, this pull-devil-pull-baker ideological struggle—if it really materialises—is probably an unexpected outcome to their Belgrade visit. The mystery of what exactly they did hope to get out of it has not been made any less cloudy by Marshal Tito's firm refusal to tag along behind them. Through his own resolution and the backing of the western powers he has been able to negotiate with the Russians from a position of strength, and he seems to have resisted their blandishments as stoutly as once, in Jugoslavia's time of weakness and isolation, he resisted their worst threats.

Siam, "Land of the Free"

UNDER the guidance of Field-Marshal Pibul Songgram, now in Britain on an official visit, the Siamese have taken sides in the cold war, firmly and unequivocally. Theirs was the first nation to ratify the South East Asia Collective Defence Treaty (Seato); their armed forces are being trained and equipped by the Americans, and the organisation of their para-military police owes much to British methods ; they are collaborating with the Malayan authorities in the search for Communist terrorists along the southern border of Siam. They are, moreover, the only directly threatened nation in the region which has dared to join Seato—although southern Vietnam, for one, would doubtless have done likewise if freed from a restrictive clause of the Geneva agreement. One need not share Marshal Pibul's apparent fatalism to understand the anxiety that inspired his recent prediction that a third world war was inevitable. Nor should one try to discover a deeper symbolical meaning in his name, which he assumed as a rising officer more than twenty years ago, and which means " great war."



To be swimming vigorously against the tide in a sea of neutralism is a test of any swimmer's capacity ; there has, however, been no sign of flagging on the part of the Siamese. Marshal Pibul's anti-Communist policy has been as audaciously implemented on the international front as it has been strongly executed on the internal front by his able lieutenant, police General Phao Sriyanondh, another recent visitor to London. Abroad, Siam is a member of an anti-Communist alliance ; at home, it seeks to raise a standard of living that is already one of the highest in Asia in a commendable effort to create a climate of resistance to subversion. That these exertions, whether economic or military, would be largely inadequate without American backing, is irrelevant ; the point is that they are being made, that the will to undertake them is present.

In its entirety, the problem of security that confronts the Siamese is immense. If it has seemed at times that they have tended to exaggerate the peril from outside and to underrate the enemy within, the reason may have been a desire to put Siam's case for military aid in the strongest possible light, while emphasising its ability to keep its own house in order—always an encouragement to investors and military planners. Yet it cannot be denied that the danger, whether inside the country or on its periphery, is considerable. Internally, neither Marshal Pibul not General Phao has been willing to concede that there were more than fifteen hundred active Communists, with a further ten thousand sympathisers—all among the Chinese minority of three millions. These are almost infinitesimal figures in a country of more than nineteen million inhabitants. Siamese spokesmen have insisted on the immunity of their Buddhist and royalist nationals to the threats or promises of Communism. But a similar insistence on the part of the neighbouring Cambodians and Laotians did not prevent the development of strong Communist movements ostensibly acting in support of local nationalist bands. It may be retorted that Siam, which alone of the South East Asian countries escaped the tide of colonialism, offers soil insufficiently fertile for the growth of " crypto-nationalism." But it would be wrong to over-estimate the resistance to subversion of say, the Lao people in its north-eastern provinces.

Subversion, from without, remains indeed the main problem. " Crypto-nationalism " may not be a danger in the strictly Siamese context ; but it certainly is in the wider sense of Thai nationalism. One ambitious movement, and two smaller ones, are the self-appointed instruments of this sentiment. The ambitious one, that of the Free Thais, is an old Communist gambit, which nourishes itself on dreams of a Thai Federation that would include the ethnically similar populations of Yunnan, the Thai country of Tonking, Laos, Siam and part of Burma. The " autonomous " Thai territories in Yunnan and the Thai-Meo autonomous region recently set up by the Viet Minh in the Dien Bien Phu area

are examples of the kind of unit that would belong to the wider federation if it were ever realised. For some years, the idea had been dormant. It was given a fresh impulse in 1953 with the first Viet Minh invasion of Laos, which resulted in the establishment of the "state" of Pathet Lao; and a further impetus was provided by the highly publicised appearance of the former prime minister of Siam, Nai Pridi Phanomyong, in Peking nearly a year ago. Last September, Marshal Pibul's spokesman in Bangkok announced that the Siamese government feared "imminent" aggression by Pridi's Free Thai army. The Siamese claim that Pridi now has twenty thousand men under arms, but it may be doubted that the lethal properties of these arms meet modern requirements. At the same time, Pridi, once a resistance hero high in Britain's esteem, seems to have alienated much of his presumed following in Siam by his open association with Peking. The most potent instrument of subversion might eventually turn out to be the Pan-Lao group, the second—and at present much the less effective—of the smaller movements associated with the Free Thais. There is, in any case, no doubt that the Pan-Lao movement, which originated among the Laos of Siam, is now, like the Pathet Lao movement, taking its orders from Ho Chi Minh.

It is understandable, in these circumstances, that Field-Marshal Pibul and General Phao should have been tempted to deploy so much of the 100,000-strong army and of the 43,000 police along the northern and eastern borders of Siam; that the Siamese should have agreed to give advanced military training to officers of the Royal Laotian army; and that they should have made such persistent efforts to secure the deportation of the 50,000 Vietnamese who, since the time of the Japanese occupation of their country, have been living on the western side of the Mekong, constituting a potential breeding ground for disaffection.

This preoccupation with the northern and eastern borders, however, has sometimes led to a feeling in Kuala Lumpur that the Siamese were paying insufficient attention to the problem of security along the Malayan frontier. It is true that the police forces of the Malayan Federation and of Siam have closely collaborated for several years; but the Siamese have shown themselves reluctant to accept British intelligence reports—now confirmed—that the leader of the Malayan Communists, Chin Peng, had set up his headquarters in Siam. On the other hand, General Phao showed himself aware of the extent of the problem of jungle operations when he brought Siamese army, navy and air force officers with him on his most recent visit to Lieutenant-General Sir Geoffrey Bourne, the Federation's director of operations. And there is now a hope that combined operations on both sides of the border may begin to yield results beyond the frustrating discovery of deserted terrorists' camps.

The willingness of the Siamese to co-operate with the British and Malayan forces is a proof of the statesmanship of Siam's present rulers; for it is clear that the threat in Siam's southern border region points away from Siam. But if all Indo-China eventually falls to the Viet Minh and its subsidiaries, the existence of a Communist base in Siam would present an obvious threat to Siam itself as well as to the British end of the Malayan peninsula and to the rest of South East Asia. It is to be hoped that the "home guard" of 120,000 men now being raised in Siam with American help will enable the Siamese to release more of their regulars for service in the South.

It is clear from the existence of these threats along three borders that the Siamese will have to continue to fight hard if they are to preserve their immemorial name of "Muang-Thai," or "land of the free." Marshal Pibul has always insisted on the name of "Thailand"; but Siam and Siamese have the merit of clarity, which "Thai" lacks, since it applies to so many non-Siamese. It is equally clear that geography and political realities make Siam the real linchpin of Seato. And Siam's determined adherence to the Western side has conferred upon it the right to demand all possible help from the West.

Formidable Opponent

Just before the Whitsuntide recess Mr Gladstone delivered a speech of singular force, earnest eloquence, and acute ability, in which he impugned in no measured terms the wisdom and justice of continuing the war. We heard that speech. We listened to the orator for two hours with unflagging interest and admiration, and we are bound to say that we never heard arguments so skilfully marshalled or so brilliantly expressed, statements so lucid, declamation so impassioned yet so chastened and restrained. . . . And if one thing was made clearer than another to our minds as we listened, it was the deep self-conviction of the speaker, and the solemn sense of responsibility under which he addressed his audience. Yet ever since it was delivered that speech has been the object of the most unmeasured invective and the most shameless and perverse misrepresentation . . . it was described in one leading article as "something between the rant of the fanatic and the trick of the stage-actor"; . . . while several have not even disdained to descend to the usual vulgar, self-refuting, and self-accusing insinuation that the loss of office is the key to the whole matter, and that Mr Gladstone's doctrines are solely the consequence of the special bench on which he sits. It seems strange that it should devolve upon us to take up the cudgels on behalf of a political antagonist; but in truth it is not Mr Gladstone that we are anxious to stand up for:—it is the cause of fair weapons and honest warfare—of that candour without which discussion is valueless—of that decent justice which alone can prevent antagonism from degenerating into scurrility. On the special subject of the speech in question we differ from Mr Gladstone *toto cælo*; . . . Yet it devolves upon us, the advocates of war, to protest against the pitiful unfairness shown to the advocate of peace; and we should despise ourselves were we unable to do justice to the character, or to appreciate the reasoning, of a formidable opponent.

The Economist

June 9, 1855

Notes of the Week

Spanner or Olive Branch?

THE Trades Union Congress has worked indefatigably to find a basis for settling the rail strike. It is not so certain that it has worked wisely as well. It is unfortunate that its "five-point plan," though it asked everyone to make concessions, demanded least of those who are doing such damage to the nation. The Associated Society of Locomotive Engineers and Firemen has readily agreed to a scheme whereby its men might get an immediate increase, smaller than they claim, on the understanding that there would be more to come after talks on differentials; and it has been content to modify its insistence that differentials should be discussed without reference to the National Union of Railwaymen, provided that the NUR comes in only at the end—or at what seems to be the end. This last provision, however, is quite a large pill for the NUR to swallow. It leaves it holding the baby, for to persist in its "reservations" would mean that it, and not the ASLEF, was now blocking the path to negotiation—as also, in the later discussions on differentials, it might incur the odium of blocking a settlement.

The Transport Commission was given a more difficult decision still. It has always been a matter of tactics (and of definition) whether it should refuse to go back on its own—and the Prime Minister's—declaration that there can be no negotiations while the strike is still in progress. But it is a matter of substance that it should refuse to offer any better terms than it would in peacetime just because the pistol is still kept at its head. In particular, it should certainly refuse to agree to an interim and flat-rate increase for every driver, regardless of his responsibility; the most it should offer is some improvement on its last proposals, which would have increased differentials within ASLEF, and not merely between ASLEF and other people.

Talks between Sir Brian Robertson and Mr Raty were to be resumed on Friday afternoon, and any comment set down before they are concluded is liable to be overtaken by events. But nobody should forget that peacemaking has its dangers no less than war; and that it is the Transport Commission—not the engine drivers' union—which is now on the side of genuine differentials. If the intervention of the TUC leads to a settlement on the lines of the Transport Commission's original proposals, it will have been a great achievement. If it leads to settlement on any other lines, it will have been a great tragedy. And if this flurry of diplomacy breaks down—after having encouraged the strikers to think that they have only to hold fast a little longer to gain their whole case—it may have been the greatest tragedy of all.

Unappetising Diet

THE Queen's Speech on Thursday adumbrated a large and rather stodgy programme of legislation; and the Government has decided that the first session of the new Parliament should last for a full year. This is a pity. Once the emergency of the rail strike is out of the way, Ministers should spend the summer in thinking out what new and unpopular steps they can take, in order to put the country more firmly on its feet and to make themselves more popular in five years' time. If they had to draw up a new Queen's Speech in October, they might have more incentive to do this. It remains to be seen whether they can recover from this initial mistake.

A large part of the programme—and the part which is to be taken first—consists of minor measures that were axed by the early end of the last Parliament, or that the Ministers or pressure groups concerned were known to have jostled to near the top of the queue. It will be a pity if the Government assumes that all of these essentially technical measures are therefore uncontroversial. The old Copyright Bill (which made the mistake of seeking to give the BBC and ITA a too rigid form of copyright), the Road Traffic Bill (one feature of which is discussed in a later note), and the County Courts Bill should certainly not be re-introduced and passed without amendment; while the proposed smoky fog Bill and the proposed legislation to protect agricultural and forestry workers are examples of the type of "popular" sanitary measure which the last Parliament handled very badly indeed. And the Government will hardly need to be reminded that the same danger of mishandling will hang over its revised measure for teachers' pensions. One other political headache of the last Parliament is to undergo examination in preparation, presumably, for treatment in some later session; as promised in the Conservative election manifesto, there is to be an inquiry into the practice and procedure of administrative and quasi-judicial tribunals

The Main Courses

THESE, however, are relatively small fry. There are four main headings under which the Government's other—and more important—domestic tasks may be grouped. In the first place, it is now generally assumed that it will want to make—in the words of the Queen's Speech—a "further advance towards a free flow of international trade and payments." Unfortunately, the only legislative proposal in th

Speech about trade points in precisely the opposite direction; a bill is to be introduced "to permit the imposition of countervailing and anti-dumping duties on imported goods." This may be a necessary protection of the flanks of the main advance; but it will need to be very carefully watched. In particular, it is to be hoped that it does not mean that new barriers are to be imposed against the limited classes of cotton goods that can come freely into this country already.

A second heading covers local government reform, which is to go forward in this session and which will merge by the middle of next year with the new rating valuations. Finance has always been the key to local government reform; and it will be a great pity if, as it turns its mind to this problem, the Government simultaneously shuts its eyes to the whole question of housing subsidies.

A third heading is that over monopolies. Here the Government promises "such action as may be required"; exactly what will be required should be shown in the forthcoming report of the Monopolies Commission on general restrictive practices. The final, most general and most important heading of all covers the whole question of inflation, fair shares and fair opportunities. Inevitably these are questions that will affect the shape of the next budget, and the answers to them cannot be anticipated in a Queen's Speech—especially one launched in the middle of a period of industrial disputes. But one minor—and welcome—step towards fairer opportunities is to be taken at once; a bill is to be introduced to extend the period during which family allowances are payable for children who remain at school.

Red Carpet for Dr Adenauer

ONE by one, the Soviet government is playing the cards that have so long lain face downwards on its side of the table. Its invitation to Dr Adenauer was anything but a surprise; it was a logical sequel to the Austrian Chancellor's visit to Moscow, and ever since Herr Raab's joyous return to Vienna in April a theme of Communist propaganda has been that Germany's best hope of securing reunion and the withdrawal of the Red Army lay in taking the road to Russia alone. Muscovite diplomacy sees nothing strange about issuing a polite, indeed pressing, invitation to a man whom Communist propaganda has long depicted as a bloodthirsty tyrant; nor, after Belgrade, should anybody in the free world be astonished at this new instance of skill in the somersault. Only among the East German Communists are there signs of shock, which are doubtless genuine enough. They have lately had several reassurances from the Russians, and it is a little cruel of Moscow to revive all their feelings of insecurity by a statement which simultaneously claims that they have always been treated "on a firm basis of equality and non-interference."

However, Herr Ulbricht and his followers will probably regain their composure quickly, for any examination of the Soviet invitation to Dr Adenauer soon shows that it is doubly not what it seems. Superficially an amicable offer to enter into diplomatic and commercial relations with the Federal Republic, its very text contains, buried among the glowing images of increased trade and the sombre recollections of war, clear intimations that if Dr Adenauer comes to Moscow he will have to discuss "connected questions," and in particular the "plans of aggressive circles" that obstruct "mutual trust and peaceful collaboration" between Russians and Germans. In plain English, he will be pressed to strip the Federal Republic of its protecting alliances and to rely on Moscow's assurances that the "new order" for Europe which it has in mind will not be dominated by Russia. Moreover, the Soviet rulers know very well that the Chancellor himself will fall for no such gambits, and their real aim thus emerges clearly: it is, as before, to make his domestic position and that of his government as difficult as possible, to isolate him by playing on the Germans' fears and their hopes of a quick and cheap accommodation with Moscow. But the Russians may have misunderstood the German mentality as fully as the Jugoslav. Among the Germans, the first general reaction has been to see the new move as a tribute to the Chancellor's sound judgment and steadfastness. Ironically, the Communists, whose cry only a few weeks ago was "The West German people must replace Adenauer," are now adding to his laurels.

On the Upper Slopes

THE "summit" seems at last to be clearly in sight. The western governments can see no good reason why the Russians should now reject the proposal, formally made on Monday, that the meeting of heads of government should begin in Geneva on July 18th. Moscow may continue to make some play with its propaganda point in favour of a longer meeting between the President and the three Prime Ministers. The outside world, however, will be the less impressed by this after the revelation at Belgrade that Marshal Bulganin, like Chou En-lai, is a subordinate, not a supreme, figure. The fact that Communist states can afford to be lavish with the time of their "prime ministers" is no argument for the democracies, where the doctrine is still current that detailed negotiation is a task for foreign ministers and diplomats.

Yet, if the ascent to the "summit" is not now to be a long one in time, it will be a tiresomely circuitous one in terms of space, passing through preliminary western discussions in Washington and New York, and pitching Camp Three at San Francisco during the commemoration there of the signing of the United Nations Charter ten years ago, before returning to within sight of Mont Blanc. And the western governments have also to cover a formidable amount of ground in a more figurative sense. If they are to arrive at Geneva in mid-July with a negotiating position that is not only firmly agreed between them but also positive enough to prevent the Russians from stealing the show, they will have to put in some very hard work on a whole range of issues, from Germany to general disarmament. Nor can they count on being allowed to get on with the task in peace. The Russian approach to Western Germany on Tuesday will hardly have been Moscow's last diplomatic manœuvre before July 18th. On the upper slopes of their arduous climb, the western mountaineers can expect to encounter quite a few abominable snowmen wearing Mr Molotov's boots.

Operation Greybeard

LABOUR'S exercise in plucking at its greybeards started this week amid remarkable *bonhomie* from the greybeards themselves. Mr Dalton and Mr Shinwell forestalled the tumbril by announcing that they will not seek re-election to the Shadow Cabinet; one, or possibly two, more of the Old Guard are expected to follow them. Allowing for the enforced absence of Sir Frank Soskice, this would leave four or five vacancies in the Shadow Cabinet. One of them may be filled by the familiar figure of Mr Bevan; if he is willing to end his self-imposed exile, his long-suffering party is apparently ready to restore him to its higher councils. The rest will probably be filled by younger men; as the *News Chronicle* so cruelly put it this week, the addition of "inexperience to incoherence" is Labour's favourite nostrum just now.

Before the rejuvenation of the Shadow Cabinet takes place, however, the party must choose a leader, deputy-leader, and chief whip for the new session. Mr Attlee is to be elected unanimously to the first office, and Mr Morrison will almost certainly be given a clear run for the second. But Mr Whiteley, who is 72, has been told very firmly that he is too old to remain as chief whip, and will now retire gracefully from the scene. Mr Attlee, who is also 72, is believed to have told his colleagues that he is willing to retire towards the end of the present elongated session if the party so desires; but the party is not sure that it does. For the succession is still doubtful. Mr Morrison, who has been the Crown Prince for so long, will be 71 or 72 by the next election; and that would be very late for a man to become Prime Minister for the first time. The alternative, of course, is Mr Gaitskell; and this is why Mr Bevan is now the loudest proponent of the view that Mr Attlee must stay.

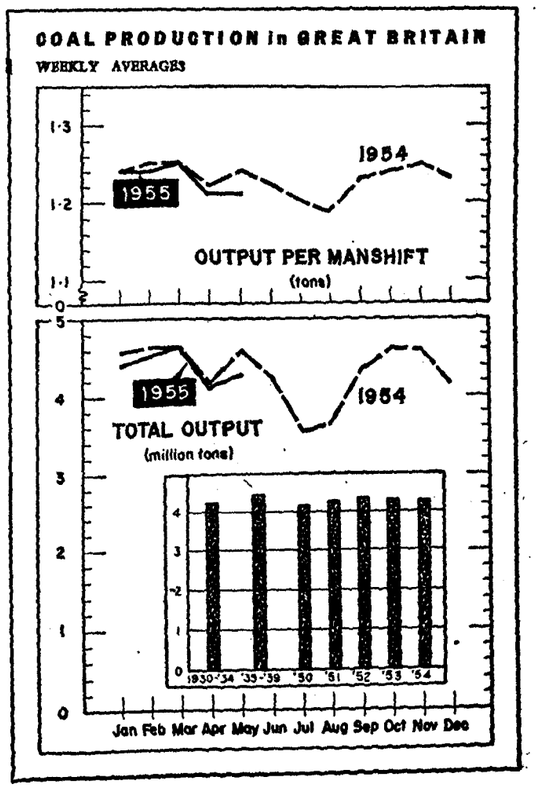
Patience Not on Strike

IF there is ever to be any "reform" of the present system of industrial relations, any Parliamentary attempt to make strikes less frequent, public opinion will have to move a long way in advance of the Government; and, for this reason, one of the most interesting questions raised by the railway strike has been whether the stricken public would become really angry at last. So far the public seems to have wriggled rather than turned. The popular newspapers of all parties—representing in this the feelings of the man in the long bus queue—have certainly been angrier with the railwaymen's leaders than in any previous dispute, and have sometimes carried attacks upon personalities beyond justified limits. But although they have deprecated the strike, they have also given the impression that they would welcome surrender to it. The lesson that would-be strikers will probably draw from public and press reactions so far is that stoppages are unpopular, but that standing up to stoppages is unpopular too.

In the more expensive newspapers—those that are addressed primarily to the man in the motor car—there have been more frequent warnings about the dangers of surrender. It was upon this class of commentator and reader that the moral of the disastrous Cameron court of inquiry last January had its main impact. But beastliness towards those who attack the country is still plainly against the ethos of the administrative class. One responsible Sunday newspaper went so far last week as to say that "any attempts . . . to work up public anger against the strikers will impede a settlement by hardening tempers all round." As an essay in the art of durable peacemaking, this is just not true; the long term problem of the railways will not be more easily settled if striking railwaymen feel that a suffering public will never become angry with them, instead of feeling that a molten lava of wrath will erupt on any striker's head. But as a summary of the way in which the public would like peace to be patched up, the newspaper was probably near to the mark. In the end, Britain will get the sort of system of industrial bargaining that it demands. After two weeks of remarkably easily assimilated chaos it does not—at the moment—seem to be demanding any very great change. Whether this is cause for congratulation upon our national steadiness of temper, or a sign of the urgent need for a little more rabble-rousing in the right place, is a matter upon which two opinions can be held.

Re-launching "Europe"

LAST week's meeting at Messina demonstrated once again both the durability of the European idea and the fact that the conviction and sense of urgency required to "make



Europe" are still largely missing. The ministers of the six Schuman Plan countries slammed no doors, but they compromised and temporised both on the appointment of a new president of the High Authority and on how to make a new start in Europe. M. René Mayer, a "good European" but one without a programme, will succeed M. Monnet, a man whose uncompromising determination to give Europe a new form proved too heady for his compatriots.

The ministers agreed in principle that the time had come for a "new stage" on the road to European unity and that the next moves should be economic. They agreed that some kind of joint action was required in the development of transport (rail, water, road and air), the use and development of gas and electric power, and, most specifically, the development of atomic energy. They also cautiously endorsed the ultimate objective of a common market free from internal tariffs and quantitative restrictions, but the terms in which they did so will make it easy to lose sight of the objective by concentrating on technical difficulties. A committee assisted by experts will try to work out in detail what specifically might be done in each of these fields, and the ministers will review progress before October. Where a basis for action is found to exist, the work of reducing plans to treaties will then be undertaken by special conferences.

★

No decisions have been taken which make eventual action inescapable. On the contrary, it will be hard to resist the tempting resting places that line the way. The difficult questions have all been sidestepped, and the key job of pacesetter and taskmaster has yet to be filled. The ministers agreed that a "political personality" should be put in charge of the preparatory work, but the prevailing reluctance to be pushed has apparently ruled M. Monnet out of the running.

The communiqué is pointedly silent on the controversial issue of supra-nationality, and skirts the related question of which European countries should participate in any new attempts at further integration. Some feel that Switzerland and Austria are almost indispensable partners of the Six if much is to be done in transport and electric energy. The basic Benelux memorandum, which the Messina meeting took as a point of departure, proposed that both the British and the OEEC, as an organisation, should be asked to participate in the next stage of the discussions, and this was agreed. With the Monnet concept of a "supra-national community" in at least temporary eclipse there is much to be said for more broadly based discussions. All the subjects mentioned in the communiqué are ones which the OEEC has on its docket. With the inevitable tapering off in the OEEC's preoccupation with trade and payments which will come with the eventual re-establishment of a world trading system, the dimensions of regional co-operation need re-examination. But the compelling reason for broadening the discussions is that the most urgent new field for European action is the development of atomic energy for peaceful purposes. At this early stage in the discussion, few Continental countries will be prepared to count themselves out of a common approach, and on both economic and strategic grounds the United Kingdom would be very foolhardy to do so.

Messina settled nothing but the first steps of a procedure which may lead anywhere or nowhere. It is a misfortune that the gritty backwash of the wave that broke before the EDC could be launched is still hampering the efforts of the man who has always seen clearly, if at times too boldly for his contemporaries, how a new Europe might be built. But resilience as well as the courage of his convictions have made M. Monnet a hero to some and a thorn in the flesh to others. It will be surprising, and disappointing, if he finds anything but a new opportunity in the ambiguous decisions of the Messina conference.

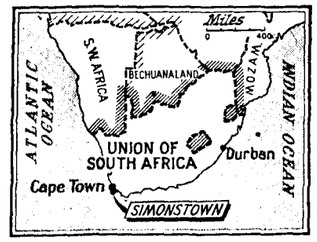
Fogging the Formosa Strait

THERE is cause for a certain satisfaction about the Formosa situation, but no room for complacency. By the beginning of this week, the tacit truce in the strait, marred by one burst of fire from mainland guns, had held for long enought to justify Mr Dulles in drawing public attention to it. Peking is still emitting periodic reminders of its determination to "liberate" Formosa, but the war-drums which it was beating so loudly before the Bandoeng conference have now remained half muffled for some weeks. The Nationalists have likewise reduced their output of inflammatory, and in their case ludicrous, statements. Indeed, when their ambassador in Washington publicly concedes that cessation of Communist attacks implies that the Nationalists hold their fire, too, there seems some hope that they at last understand how much their infantile sabre-rattling has tried the patience of the Americans, as well as of other governments.

Yet it is still mistaken to suppose that the Peking government has agreed to negotiate a cease-fire. When it last spoke clearly it showed that the talks it had in mind would deal rather with an American abandonment of Formosa to its fate. Chou En-lai has since delivered himself of some lengthy and scarcely limpid observations to Mr Krishna Menon and to Mr Trevelyan, the retiring British *chargé d'affaires* in Peking, and these have been passed on to London and Washington, which do not feel much wiser for hearing of them. For once, however, there may be a case for not trying to find out too exactly what Mr Chou has in mind. If the assumption is that Peking can no more renounce its demands on Formosa than the United States can abandon an allied government, there is much to be said for Mr Dulles's remark on Tuesday that some matters are best handled by not doing anything about them. In naval terms, the most helpful order in the present situation may be to "make smoke."

The Fate of Simonstown

TALKS are to be held next week in London between the South African Minister of Defence, Mr Erasmus, who is accompanied by his Service chiefs, and their British counterparts. The talks will cover a wide range of topics, but high on the agenda will be the question of the future of Simonstown, the Royal Navy's base near Capetown and headquarters of the South Atlantic squadron. Changing circumstances have altered the strategic importance of the base, which is in any case small and in no sense comparable with such large naval centres as Singapore. The advent of nuclear weapons and long-range aircraft and submarines has reduced the value of the Cape route as an alternative, in time of war, to the Mediterranean; but it still retains considerable importance for inter-Commonwealth communications.



Of greater immediate significance, however, are the changes, both those that have already taken place and those likely to occur in the future, in South Africa's relationships with Britain and the Commonwealth. A South Africa hostile to Britain could, obviously, make Simonstown untenable; but this is not likely to arise. Indeed, reports from South Africa indicate that Mr Erasmus will be as much concerned to offer Britain assurances regarding the availability of Union ports in the event of war as he will be to demand the immediate giving up of Simonstown. This new attitude is explained perhaps by a sudden realisation in South Africa that the country is in danger of finding itself on a lonely doorstep. Admiralty planners, who are aware of the inadequacies of Simonstown as a base, will probably favour the proposal. But everything depends on the price South Africa is asking. A political deal involving, say, the transfer of sovereignty over the Protectorates, stands no chance of acceptance.

Newspaper Dispute Again?

THE negotiations following the end of the newspaper dispute do not promise too well for the long run, and the public has a right to be kept informed about them. It will be remembered that the main recommendation of the court of inquiry last April was that "the fourteen unions . . . should co-operate to establish an appropriate central body which should in future negotiate with the Newspaper Proprietors' Association on . . . rates of pay, conditions of service and the wage differentials applicable to the various grades of workers." The jealousies of the various craft unions, and their liking for the opportunities for endless leap-frogging which separate negotiations with the employers offered, have already made it clear that in this recommendation the court was beating the empty air.

The one hopeful development is that, at the preliminary meeting with the employers after the stoppage, representatives of the two former striking unions, the Amalgamated Engineering Union and the Electrical Trades Union, were present along with the leaders of the craft unions comprising the loose alliance known as the Printing and Kindred Trades Federation. If they continue to negotiate alongside the PKTF peace may be preserved. The PKTF at least understands the industry; although it sometimes negotiates to breaking-point, it has hitherto always managed to avoid a breakdown. It may keep the electricians and maintenance men in check, though the determination of these to secure an increase for their members was clearly shown in the bitter remarks of Mr Haxell, the ETU general secretary, at the union's recent conference.

Meanwhile the compositors' union, the London Typographical Society, will have nothing to do with the rest, and is negotiating entirely on its own—indeed it has not yet terminated the previous round of negotiations or accepted the money due to its members from them. The prospect for the employers is therefore discouraging. The upshot is almost certain to be wage demands which in total will be more than the industry can afford, rather than an agreement on the right division of whatever money is available. This is not necessarily a situation in which a strike will recur; but it is clearly one in which it could.

Peace at the Ports?

THE TUC's unwillingness to make moral judgments about the union differences on the railways is not matched by a similar detachment at the docks. Its inflexible attitude towards the National Amalgamated Stevedores and Dockers has now produced results. Mr Newman of that union has crawled abjectly under another yoke. He has agreed unreservedly to accept whatever judgment the TUC's disputes committee may pass on the NASD's dispute with the Transport and General Workers' Union; and he has accepted two of the TUC's prior conditions before that committee can be set to work. He agrees that no more recruiting should be carried out, and no more contributions received from the members "poached" from the big union; but he asks to be allowed to pursue representation on the local committees by peaceful means. He says, with some truth, that the men cannot be handed back as if they were cattle. Mr Newman himself, indeed, is finding them very far from docile, for they are more enthusiastic than their own leaders, who have tried to call off the strike. For those who know the stevedores' record it would go against the grain that they should keep members whom they recruited by promising that they could enjoy all the benefits which had been negotiated by the Transport Union, without standing by the agreements to which those benefits were tied. But it would take more than a letter from Mr Newman or a frown from Sir Vincent Tewson to prevent people holding meetings if they want to. The TUC has, therefore, wisely accepted Mr Newman's offer; and there now seems no reason why the docks should not get fully back to work.

Fortunately, the other piece of trouble at the docks—the strike of liner crews which began at Liverpool at the end of last week, and which rapidly spread to Southampton—also seemed to be breaking up by Thursday. The crew of the *Queen Elizabeth*, which docked at Southampton on Tuesday, were not infected by the strikers who are holding up the *Mauretania*, and the liner sailed to time. The aim of this strike was a protest against hours of work and living conditions, about which dissatisfaction had been brewing since men walked off the liner *Georgic* a month ago. It is reported, however, that the dissatisfaction is confined largely

to the younger men, who do not know how much conditions have improved. Their action imposed iniquitous hardship on stranded passengers, many of whom are dollar tourists who certainly will not be coming back next year.

Guessing Game

IN April and May of this year seventy-one leading economists in the universities and in business were asked by the study section of the Royal Statistical Society how they thought the British economy would fare in 1955. With remarkable near-unanimity, they replied that it should fare in much the same way as in 1954. They expected retail prices to rise by about 3 per cent during the year, and unemployment to remain stable at only 1.3 per cent of the insured labour force. The average of their predictions about production, demand and exports—translated into real terms—is shown in the accompanying table. It will be noted that, if their guesses about exports and imports prove right, Britain's balance of payments position would deteriorate this year by only some £5 million more than the extent to which it is hit by the deterioration in the terms of trade; as Britain had a surplus of £110 million last year (excluding defence aid), and as the terms of trade are currently only 2 per cent worse than the 1954 average, this means that they hardly expect any payments deficit at all. But it should also be noted that the economists put on their spectacles before the railway and dock strikes burst over the nation.

GUESSES AT THE OUTTURN
(£ million at 1953 factor cost)

	Actual	Average guess
	1954 compared with 1953	1955 compared with 1954
Changes in Demand:		
Consumers' Expenditure	+390	+390
Public Authorities' current expenditure including defence..	− 40	+ 10
Gross Fixed Investment.....	+125	+150
Exports of Goods and Services..	+240	+150
Total	+715	+700
Investment in Stocks and Work in Progress.....	+ 50	+ 15
Total Change in Demand..	+765	+715
Changes in Supplies:		
Gross Domestic Product	+625	+560
Imports of Goods and Services..	+140	+155
Total Change in Supplies...	+765	+715

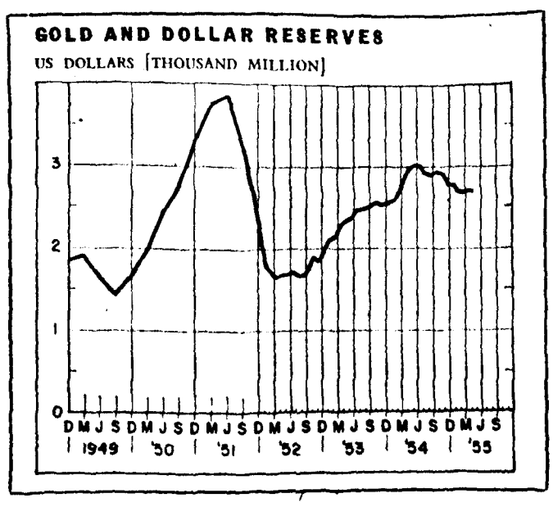
Same Again in Holland

THE Dutch cabinet crisis has been quickly solved. After an interval of only ten days Dr Drees's government has returned intact to finish the job it started. This happy solution was made possible by the efforts of Dr Burger, leader of the Labour prime minister's own party in the lower house, to find a middle way acceptable to both of the two main coalition partners. Both sides gave way a little. The Socialists agreed to the principle of a rent increase, but they gained a point from the Catholics by getting a flat increase of 5 per cent on the rent of all properties instead of the differential increases originally proposed by the government. But the Socialists were obliged to forgo, for the time being, their proposal that part of the rent increase should be earmarked as a special fund for house building and repair. To placate those who argued that the proposed tax reductions which the government had coupled with the rent increases would distort the pattern of income distribution in Holland, further tax concessions of about 70 million guilders, all on the sales turnover tax, have been agreed.

This unwanted crisis has not solved the real underlying problems between the coalition partners. Yet, with only twelve months to go before the next general election, and with little observable shift in the relative strength of the parties in the country, another coalition based on the same political groupings as the present one seems the only likely prospect. Renewed efforts to find common ground on social and economic questions will have to be made by the two main parties.

Little Landslide in Sicily

IN last Sunday's Sicilian elections the Christian Democrats achieved what some local newspapers called "a little landslide." They increased their representation in the 90-member regional parliament from 30 to 37. This success must have owed a good deal to the Christian Democrats' reasonably successful record in office of social development and land reform. Moreover the announcement a few days before the poll that the World Bank had made a $70 million loan to Sicily and southern Italy, must have added an impressive feather to their cap.

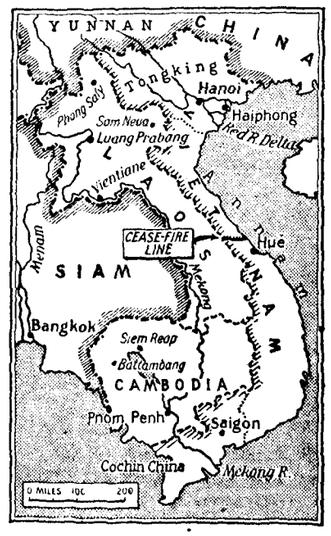


But the Christian Democrats' success was not great enough to allow them to dispense with their embarrassing coalition partners—the right-wing Monarchists and the Liberals; and the reverses suffered by the small centre parties do not offer the Christian Democrats any suitable alternative partners. The Communists, the principal rivals of the Christian Democrats, hung on to their twenty seats but lost votes—presumably to their allies, the Nenni Socialists—and failed to substantiate their claim that, whatever their difficulties in northern Italy, they were maintaining and even extending their hold in the south. The Nenni Socialists, who chose this time to campaign on a separate list, can congratulate themselves on polling more votes than in the 1953 general elections, but gained no more seats than in the last regional elections in 1951; thus the combined strength of the extreme left—thirty seats—remains exactly what it was before.

In Rome, the Sicilian elections have for months past been regarded as a kind of milestone. Until it was reached it was permissible to attempt nothing drastic to solve the present political stalemate. But once it was past, it was generally agreed that something decisive would have to be done either to stick the present coalition firmly together again, or to give it the final *coup de grâce* and try something new. If behind this argument lay the hope that the Sicilian elections would somehow point the way to a solution of Italy's political problems, the hope now seems a slender one. The Christian Democrats' success will, it is true, strengthen the position of Signor Scelba, who is himself a Sicilian and led his party's campaign on the island; it may even help to bring together some of the warring elements among the Christian Democrats. But since they achieved their victories largely at the expense of the smaller lay centre parties the election results will hardly improve the already strained relations between Signor Scelba and his coalition partners. And Signor Nenni's very modest success will hardly do much to strengthen his advocacy of an "opening to the Left."

Polling Dates Along the Mekong

WHILE violence and anarchy have taken their spectacular toll in southern Vietnam, developments in the smaller Indo-Chinese states have gone almost unnoticed. After long and frustrating negotiations, the Cambodians last month signed a military aid agreement under which the Americans will supply arms and equipment on a scale comparable with the amount previously supplied by the French. Although the Cambodians intend nearly to double their army of 30,000 men, the new agreement does not, as the Viet Minh radio is vociferously claiming, automatically commit them to the western camp; nor will the presence of thirty American military advisers constitute a United States base on Cambodian soil. What the agreement will help to ensure is reasonable security and freedom in the forthcoming general elections, now scheduled for September 11th, having been postponed from April 17th because of King Norodom Sihanouk's abdication. The ex-king's sense of drama should be well served at the polls, when all eyes will be fixed on the "Popular Socialist Community" which he has founded since abandoning the throne. On paper, it ought to sweep the country, since the old Democrat party, hitherto the dominant political force, has dissolved itself so that its 4,000 adherents may join the Community. Again on paper, it looks as though Prince Sihanouk has stolen the thunder of his bitter rival, the ex-rebel Son Ngoc Thanh; but it is not clear how far Thanh's men in the Democratic party are going to infiltrate the ex-king's party.



In Laos, fighting continues on a small scale between troops of the Royal Laotian army and irregulars of the Communist-supported "Pathet Lao" rebels. All attempts to reach agreement with the Pathet Lao seem to have failed and the government is apparently pushing ahead with plans to hold general elections on August 28th. It would be foolish, however, to take as sanguine a view of the prospect in Laos as in Cambodia, since neither the Laotian government, the international supervisory commission, nor the honeyed Viet Minh statement at Bandoeng, has altered the basic fact that the Pathet Lao still controls the two provinces of Phong Saly and Sam Neua in the north.

Queueing for the Test

A WEEK when the nation is more on the road, and at the driving wheel, than ever before was clearly well chosen by the Society of Civil Servants to protest at the steadily-lengthening queue of people waiting for driving tests, and also to announce that it was claiming an increase in the pay of driving and traffic examiners. This is one pay claim that every economist should back to the hilt. Last January the Ministry of Transport announced that it was seeking to recruit 170 new examiners; the Society states that it has failed to get them on existing rates of pay, which start at £9 11s. 6d. a week and rise to £11 9s. in London (less in the provinces). Whatever the details of this recruiting "failure," it is quite clear that the supply of examiners falls far short of the demand. There are now 125,000 people in the queue for tests even before the summer rush starts, and the situation has become intolerable.

The reason why the pay of examiners is kept so low—and why the waiting list is packed by some frivolous applicants—is that the fee for the test is pegged at 10s.; at this rate, as the Minister of Transport admitted in the Commons last autumn, the cost of testing exceeds receipts from examinees by £90,000 a year. At the moment, statutory permission is required before the fee can be raised;

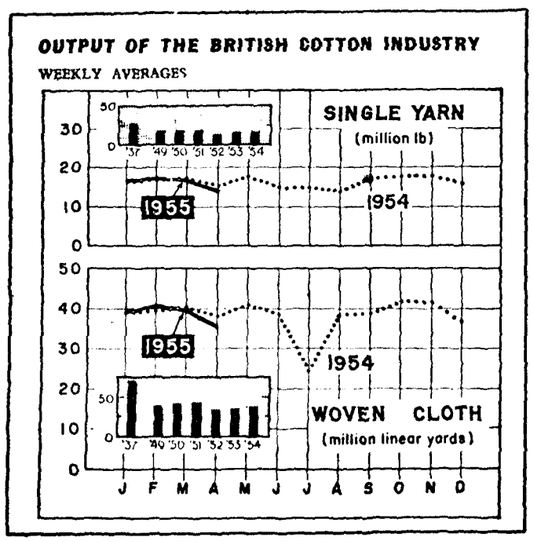
and it is expected that the Government will take advantage of the new Road Traffic Bill to obtain this. But Parliament will be making a silly mistake if it merely authorises a flat rate increase. There can never have been a clearer case where variation of a fee should be made subject merely to ministerial order ; and, to help relieve the congestion which the Ministry has allowed to pile up, the first variation now should probably be to quadruple the fee at once. Later, it could be lowered again if pressure of demand is reduced (as it was lowered, from 7s. 6d. to 5s., in 1937).

Uganda in the Melting Pot

A CRITICAL phase has been reached in the negotiations about the future of Uganda. Three delegations from that country are now in Britain. One is drafting in legal terms the amended constitutional proposals for Buganda, after the changes made in the original Hancock scheme by the Lukiko committee. Another is here to press for the return of the Kabaka even before the scheme for the constitutional monarchy comes into operation, on the grounds that only the Kabaka can inaugurate it. The third—and least important—is here to justify expectations raised in extremist circles in Buganda by recent Congress agitation ; it is demanding " immediate independence."

It is now clear that two issues stand out as the main dangers to a final settlement of a problem that has dragged on for eighteen months. One is the African demand that the Kabaka should return at once, before the new constitution is operating. If he did go back in virtually the same position as he left the country—as absolute ruler, even if as an absolute ruler under promise to inaugurate a constitutional monarchy—the whole point of the protracted discussions, and the creation of a " new situation " under which his return became possible at all, would be lost. But there is no reason to suppose that, once the scheme is accepted—and all the delays have been on the Lukiko's side—his return would not quickly follow.

More difficult is the objection that prominent Baganda now take to the presence of an Asian as a minister in the reorganised Legislative Council, on the ground that it detracts from Uganda's status as a " primarily African country." Asians have already served in the Executive Council and it is not proposed that they should cease to sit in the Legislature. As ministers are selected by the Governor, what is sought amounts to a restriction on the Governor's choice of ministers. It ignores the claim of an able and important minority to have some say in policy. It is another sign of the growth in Uganda, as in Kenya, of an emotional and xenophobic African nationalism—which has, indeed, even begun to affect Zanzibar and Tanganyika.



Doctors and Heroin

MANY protests were made at the annual meeting of the British Medical Association against the decision to ban the manufacture and export of heroin after the end of this year. Six divisions had submitted motions to the meeting deploring the ban, and the association's council was instructed to seek direct access to the Government to get the decision reversed.

The decision itself was taken for international, not domestic, reasons. Drug addiction is not a serious problem in this country ; the number of addicts to manufactured drugs is only 317 (compared with 5,000 in Canada) ; and for over 60 per cent of these morphine is the drug of addiction. Only about 15 per cent are addicted to heroin, and it is significant that an equal proportion is addicted to pethidine, one of the synthetic drugs which are used to relieve pain. In other countries heroin addiction is more common, and the international bodies concerned regard the drug as particularly dangerous both because people become more easily addicted to it than to anything else and because of its very damaging effects on the addict. The United Kingdom is the largest producer of heroin, and the Government doubtless felt that the international goodwill to be obtained by reducing the sources from which the illicit traffic can be supplied would far outweigh the loss of its use at home for licit purposes.

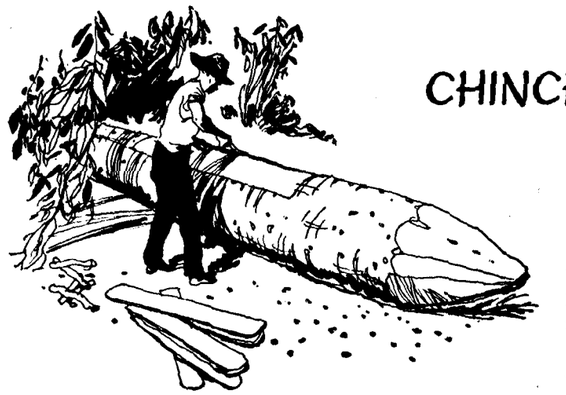
But the Government did not reckon with the individualism of the doctors. The basis of the protests that are being made is twofold: first, many doctors are convinced that there is no adequate substitute for heroin in certain cases ; and, secondly, it is held that the Government ought not to have taken its decision without consulting the medical profession through its representative bodies. The Central Health Services Council was consulted and agreed to the ban ; but no attempt was made to ascertain the views of individual doctors, on whom the responsibility for the licit use of heroin has rested. The heroin protests are one more instance of the doctors' insistence on their right to prescribe what they consider best for their patients. It is a particular facet of their determination to preserve their professional independence, which was expressed at their annual meeting in a more general way—in their reaffirmed opposition to the introduction of a fulltime state medical service.

GLYN, MILLS & CO.

BANKERS

HEAD OFFICE: 67 LOMBARD STREET, LONDON, E.C.3

ASSOCIATED BANKS: THE ROYAL BANK OF SCOTLAND; WILLIAMS DEACON'S BANK LIMITED



CHINCHONA

The Countess of Chinchón, wife of the Viceroy of Peru, was cured of a fever in 1639 by taking a potion prepared from the bark of a tree which, a century later, was named Chinchona by the botanist Linnaeus. The indigenous name of the bark in Peru is quina-quina; it has saved countless lives for it is the natural source of quinine, once man's only weapon against malaria.

The Chinchona is an evergreen tree which is native to the well-watered eastern slopes of the Andes near the equator. Although it has been successfully grown in other parts of the world, it is still exported from Peru and neighbouring Republics.

In almost all the important commercial centres of these countries and throughout South and Central America, branches of the Bank of London and South America serve the needs of traders. Reports on local produce markets, trading conditions, exchange regulations and economic affairs in general are sent by the branches to the Bank's Head Office; the contents of these reports are published in our Fortnightly Review, which is distributed to our customers and correspondents.

BANK OF LONDON & SOUTH AMERICA LIMITED

Research Department (SECTION 34)

HEAD OFFICE: 6, 7 AND 8, TOKENHOUSE YARD, LONDON, E.C.2 MANCHESTER: 36 CHARLOTTE STREET.
BRADFORD: 19 SUNBRIDGE ROAD. CONTINENTAL REPRESENTATIVE'S OFFICE: TALACKER 35, ZÜRICH.



Acid test for enterprise . . .

Where the Gulf Stream sweeps deep-sea currents, rich in bromine (a vital ingredient in "anti-knock" petrol), against the shores of Amlwch, in the Isle of Anglesey, Wales, the Associated Ethyl Company Limited has erected a Bromine Extraction Plant.

Sea-water gives up its pure bromine only after complex chemical treatments which set free many acid gases. Corrosion by these gases and by the sea-water itself had to be taken into account in designing the many vessels, pipes and other metal and concrete structures which could be attacked. Dunlop prepared special rubber compounds to withstand all the corrosive attacks and undertook the lining of the huge plant. In one sea-water processing unit alone, 75,000 square feet of rubber sheeting was needed to protect the walls and floors; for another single chamber 30 tons of rubber was used for lining; numerous fan-units and four miles of steel girders were covered with hard rubber.

Now, protected by its six acres of Dunlop rubber linings, the Amlwch plant is in full production: an example of two major British industries collaborating to fill an urgent need for this mechanised age.

DUNLOP RUBBER CO. LTD.
ST. JAMES'S HOUSE
ST. JAMES'S STREET
LONDON, S.W.1

DUNLOP *makes things better for everyone*

Letters to the Editor

Why the Conservatives Won

SIR—In your issue of June 4th you write: "The achievement of Mr Zilliacus in very nearly losing the rock-solid Labour seat of Manchester Gorton (Labour majority down from 7,948 to 269) was one of the most striking in this election." This example was adduced to illustrate your contention that the Left in the Labour party had done even worse in the General Election than the Right.

Are you really ignorant of the fact that redistribution took away two of Gorton's four wards (including the biggest and most solidly Labour ward, Openshaw) and added two new wards, one mixed and the other mostly Tory, thus making a new constituency, which as it happens is not nearly so good from a Labour point of view as the old Gorton? Or did you ignore this fact because it spoils the point of your contention?—Yours faithfully,

London, W9 K. ZILLIACUS

[The two wards withdrawn from Manchester Gorton were Withington (described in the *Manchester Guardian* of May 11th as "predominantly Conservative") and Openshaw ("solid Labour") The two urban districts added to it—Audenshaw and Denton—were "both, to judge from their councils, safely Labour." It is interesting to learn that Mr Zilliacus did not expect a majority of more than 269 from a constituency which had been changed in this way. —EDITOR.]

★

SIR—I was reading your election analysis with the open-mouthed awe that I reserve for the psephologists, when I arrived at your notes on the Coventry result. If henceforward I regard statistical interpretations, even when supplemented by a general political knowledge, with some doubt, it is because I saw illustrated by your assessment of the Coventry elections how local "invisibles"—invisible, that is to say, to an electronic machine fed with inadequate data and to the back-room numerologists with inadequate local knowledge—can lead to false conclusions.

My Coventry colleagues (who, by the way, are the Coventry [Bevanite] Duet that you speak of?) will answer for themselves. As far as Coventry North is concerned, our electorate had fallen between 1951 and 1955 by approximately two thousand, known Labour voters for the most part, who had been rehoused in Council estates elsewhere. A large industrial hostel had been closed, and its residents dispersed. Indeed, the *Birmingham Post* wrote the day before the Election, "the electorate in the North has fallen by more than two thousand . . . and in this exodus may be reflected the removal of Mr Edelman from the House of Commons."

When you take into account these figures, the North Coventry vote gets closer to the national average without much need to introduce in explanation factors such as local squabbles between the Press and the Labour Council, which engendered high feelings, or the somewhat colourless personality of the candidate. May I suggest that the diviners now pause till the entrails stop steaming?—Yours faithfully,

MAURICE EDELMAN

House of Commons, S.W.1

Television in the Election

SIR—The suggestion contained in your issue of May 28th that there may be some future support among the parties for "a smaller ration of television time at the next General Election" is not, in my view, correct as regards the Conservative party. We believe in as wide a propagation as possible of the principles of Conservatism and the maximum publicity for the achievements of a Conservative Government, and there will certainly be no electronic Luddism as far as the Tories are concerned. We are encouraged by the fact that in the recent General Election our three television broadcasts had the highest ratings in the Gallup Poll of viewers, and we are quite prepared to risk an assault on this position at the next General Election.—Yours faithfully,

M. CHAPMAN-WALKER,
Chief Publicity Officer

Conservative and Unionist Central Office

Nettles to Grasp

SIR—In your article of June 4 you have provided me with a nettle which, despite my instinct to side with *The Economist*, I feel obliged firmly to grasp.

You observe "it would doubtless be a counsel of perfection to urge the Government to bring the long-continued fall in the value of money to a complete stop." The thesis that the welfare state cannot have real money in the sense of money that keeps its purchasing power must, I suggest, be firmly repudiated. Otherwise would we not have to acquiesce in the following unwelcome or inadmissible propositions?

1. That there is no particular point in saving in order to incur certain losses. (What becomes of the national savings movement?)

2. That only simpletons or trustees circumscribed by time-worn settlements would hold fixed interest securities, including what are called gilt-edged.

3. That contracts for time cannot avoid being vitiated by monetary erosion.

4. That gross injustice between those on elastic and inelastic money incomes are to be a permanent feature of our society.

5. That progressively rising costs, even at a modest tempo, can continue without causing periodical crises to our exports, employment, balance of payments and confidence in the currency.

This catalogue could be extended more or less indefinitely.—Yours faithfully,

CECIL KISCH

London, SW1

Foreign Investment

SIR—It seems to be the common view today that there are only three channels for foreign investment:

1. Directly by the government of the capital exporting country (Marshall Plan, Fourth Point, etc.);

2. Directly by a large private concern (an oil company sets up a refinery);

3. By the flotation of a *new* issue on the stock exchange of the capital exporting country; or its private placing with the World Bank.

But there is a fourth very important possibility: the foreign purchase of the existing securities of well-established firms (or of the national debt). It seems to me that greater returns would be offered by exploring this channel than by pressing further along those better trod. Thus many an American institution might well consider adding British blue chips to its portfolio as yield sweeteners, or to spread the risk into an area less subject to purely American trade recessions, etc.

Is it true that the sole obstacle to the quotation of many British equities on Wall Street is the companies' refusal to publish quarterly reports? If this is so, an amendment to the Companies Act, compelling large firms to do so, would surely contribute more to our balance of payments than any export drive, exchange restriction or Bank rate increase; and is the first and easiest duty of the newly elected Government. Do our commercial representatives push our securities with half the energies with which they push our woollens? Has the government a Wall Street broker?

The peculiar virtue of such a move would be to set free native capital to undertake the risks at home and in the Commonwealth for which, by long tradition, intimacy and proximity it is better qualified than American private risk capital. Also, since it is to the latter and not the US government that this move would appeal, it would be more likely than any other to increase the total flow of US capital abroad; and less likely to lay us open to the very real dangers of interferenoe by that government in our internal affairs. —Yours faithfully,

New College, Oxford P. J. D. WILES

Books & Publications

Labour's Struggle in Australia

THE AUSTRALIAN FEDERAL LABOUR PARTY, 1901-1951.
By L. F. Crisp.
Longmans. 360 pages. 25s.

POLICIES FOR PROGRESS.
Edited for the Victorian Fabian Society by Alan Davies and Geoffrey Serle.
F. W. Cheshire. Distributed in Great Britain by *Angus and Robertson.* 187 pages. 15s.

THE present state of civil war in the Australian Labour party may well fill moderate British Labour politicians with some forebodings. After a long period of reforming activity, which brought the Australian welfare state into being, the party is falling apart. Little remains on which its left and right wings can agree; and the former, led by Dr Evatt, is now purging the right wing amid recrimination and abuse which seem to have disgusted even the case-hardened Australian electorate. Is this the shape of British Labour's destiny?

Special circumstances, in fact, produce frustrations for the Australian Labour party, which give rise all too easily to feuds and party splits. The most important of these—probably more important than the tug-of-war between militant Catholicism and militant Communism in Australia—is the federal system itself, the main theme of Professor Crisp's scholarly and detailed analysis. Notwithstanding the reserve powers vested in the federal executive, which Dr Evatt has lately used to coerce the state parties, Australian Labour is not one party but seven; and "in general the hand of the Federal party and its constitution and rules ordinarily lie lightly on the state branches." The state parties in their turn have a vested interest in the federal system, which is infinitely more restrictive than the British House of Lords in its heyday.

Yet the basic "Objective" of the party, first formulated in the nineties, is the nationalisation "of all sources of wealth and all means of producing and distributing wealth." The "Objective" has been whittled down in successive party conferences, and lately Dr Evatt even declared socialisation as a policy to be dead as the dodo; but the fact remains that almost everything short of socialism has been achieved, while the federal system solidly blocks an advance even to the most moderate use of governmental power. As one of the essayists in the other volume under review observes, it is not even possible for an Australian Labour government to use budgetary policy effectively to secure full employment—"where responsibility for public expenditure on current services and public works is divided between seven governments and numerous other public authorities, the task of stabilising total spending is very nearly hopeless." Admittedly the Fabian ambition is a considerable one—"full employment without inflation, interpreted as implying continuous slight excess demand for labour." Australia has had, in fact, inflation.

A large part of Professor Crisp's history, and the Fabians' formulation of a new policy to unite the party, are taken up with the struggle between Australian Labour and the federal constitution, a struggle all the more hopeless because party and constitution are inextricably intertwined. The party, of course, stands for the full sovereignty of the federal parliament, but almost every attempt to assert it, or to get the people to agree to its extension by means of referenda, have failed ignominiously. By comparison, Mr Strydom's task in South Africa is simplicity itself. So strong is the federalism enshrined by six states created by separate British Acts of Parliament that the Australian Labour party's central conception of democratic majority rule goes down before it, and the states have an equal voice on the federal executive and conference, Tasmania with New South Wales. Yet the federal cabinet is strictly elective, and the Prime Minister's powers are (at least in theory) limited to that of the chairman of a committee.

In fifty years of power the Labour party has achieved much; yet it has never been within striking distance of the freedom of action given to the British Labour party by the 1945 electoral landslide—let alone the power to nationalise steel on a majority of six. Australian industry may be grateful—and take correspondingly less care about its tendency to monopoly—but the results can be bad in other ways. Baulked of power and responsibility in so many basic domestic issues, Australian Labour may yet be tempted to an extreme and sentimental, but distinctive, "left wing foreign policy." This is a danger not to be disregarded. But the party's complex difficulties and motives should be understood; to them Professor Crisp's survey from the beginnings to the significant date 1951—when the frayed unity of the party finally dissolved upon the death of J. B. Chifley—provides a master-key.

The Growth of Whitehall

A HISTORY OF RED TAPE.
By John Craig.
Macdonald and Evans. 220 pages. 18s.

SIR JOHN CRAIG, who before becoming Deputy Master of the Mint was one of the Treasury experts on establishments, has written what he describes as an account of the origin and development of the civil service. It is only that in part—inevitably so, since he starts at the Conquest, and it was centuries before the term began to have an exact meaning. Most of the book, therefore, is an account of the development of the different offices of state. Sir John Craig concentrates as far as he can on the junior staff, their recruitment, numbers and pay; but the thread of continuity is the geological deposition of office on office. The story is well told, and there is a strange sameness about it: until the nineteenth century almost nothing is abolished; function after function runs its life from unofficial arrangement to official dominance, and thence to a long decay of formality and sinecure.

The true account of the development of the civil service starts about the end of the eighteenth century. Sir John Craig does not minimise "the Gothic extravagances which time had made of old offices," but he is kind to the unreformed service, and points out that there were always modestly paid and hard-working officials; even the sinecures were often given as a reward for doing something else without pay, or in lieu of a pension.

When he comes to the age of reforms, the author's emotions begin to show. He can find no good word to say for Northcote and Trevelyan, though he does not wholly condemn what sprang from their work. Chadwick and Morant fill him with a mixture of admiration and repulsion. He deals briefly, and with evident distaste, with the Leviathan which has grown up since the world wars.

Sir John Craig's book can be warmly commended as an introduction to the development of the tools of British Government; on the origins of the modern civil service he is too brief, and a little too spirited, to be very useful. A few slips of small importance can be detected, of which the most surprising is the creation of a Ministry of National Assistance, and the most intriguing the statement that the Post Office used wireless telegraphy five years before Hertz demonstrated the existence of the necessary waves.

Fiscal Essays

ESSAYS IN PUBLIC FINANCE AND FISCAL POLICY.
By Gerhard Colm.
Oxford University Press. 392 pages. 38s.

DR COLM has been writing on economic subjects, mainly public finance, for thirty years. The present collection of eighteen essays (all but one of which have been previously published, although not all in English) is presumably intended as a representative sample of his output. It is arranged under four headings: The Theory of Public Expenditure and Taxation; Fiscal Policy; Government budgets and National Income; and Economic Planning and Stabilisation. Within each section the articles are arranged chronologically; but between the sections the reader has to take a leap back to the middle thirties, which presents certain difficulties as Dr Colm has changed his views substantially over the period.

Dr Colm received his training in public finance in Germany, and throughout his career has retained a special reverence for the work of Adolf Wagner. He does not appear to have more than a superficial acquaintance with English writing. Since 1934 he has had a busy and successful career in the United States, including a spell with the Council of Economic Advisers. This has no doubt left him scant time for original thought or even reading. The essays are all popular in character, and it is evident that Dr Colm has been markedly successful in explaining fiscal matters to businessmen. It should be noted, however, that his own understanding of the problems with which he deals is by no means impeccable. As an illustration may be cited the passage on page 230, where he unequivocally condemns the "factor cost" computation of the national income, because it distorts the total of money incomes in a way that the "market price" computation is said not to do. It appears that Dr Colm has here lost sight of the significance of the national income as a collection of real goods and services.

The Epic of the Valley

ROSSANO.
By Gordon Lett, with a foreword by Freya Stark.
Hodder and Stoughton. 223 pages. 12s. 6d.

"THIS was one of the trickiest situations that I had ever had to deal with in my life as a partisan, and it was some consolation to know that I was not facing it alone. King's Regulations, the soldier's Bible, had not done much to prepare one for this kind of thing. . . ."

The situation was a mountain somewhere behind La Spezia reached by Major Gordon Lett early in 1944 with a handful of his faithful partisans, pursued hotly by the Germans who had descended upon Italy in force. But the mountain situation was, contrary to expectation, desperate. The other partisans who should have been there had gone to earth, and Major Lett has to do likewise, with the ultimate aim of working back through the undergrowth to Rossano Valley.

The valley is a cordial place, which has taken this escaped English prisoner of war firmly to its heart, and every encounter we have with its poor peasant inhabitants is a heartening encounter. It is fashionable today to scold Italy for not being a welfare state, as though a welfare state were the highest achievement of humanity. Major Lett's very well-told story is told from a soldier's point of view, which might easily have become the occasion for just as violent scoldings as those administered by welfare state enthusiasts, for Italy finds military and social discipline distasteful and often undesirable. But here in Rossano valley, in one of the poorest mountain places, nearly 500 escaped Allied prisoners received help and comforts from the villagers during those hard months when there was no central government, only the hated German occupier trying to establish his positions against harrying partisan activities. The individual bravery and kindness and sacrifices of these people is continually noticed by Major Lett. He hates the Germans and he hates all politicians, but he has to watch the partisans splitting into political groups. Finally he himself has to come to grips with political questions when he becomes the AMG officer in the chief city near his familiar valley. This makes an exciting end to the whole adventure. Years later, to his deep regret he finds thousands of "partisans" celebrating liberation day, who could have been but small children at the time when Italy's partisan war took place.

> Now I understood why my old companions in arms do not like to be referred to as "partisans." We have been forgotten, and our places taken by the rank and file of the Communist Party who are making political profit out of our good name. There is not much we can do about it.

This book does quite a lot about it, and there would be no excuse now for those who try to palm off the Communist partisans as the heirs of Italy's war of liberation. The modern partisan is trained to lay down arms if Soviet troops arrive and to sabotage industry if they are delayed. But there is reason to believe that Italy still has many Rossanos, which would fight again if Togliatti's and Nenni's "welfare state" were to be forced down their throats.

America Looks at Aid

APPROACHES TO ECONOMIC DEVELOPMENT.
By Norman S. Buchanan and Howard S. Ellis.
New York: *The Twentieth Century Fund.* 508 pages. $5.00.

THIS book is of interest as indicating the direction of American thought over the past ten years on the problems of under-developed territories. Bearing the imprint of the Twentieth Century Fund, it confounds the scoffers who claim that Americans appreciate only size and speed. The authors make two important points in non-technical language and with persistence, if perhaps at undue length. The first is that the misapplication of Keynesian economic policies is not helpful in the economic development of a poor country which suffers from a dearth of productive resources, not from their temporary disuse; it will probably result only in inflation, the great enemy of investment and of habits of thrift. The second point is that foreign loans, grants or technical assistance should be regarded only as "marginal contributions of a strategic character"; they can be effective only in an economy where the considered and informed choice of the disciplines entailed by economic progress has been made. The authors do well to remind us that external aid has no magical character and that free will, and good will, are of pre-eminent importance in the richer and poorer countries alike.

Although we cannot force another to be free, even from want, we can do much to create the conditions in which choice can effectively be made. Thus the authors draw the conclusion that the major responsibility of the United States is to play neither the role of Dutch uncle nor of benign headmaster, but to place its economic weight firmly in the scale of free, multilateral and stable conditions of world trade. As opposed to economic autarky as to political authoritarianism, the authors are forthrightly sceptical of grandiose projects of industrialisation, despite their psychological attraction. The vital importance of improvements in agricultural techniques and in transport and communications is well stressed, and it follows from the emphasis on the need to change the typical *Weltan-*

The Economic Development of Nigeria

The Report of a Mission organized by the International Bank for Reconstruction and Development

This report contains the most complete and up-to-date description available of economic conditions in Nigeria. It appraises the territory's prospects for economic development and recommends measures for realizing them. 60*s. net*
(Published for The Johns Hopkins Press).

The Inter-War Years and Other Papers

A selection from the Writings of Hubert Douglas Henderson (1890-1952)
EDITED BY THE LATE SIR HENRY CLAY

"It is a contemporary's account of important events and many of the papers, which were written while in Government service, have not been published before. The publication could scarcely be more timely."
—*The Spectator* 42*s. net*

OXFORD UNIVERSITY PRESS

schauung of the peoples of the poorer countries that the authors would prefer scattered small-scale industries, as an effective method of widespread education through practice and demonstration, to a few large urban concentrations; in short, they prefer a slow advance in depth to the *chimera of* "a rapid advance on all fronts." A drawback of the book is the proliferation of quotations of opinion from sources of widely differing value. The intelligent layman, whom the book will interest most, might well have been spared many of these.

Mésentente Cordiale

MAJOR THOMPSON LIVES IN FRANCE.
By Pierre Daninos.
Cape. 192 pages. 9s. 6d.

THE see-ourselves-as-others-see-us vein is a very rich one for those who know how to work it. M. Daninos struck it very rich indeed in France, where his Major's bewildered reactions to the local *mores* have enchanted a six-figure public. The English reader expecting another Colonel Bramble is, however, likely to be disappointed, for this is a book about the French, not about the English. Major Thompson is no more than a ventriloquist's dummy, uttering M. Daninos's observations with a rather unconvincing English accent; and an oddly anachronistic dummy at that. Born, so his biographer tells us, in 1902, he is of the post-World War I vintage of military men; yet he belongs even further back than Colonel Blimp himself and has more in common with Captain Gadsby of Kipling's Simla. His first wife, the archetypally horsy product of a girl's public school ruled over, obviously, by Miss Beale or Miss Buss, is perhaps only one generation out, but she is getting very scarce even in the depths of Barsetshire. The mirror-image of "Major Thompson Lives in France" would show contemporary English quirks, foibles and flavours through the reactions of a Frenchman with a conical topper, peg-top trousers, and pomaded moustaches, as illustrated in a *Punch* cartoon of about 1900.

Yet this anachronism does not really hurt M. Daninos's delectably funny book. What is important is not that the Major should be accurately a mid-twentieth-century Englishman, typical or exceptional, but that he should be a thorough non-Frenchman, perennially astonished at French habits and attitudes; at *fonctionnaires* and handshakes, gastronomy, gossip and the *Tour de France*, pottering, gallantry, apartment-house lifts, Sunday clothes and public conveniences—astonished, baffled, and unwillingly captivated. In this rôle he is an outstanding success. No prospective—or recent—visitor to France should miss him. As for Mr Walter Goetz's drawings, they are a pure joy, *le mot juste* in black-and-white, the essence of affectionate exasperation. See, in particular, pages 57 and 152-53.

Oceanic Abundance

THE INEXHAUSTIBLE SEA.
By Hawthorne Daniel and Francis Minot.
Macdonald. 239 pages. 16s.

THIS book is a useful popular account of modern knowledge of the oceans and their inhabitants. It is unified by a single theme: that if an ever-growing world population is to be fed, mankind will have to rely increasingly upon the foodstuffs to be won from the sea. As yet man is still a mere food gatherer on the face of the waters; and there are only a few areas where fisheries have been developed to anything like their full potential. Sea-birds still probably take more fish than does the entire human race.

Though the oldest fisheries, those round north-west Europe for instance, are probably "over fished," a problem which the authors do not discuss, there are many areas in the Pacific and Indian Oceans, and in particular in the waters of the Humbold Current off South America, where new fisheries could be immensely productive. Moreover, present methods are sometimes extremely wasteful. In the 1950-51 season 45,000 whales were killed, weighing round two million tons. Forty to fifty per cent of this could be used for human consumption. But the whaling industry is only geared to produce oil, and is not equipped to handle, preserve, and market the millions of pounds of whale meat that pass through its hands in the course of a season.

The yield of a fishery depends ultimately upon the amount of nutrient salts in the water; for these limit the growth of plankton, the drifting mass of small or microscopic plants and creatures upon which, either directly or indirectly, all other sea animals depend for food. Thus slight changes in the amount of phosphates in the waters of the English Channel have of late years led to the herring deserting the south coastal waters where it was abundant in the 1920s. As the authors say, there are possibilities of "farming" suitable areas of the sea by adding fertilisers. Curiously they do not mention the successful British experiments in fertilising the waters of certain Scottish lochs, which showed that, in the right places, the crop of fish can be greatly increased.

There is bound to be wastage at every link in a food chain. Thus an acre of land can support more people if they themselves eat the plants they grow, instead of feeding them first to domestic animals. In the same way, to get the maximum benefit from the sea, ways should be found of utilising the plankton, which is the first link in the food chain of the oceans. It is plankton that supports herrings in shoals too numerous to count, and feeding on it alone the blue whale—the largest animal the world has ever seen—grows to a length of 100 feet and a weight of 140 tons or more. According to the authors, Kansas farm land in a good year may produce perhaps six or seven hundred tons of wheat to the square mile; the waters of the English Channel produce annually about four thousand tons of plankton per square mile. And the Channel is by no means the richest plankton producing region in the world.

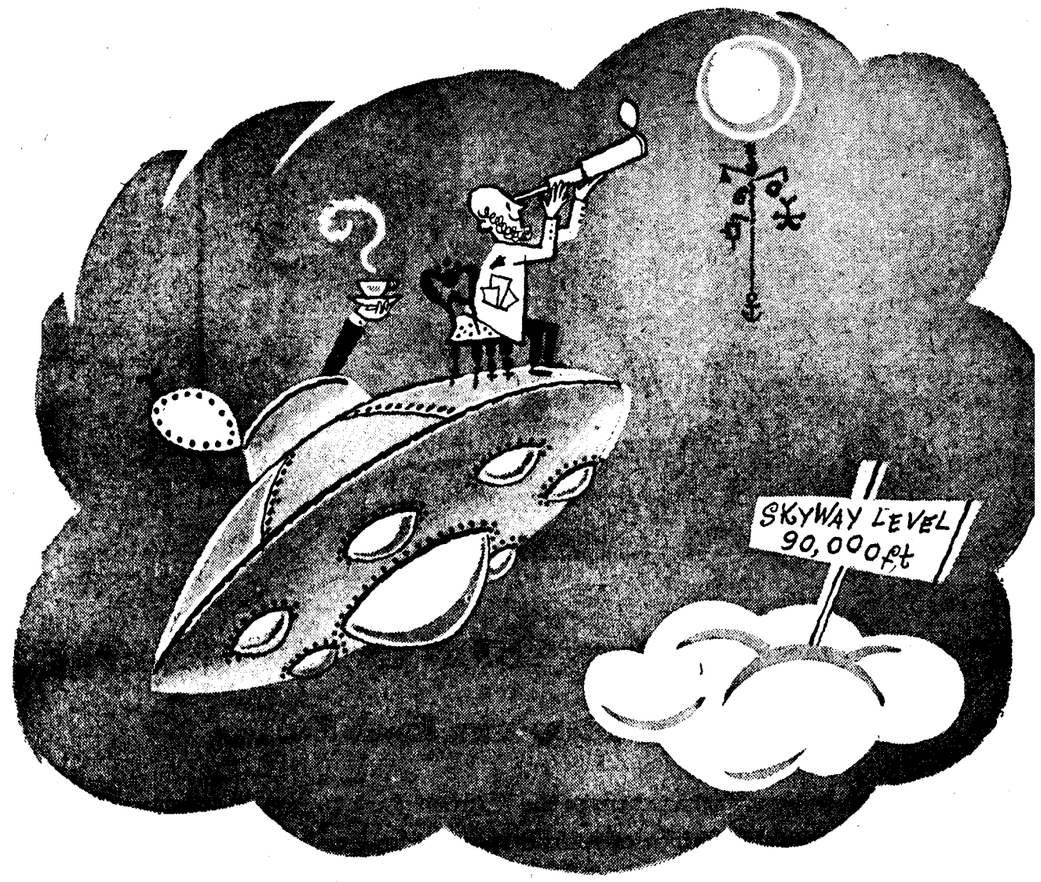
Thus, this book, besides containing a fascinating collection of general information about wind and waves, fish, fisheries and the history of marine science, provides much useful ammunition for those who refuse to accept the mood of cosmic gloom which sometimes emanates from the authorities on population and food supply. The oceans are a new world unconquered, undomesticated and almost unexplored. The era of the domestication of the seas is yet to come, but when it does, who knows what population the world might then support in plenty?

Illyrian Journey

THE IRON GATE OF ILLYRIA.
By Torgny Sommelius.
Hart-Davis. 205 pages. 18s.

MR SOMMELIUS is a Swede with "an itch to find new angles on the world." While on his way to India he stopped off in Jugoslavia and somehow became stuck there for several months. He fell in love with the country and the people and explored both as thoroughly as he could. He wandered down the Dalmatian coast and lingered in Split, Dubrovnik and other places less well known—like Cavtat, near the submerged city of Epidaurus ("somewhere in the sea a Roman city lay sleeping with water in its lungs"). He sailed down the Danube, through and beyond the famous Iron Gate. He visited Cardinal Stepinac, secluded in his native village of Krasić. And he toiled up into the Bosnian mountains to Sarajevo, "to listen to the echo of a shot." He discussed painting with artists in Belgrade, "where they have revolutions only to achieve reactionary results." And he enjoyed the hazards of motoring in Montenegro in a five-seater 1925 model with no brakes, ten passengers and innumerable fleas.

In the middle of recounting all this and much else Mr Sommelius pauses to explain that he is not trying to write a handbook on Jugoslavia, but "more of a groundbook"—a highly individual, subjective summary of what he himself believed to be important. This is fair enough in theory, but in practice it gives rise to conflicting feelings. Sometimes one is delighted by a striking and apt description of a person, place or incident; sometimes put off by too much cleverness, too much whimsicality, too much straining after effect. Sometimes one feels that the author has barely escaped from falling between several stools, sometimes that he has brought off a fine *tour de force*. At any rate, one is not asked seriously to consider the political situation—and that in a modern book about Jugoslavia is an agreeable change.



When scientists of Bristol University decided
to extend their atomic research into the stratosphere, they faced many difficulties.
They needed a balloon to lift their instruments to a height of 18 miles.

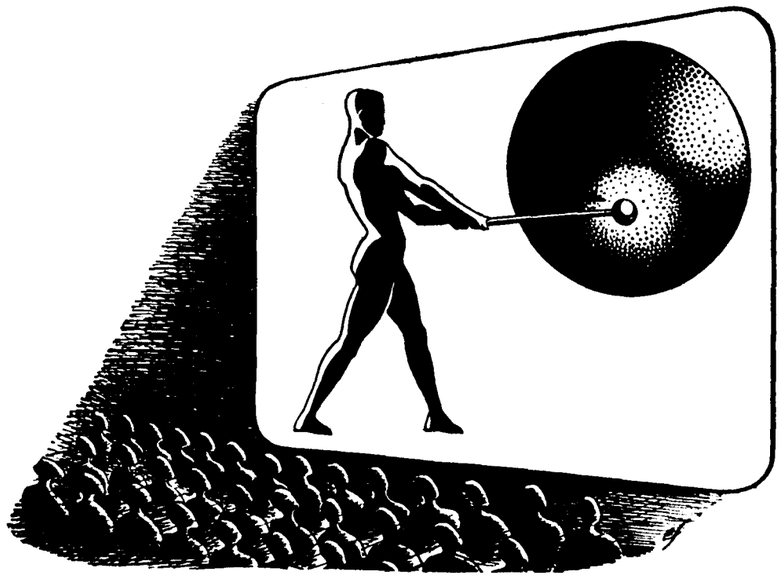
Up and up - to 90,000 ft!

The envelope had to be made of material
no thicker than a hair, yet able to withstand
the ultra-violet rays that would strike it, and temperatures
that would reach as low as 108°F. below freezing.

What they sought they found — in 'Alkathene', I.C.I.'s brand of polythene.
The same material is being increasingly used — to come down to earth —
as a packaging material for foodstuffs and other commodities in daily use.
'Alkathene' is also used to insulate the new transatlantic telephone cables,
to make cold water pipes, and all manner of fancy goods
from lampshades to washing-up bowls.

Thus, and in a thousand kindred ways, I.C.I.'s research and production are serving the Nation.

ICI



The Man-with-the-Gong is a Symbol...

... of every aim and every achievement of the J. Arthur Rank Organisation. It means that we welcome the opportunity which exists in Britain to adventure into commerce — with a target whose attainment must be good for the country and good for all whose interests or whose work is with the Organisation

The man-with-the-gong symbolises our plans to offer the finest in screen entertainment; to promote British pictures to match the best that other countries have to offer; to give to millions of people overseas the opportunity to see our films and so learn something of British living, British thought, British character — and British goods.

To accomplish this two-fold purpose we have built up a British film enterprise which produces, distributes and exhibits a major programme of first feature films every year: a film enterprise which operates world-wide, helping to draw the free nations nearer to Britain and strengthening the ties between Britain and the Commonwealth.

The man-with-the-gong is a symbol of our determination to keep abreast of the times — both in thought and in technical developments.

We are proud to have been pioneers in many fields of production, distribution, exhibition and the manufacture of components (from cinema seats to electronic equipment for cinema television) designed to serve the needs of the British Film Industry.

The man-with-the-gong is a guarantee of first-class entertainment. He represents progress in the British Film Industry. He symbolises our confidence in the present and our faith in the future.

The J. Arthur Rank Organisation Ltd. includes:

Some 550 Odeon and Gaumont cinemas.

Pinewood Studios . . . *producing an annual programme of 15 British feature films.*

Denham Laboratories . . . *processing 700 miles of film a week.*

General Film Distributors . . . *with an unrivalled service to domestic exhibitors and thus to cinemagoers.*

J. Arthur Rank Overseas Film Distributors . . . *taking British films to the cinemagoers of the world.*

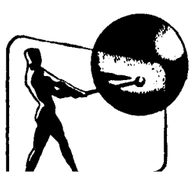
J. Arthur Rank Screen Services . . . *covers screen advertising, documentary films, television advertising and television programmes.*

Gaumont-British and Universal Newsreels . . . *bringing up-to-the-minute screen reports on current events to filmgoers at home and abroad.*

British Optical & Precision Engineers . . . *manufacturing a key range of cinematograph equipment and allied products.*

Cinema-Television . . . *producing television equipment, scientific and industrial electronic equipment and vacuum devices.*

Bush Radio . . . *making the renowned Bush radio and television sets.*



THE J. ARTHUR RANK ORGANISATION LIMITED

American Survey

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

A Guaranteed Wage

Washington, D.C.

THE agreement reached on Monday between the Ford Motor Company and the United Automobile Workers, in which the company accepted the principle that it has a responsibility for the welfare of its workers when they are unemployed, must have given a severe headache to the editorial writers of *Pravda*. For without a strike, and with the federal government deliberately refusing to intervene, one of the largest manufacturers in the United States has taken a long step toward establishing a welfare economy within the framework of a capitalist society.

This latest triumph, in his capacity as president and chief negotiator for the automobile workers' union, establishes Mr Walter Reuther even more firmly as the pioneer of new industrial relationships between American labour and management than did his 1948 contract with the automobile manufacturers, which correlated wages to productivity and the cost of living, or his five-year contract in 1950, which established the principle of company pensions. Both these principles were considered revolutionary in their day.

Even before negotiations with the Ford and General Motors Companies for the renewal of labour contracts got under way eight weeks ago, it was clear that among all the questions of wages, hours and benefits to be discussed, the principle of the guaranteed annual wage would be the central problem. This idea is not new in American industrial relations and schemes which embody it have been operated by several companies in different industries for some time. It is based on the concept that the obligation of an employer toward an established employee does not cease when the latter has to be laid off temporarily, and that it is the duty of management to calculate its labour costs upon an annual basis, as it does most other costs, rather than on a weekly basis. This concept has been called into being by circumstances that are more or less peculiar to the United States; unemployment insurance is a state and not a federal responsibility and, since most state legislatures are dominated by conservative majorities, benefits are usually barely up to subsistence level and last only twenty-six weeks. The average level of unemployment compensation is $25 a week, while an employed Ford worker averages $84 a week. This gap is felt particularly keenly by automobile workers because, until recently at least, employment in the industry was subject to wide seasonal variations as companies concentrated the bulk of their output in the first half of the year and virtually closed down production for retooling in the late summer.

The demand for a guaranteed annual wage, as put forward by the UAW to Ford, proposed that employees with two years of seniority should be guaranteed by the company the difference between their state unemployment insurance compensation and 80 per cent of their gross weekly earnings for up to fifty-two weeks a year. To finance this, the union proposed that the company should create a special fund equal to 20 per cent of its payroll costs; in the case of Ford this would have cost $130 million over three years. There was never much doubt that Ford would accept some form of guaranteed annual wage, though not on the scale proposed by the union. Although Mr Reuther's interest in establishing the principle of a guaranteed annual wage is far greater than that of the rank and file of his union, he commands immense loyalty. The fact that he had built up a strike fund of $25 million convinced automobile manufacturers that he would call a strike if he did not get what he wanted. With the automobile market booming even beyond expectation, and with sales of Ford cars having just outstripped, by a hair's breadth, those of Chevrolets, their great rival, a strike was the last thing the Ford management desired.

*

Two weeks ago, however, it did attempt to divert pressure for the guaranteed wage by producing its own "employment stabilisation" plan. This consisted of a scheme—unparalleled in the history of collective bargaining—whereby the company's employees would be able to purchase Ford stock at half price when it is offered to the public later this year; this was accompanied by a proposal for long-term loans for those laid off. The defect of the scheme was that it was too imaginative: in recognising the capitalist instincts of the American worker it underemphasised his continuing interest in tangible benefits. It was rejected angrily by the union as a "smoke screen." When, at the beginning of last week, the strike deadline was postponed from June 1st to June 7th and it became known that Ford had proposed an unemployment fund of $55 million, it was clear that the company had accepted the inevitability of the guaranteed wage plan and was now arguing on means and not ends.

Early on Monday morning, as sporadic walkouts were starting in Ford plants all over the country, a haggard but jubilant Mr Reuther emerged from the negotiating chamber to announce that he had secured a three-year contract with Ford; this included a scheme by which the employee would get 65 per cent of his net weekly wages for the first four

weeks of unemployment and 60 per cent for the next twenty-two. The company had come near the union's demand in terms of actual benefits but had refused to be liable for more than half a year. The new contract also provides for a rise of 6 cents an hour in basic pay and increased pension and insurance benefits. But the rash of short unofficial strikes which followed the announcement of the contract, though partly inspired by Mr Reuther's enemies in local branches of the union, illustrates the fact that the rank and file of automobile workers remain more interested in straight pay increases than in less immediately intelligible provisions for their welfare.

At the time of going to press, the outcome of the union's negotiation with General Motors is still uncertain; the strike deadline has been postponed until next Sunday. General Motors is no more anxious than Ford for a strike, particularly as it has just established a new production record, but the union has committed itself publicly to getting a better contract than it got from Ford. Most people expect that the two will be very similar.

★

The first reaction of the American business world, as registered by the New York Stock Exchange, to the announcement of the Ford contract was one of intense relief that the strike had been averted. The automobile industry is in a real sense the mainspring of the economy, and any prolonged shut-down would have had wide repercussions. Conservative newspapers, though referring to the contract as a "premium on idleness," have talked little of that "creeping socialism" which they often associate with the name of Mr Reuther. Moreover, although the president of the National Association of Manufacturers expressed himself on Monday as "much disappointed" with the contract, a closer look at it by businessmen shows that Ford has not sold the pass to the extent originally thought. By preserving the principle of fixed contributions by the employer, in this case 5 cents an hour per worker, it has limited its liability to its employees by the size of the fund it has agreed to create. The fears of small businessmen that wealthy companies might accept a much higher level of liability are, for the moment, assuaged.

The prevailing good temper is largely attributable to the fact that businessmen can argue that this is not a guaranteed annual wage, since it is neither guaranteed nor annual, while Mr Reuther can argue that it is both in principle. But whatever it may be, it is certain that its equivalent will figure in other labour negotiations this year. The steel unions cannot re-negotiate their whole contracts with the steel industry, but they will begin doing so with the aluminium companies in July; there are new contracts to be worked out with the aircraft industry this summer; and most important of all, Mr Reuther will face the Chrysler, Packard and Studebaker companies in August. Though it is reported that he is anxious not to undermine the position of the remaining independent automobile manufacturers, there is grave doubt whether they can afford the 10 per cent increase in labour costs which the Ford plan envisages.

Moreover, there are immense complications in fitting the guaranteed wage into state laws, for in twenty-six states a worker loses his unemployment pay if he receives additional compensation from an employer, and in another twenty the rate would be automatically reduced. Possibly the most far-reaching effect of this week's contract may be to begin reconciling an eighteenth-century political system with a twentieth-century economy. In other words, business men, particularly small business men, may decide that it is better to accept a higher level of local taxation, to finance adequate unemployment insurance schemes, than to accept direct responsibility for the welfare of the unemployed.

Liberalism in Practice

THE thaw in the cold war is not only affecting America's foreign policy but also its attitude towards dissent and the risks of subversion at home. Last week, a Senate subcommittee voted unanimously to recommend the appointment of a non-partisan group of twelve citizens to survey the entire system of security in the Civil Service and to report on it by the end of next year. The Senate as a whole will probably force this idea on a reluctant Administration.

In part, this development has resulted from the activities of Mr Harry Cain, who started out as a right-wing Republican Senator from the State of Washington and who is today the most effective critic of the Administration's entire security programme. Over the past months, Mr Cain has been using his position on the Subversive Activities Control Board to bring into the open what he considers to be flagrant abuses of personal freedom and violations of the due process of law. His major targets have been the Attorney General's list of 275 allegedly subversive organisations and the dismissal of civil servants who have been given neither a fair confrontation with their accusers nor a chance of judicial review. Mr Cain has called for a series of reforms, including the provision of free legal advice for accused government employees and the right for them to retain their jobs while their status is being decided.

★

Although the fundamental improvements in principle will have to come from Congress, the courts have been showing liberalism in practice in individual cases. After a delay of two years, Dr Otto Nathan, executor of Albert Einstein's estate, has received a passport. This was achieved when the Court of Appeals took an unprecedented action and ordered the State Department either to grant Dr Nathan's application or to confront him at once with the charges that allegedly made his presence abroad undesirable. At the same time, Professor Owen Lattimore has been allowed to lecture abroad although his case is still *sub judice*, and there is increasing evidence that the Court of Appeals may dismiss the government's remaining charges against him on the ground of vagueness.

The same trend towards a more severe scrutiny of the government's security system was exemplified by the decision of the Supreme Court in the case of Dr John Peters, Professor of Medicine at Yale. Dr Peters had appealed against his dismissal from government service in 1953 on the ground that he was not faced with hostile witnesses and hence was denied due process of law. The government argued that dismissal from its service was an executive prerogative and that the identification of informers would imperil security. The Court upheld Dr Peters on procedural grounds and ordered the Civil Service Commission to expunge its previous ruling from his record. But it did not enter into the vital question of whether an accused civil servant has the right to know and cross-examine his accusers.

Green Light for Foreign Aid

IT is not surprising that this year's foreign aid legislation is having a comparatively easy run through Congress, for the Democrats would be ill-advised to obstruct a programme which has been so closely associated with their party for so long. Indeed, the most dangerous proposal in the Senate, which has just passed the authorisation Bill, came from the Republican leader, Senator Knowland. He wanted at least 50 per cent of all economic aid to be in the form of loans, not grants. While the Administration is gradually moving in this direction, such a drastic and peremptory shift would have made it difficult to direct dollars to some of the places that need them most.

The Democratic majority repulsed this threat, but made two changes in the President's proposals. A few innocuous restrictions were put on the use of his new $200 million emergency fund, designed mainly to encourage regional economic development in Asia. Secondly, the higher grade employees of the old Foreign Operations Administration are not to be liable to dismissal, regardless of their civil service standing, when it becomes the new International Co-operation Administration. To the Democrats, the suggestion that they should be looked more like an attempt to make vacancies for Republican supporters than to organise the new agency more efficiently.

That it will in any case be organised efficiently seems certain, for it is to be headed by Mr John Hollister, a lawyer well known to be an able administrator. But his suitability for the job is doubted on other grounds; he is thought to share the conservative, isolationist opinions of the late Senator Taft, with whom he was closely associated. President Eisenhower has confessed that he appointed Mr Hollister without knowing his views on the foreign aid programme. If this is to become an effective long-term project, centred on Asia, then sympathy and imagination will be needed as well as efficiency.

Mr Hollister has recently been executive director of the Hoover Commission on the reorganisation of the government, and there is a suspicion that his appointment, to replace Mr Harold Stassen, was the price paid by the Administration to persuade the commission to tone down its report on foreign aid operations, due to be published as the debate on this year's Bill was at its height. Certainly the report was less critical than had been expected. As passed by the Senate the Bill authorises the full $3.5 billion asked by the President for the year beginning next month; two-thirds of this is for Asia, including $915 million for various kinds of economic assistance. The House of Representatives is expected to be equally generous with its authorisation but, when it comes to appropriating the cash, things will probably not go so easily.

Merry Month of June

AT degree-taking time, flocks of fiancées, famous personages and "talent scouts" descend on America's colleges and universities. The young women are there to press caps and gowns, the famous men come to make speeches about the "high destiny of youth going into this difficult world," and the talent scouts have been dispatched by industrial and commercial concerns eager to put the new graduates on their payrolls. For a young man or woman taking a B.Sc. or B.A. this June, destiny does look very high and the world does not seem terribly difficult. The reason is simple: a sustained economic boom, a technological revolution in numerous industries and a steady call for trained men by the armed forces have combined to create a buyer's market in graduates.

Some 325,000 men will be graduating this year and a large number of them will be going either into national service or into more specialised study. Those who are entering gainful employment have, during their last year of college, been wooed by literally hundreds of firms whose representatives have vied with one another in offering brilliant prospects. For every available engineer, physicist, chemist or other technologically qualified graduate, there have been three to five offers of employment. Science graduates are starting at salaries ranging between $375 and $525 a month. To make employment more attractive, engineering and chemical companies are offering their young recruits free housing, lavish expenses and introductions to local golf clubs. Next in order of demand come men trained in business and management—they will be offered up to $400 a month—and lawyers, particularly if they are willing to practise outside cities such as New York, Washington or Boston.

What is most striking this year is the fact that students who have graduated in the humanities and who possess no special skills are also being sought for. Slowly, the conviction has spread among American business men that a knowledge of literature or philosophy may not disqualify a man entirely from a useful role in ordinary life. In fact, banks and insurance companies are appealing to "those who like culture" and offering them up to $300 a month. And as the new graduate's girl hands him his mortar-board, she too may be smiling, for if she has a college degree and some secretarial training, jobs ranging up to $4,200 a year will be waiting for her choice.

Who Buys Houses?

THE mysterious factor in the housing boom is its illogical failure to be damped down by the decline in "family formations," supposedly the decisive influence in the demand for new homes. It is now some years since the number of young people reaching what the statisticians consider the marriageable age of 20 to 24 began to decline as a result of the low birth-rate of the nineteen-thirties. And the number of families now living "doubled up" (sharing dwellings) is, at 1½ million, proportionately lower than ever before; the absolute housing deficiency of the depression and war years has obviously been met. A study in the Department of Commerce's latest *Survey of Current*

Business, however, suggests several reasons why people are still buying as many houses as ever.

The birthrate has not declined with the decline in the marriage rate and the prosperous young couples who were delighted to find a two-roomed bungalow in 1947 want more, and better-built, space today for their three or four children, their washing machine and their second car. At the other end of the population increase, now running at 2½ million additional people a year, savings made during a long period of full employment, supplemented by today's pension schemes, are enabling a growing number of retired old people to maintain their own households. Single persons, especially women, are also more likely to live alone than they used to be.

These general factors underlying the strong demand for homes are supplemented, in particular places, by the steady migration to cities, suburbs and the sun. Farm houses are being deserted as people leave agriculture for industry; they are usually too dilapidated or too inconveniently situated to be realistically regarded as contributions to the supply of vacant dwellings. In the towns people are moving from the centre to the suburbs, and from flats to separate houses; the number of dwelling units in towns increased by one-fifth from 1940 to 1950, but in the outskirts of metropolitan areas the number was nearly doubled. Finally—and the visitor does not need to be an expert to notice this—the rate at which houses are being built in the warm coastal states of Florida and California far exceeds the national average.

All of this suggests that the demand for new homes may be sustained until the baby boom of the nineteen-forties becomes the marriage boom of the nineteen-sixties. The essential condition is, of course, that today's prosperity and optimism, accompanied by high earnings, stable prospects, and a good supply of mortgage credit, should continue.

Harnessing the Sun

New York

THE recent announcement of a grant of a quarter of a million dollars by the Rockefeller Foundation to the University of Wisconsin for research in solar energy is a reminder that, although nuclear power claims the lion's share of publicity and investment, the solar scientists are not without hope of an equally dramatic future. Research, which is now being carried out simultaneously at half a dozen centres in the United States, is concentrated on two broad objectives. One is the invention and economic production of low-powered solar devices to cook food, to heat and illumine houses, and to operate irrigation pumps and communications systems. More ambitious programmes of fundamental research are concerned with the conversion of solar light into chemical energy.

The simplest, if most cumbersome, solar devices are concave reflecting mirrors, designed to focus heat on a boiler, and flat plate collectors, consisting of a number of panes of glass arranged over a black surface that absorbs heat. Several current research programmes are directed towards the production of cheaper and more efficient devices of this nature, for use as cookers or irrigation pumps in tropical countries where conventional fuels are scarce. American industry is not blind to a potential market in India, for example, for 100 million simple solar cookers which might be sold at $5 or less. In the United States large-scale flat plate collectors have already been employed successfully to heat a few houses and distil sea water. In all these devices the limiting factor is the surface area required to generate more than token amounts of power.

Among the more ingenious low-powered devices is the Bell Company's solar battery. This simple-looking apparatus, consisting, in essence, of thin wafers of silicon, specially treated to be extremely sensitive to light, can convert sunlight directly into electricity at a rate of 100 watts for each square yard of surface—a conversion efficiency which is allegedly more than 20 times better than that of any other available photovoltaic device. Although the cost is still very high, experimental models of the battery will be used this summer in amplifier stations on rural telephone lines.

Photosynthesis, the natural process by which plants absorb water, carbon dioxide and sunlight to produce both food and fuel, is, contrary to general belief, a most inefficient converter of sunlight into energy. Advances can therefore be made both by improving the efficiency of the natural process from its present 1 per cent up to a theoretically possible 30 per cent or more, and by attempting to imitate the entire process outside the living cell. In these ways, photochemistry may ultimately revolutionise the industry and food supplies of man. But at present, the production of competitive solar power on a large scale for industrial use is still a mid-summer day's dream.

Perennial Drought

FROM A CORRESPONDENT IN COLORADO

THE great droughts in the American prairies have their origins in the physical structure of the continent. Mountain ranges running north and south absorb the moisture in the winds from the Pacific. Since the prevailing winds are from the west, the great plains are in the dry lee of the Rocky Mountains. The way is open for rain storms from the Gulf of Mexico to come up the wide mid-continental trough, but such storms are normally diverted eastward by the prevailing winds. Thus the western plains, deprived of rainfall on two sides, are relatively ill-watered. While agronomists say that 20 inches yearly, and at the right time, are necessary if crops are to be raised without irrigation, annual precipitation on the plains moves erratically above or below this figure. Over much of this area, and of the enormous plateau-regions between the mountains, it averages no more than 10 to 15 inches a year.

The entire experience of early American settlers lay in the moist east and most of them came from well-watered western Europe. So the history of settlement in the plains consists, mainly, of a series of attempts to flog nature in this semi-arid country into perennial fruitfulness. As early as 1875, there were warnings against attempts to grow crops in the plains without using irrigation.

The weather-cycles certainly helped to deceive and betray



Men who guide the destinies of the world wear Rolex watches

THERE IS a small group of men whose names will live on. Their faces and voices are overwhelmingly familiar. In the newspapers, on television, on the radio, the impact of their personalities is inescapable. So is the impact of their words and actions on our lives.

It would not be fitting to mention their names, for they include royalty, the heads of states, great service chiefs and statesmen. But next time you see them or their pictures, look at something you might normally overlook—the watch on their wrists. That watch will most likely have been made by Rolex of Geneva.

We are proud that Rolex watches serve so many eminent men. Accustomed though they are to the very best, they often express amazement at the accuracy and dependability of Rolex. We are pleased that they soon take it for granted.

Every Rolex Oyster Perpetual Datejust is a chronometer. *This means that it has been submitted to a Swiss Government Testing Station to undergo strict accuracy tests, and has been awarded an Official Timing Certificate. And every Datejust gains the coveted distinction "Especially good results." The watch is powered by the new Rolex Perpetual "rotor" self-winding mechanism that keeps the tension on the mainspring constant, making for constant accuracy. The date is shown on the dial, changing automatically each night at midnight, and magnified by a "Cyclops" lens for easy reading. The mechanism is protected, permanently, from all harmful elements by the famous 100% waterproof Rolex Oyster case.*

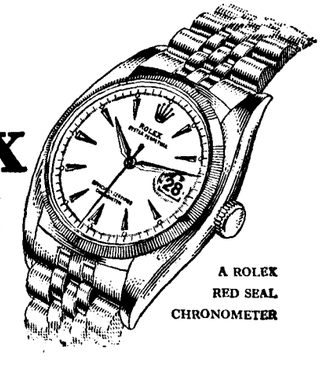


A ROLEX RED SEAL CHRONOMETER

Thirty-five years of watchmaking progress are contained in the Rolex Oyster Perpetual. In 1910 Rolex produced their first Officially Certified Chronometer. *Now they have produced 250,000 chronometers—three times as many as the rest of the Swiss watch industry. The first truly waterproof case in the world, the famous Oyster, was invented by Rolex in 1926. And in 1931 Rolex invented the first "rotor" self-winding mechanism. A new refinement of this Perpetual "rotor" powers the Oyster Perpetual, silently and automatically, actuated by every slightest movement of the wrist.*

ROLEX

A landmark in the history of Time measurement



A ROLEX RED SEAL CHRONOMETER

THE ROLEX WATCH COMPANY LIMITED (*H. Wilsdorf, Governing Director*), GENEVA, SWITZERLAND, *and* 1 GREEN STREET, MAYFAIR, LONDON, W.1. *and* THE AMERICAN ROLEX WATCH CORPORATION, 580 FIFTH AVENUE, NEW YORK

DAISEE JUTE

gets things covered



If your floor is covered by lino, your floor is covered by jute. That's jute on the back. If you have a carpet that covers the lino that covers the floor—more jute, on the back of that. In needle-felt and underfelt there's jute as well.

And that's just like jute. It is everywhere yet rarely seen. Call it hessian, call it scrim; still it's jute. String, rope, sacks. The lining of your shoes and the stiffening in your jackets. All these are jute.

Ubiquitous jute! How vital and how overlooked, how tough and how modest. Day in, day out, the whole world over, jute is hard at work.

JUTE INDUSTRIES LTD

—makers of bags and sacks; twines, cords and ropes; jute carpets and furnishing fabrics; yarn for carpets, cloth for backing linoleum, for tarpauling, roofing felt, damp-courses and plasterers' scrim; cotton belting and webbing.

There may be an application of jute to your business. Why not write to us:—

JUTE INDUSTRIES LIMITED · MEADOW PLACE BUILDINGS · DUNDEE

AT NO EXTRA COST

Fly to Bermuda

ON YOUR TRIP TO NEW YORK

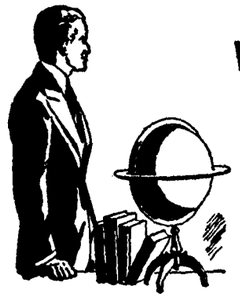
At no extra cost you can fly to Bermuda, via any international airline, on your first class fare to New York.

So when business is over in New York, enjoy a holiday in Bermuda. You can travel light—buy clothes, even rent or buy sports equipment in Bermuda. Remember, you'll be in the sterling area. Bermuda is only three hours from New York, and there are frequent daily flights. Bermuda's sunny days, sandy beaches for loafing, sports and pleasant social life will do wonders for you.

For Complete Information See Your Travel Agent or

BERMUDA TRAVEL INFORMATION OFFICE

Rex House, 4-12 Lower Regent Street, London S.W. 1



WORLD-WIDE BANKING NETWORK

From the London and New York offices of The Hanover Bank, a world-wide network of correspondent banks is equipped to serve those engaged in international commerce.

THE HANOVER BANK

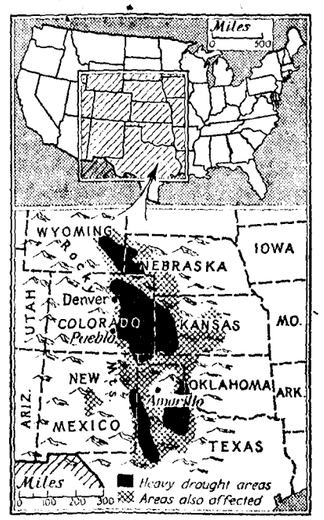
(Incorporated with Limited Liability in U. S. A.)

LONDON . . . { 7 Princes Street, E.C.2 / 15 Carlos Place, W. 1

NEW YORK . . . 70 Broadway

settlers. For six to twelve years at a time, the prairie may receive relatively abundant rainfall in the growing season. Eager-eyed homesteaders, coming into what seemed an agricultural paradise, began to farm exactly as they had in lush Ohio or Illinois. They tore up the tough prairie grass to plant wheat and corn. For a few years nature would co-operate. Then the rain-bearing winds would bend away, the dust would begin to blow, and the tragedy of failure would be repeated once again. Flying above the plains today, one can see the rectangles of differing vegetation where farms were abandoned long ago.

The worst of the droughts, at least until the present, came in the nineteen-thirties, aggravated by the general economic depression, when thousands of farmers fled from the parched plains. This brought home even to the unwariest the possibility that man might be creating a new Sahara. The country took alarm, and the New Deal Administration bought up millions of acres of the worst-hit land, establishing huge preserves to be sown with grass, and grazed over only with care; these still exist today. Conservation authorities, established under state law, had power to enforce rigid rules of soil use. Millions of privately owned acres went back to grass and new cultivating tools were devised to stir up the soil without overturning it; thus the "trash was kept on top" and the earth anchored against the wind. It seemed that the people of the plains had learned their lesson.



Then the weather-cycle changed, the prairie again blazed with verdure and the war brought huge demands for more wheat, the plains' best crop. The "suitcase farmers" also came back; traditionally they live out of a suitcase in the nearest hotel, while gambling on getting rich in one season. Conservation rules crumbled and great gang-ploughs, drawn by mighty tractors, ripped up millions of acres of sod to plant wheat. In 1948, wheat millionaires were reputed to own more Cadillac cars per head in two Eastern Colorado counties than anywhere else in the United States.

By 1952, the weather-cycle had come full-turn again, and the resulting "dust bowl" has reached, for the first time, right to the very doors of cities like Denver and Pueblo. In a succession of dry storms, the worst of which began in February last year, the top soil has again blown off millions of acres and the drought has once more cut deep into the prosperity of the plains. Early last month, a sea of dust covered an area of approximately 20,000 square miles, and other areas of similar size were threatened with the same disaster.

The federal government's aid this time has been cautious and restricted. In 1954, $15 million were appropriated by Congress for feed to keep livestock farmers going, for aid to farmers who would chisel the soil deeply to throw up ridges which resist the wind, and for subsidising lowered freight-charges on feed and other farm supplies. As the 1955 drought deepened and spread, the cries for help became more compelling and the President set aside $7.5 million for more emergency relief. Drought disaster loans were made available, but much of their benefit to farmers was lessened when the Department of Agriculture, without publicity, increased the interest-rate to be paid by borrowers from three to five per cent.

The Secretary of Agriculture, Mr Benson, reared in the Mormon tradition of hard self-sufficiency, has been openly and acidly of the opinion that the blame for the new "dust bowl" rests, first, upon the Democratic Administrations for keeping wheat prices high and, secondly, upon individuals who cultivate the prairies wastefully, acting as if drought conditions were abnormal. Mr Benson believes that 80 per cent of the plains area can still be farmed if thrifty and prudent means are employed. Meanwhile, however, demands are growing louder for something bold of the New Deal order—government purchase of millions of acres to be converted into grass and, if ever sold again, to be sold only under covenants that will forbid the plough. These demands have little appeal for the deficit-conscious Administration; but the issue is one sure to be debated in 1956. Meanwhile good, though late, rains have, to some extent, eased the immediate tensions and demands of prairie dwellers.

SHORTER NOTES

Next week a practice civil defence operation is taking all essential government departments out of Washington for three days. Some of them will go as far as 300 miles away from the capital and they will be well separated from each other, so that not more than one agency can be wiped out by a single bomb. While in most cases military camps or university buildings will be used, conditions and communications in some places will, it is said, be austere.

*

The Senate last week, by a rider attached to another Bill, changed hardboard from the paper to the lumber category in the tariff schedules; this would have the effect of doubling the duty on imports of this commodity. Since the House passed a similar Bill last year, there is danger that it may approve the Senate's action. The beneficiary would be one company, almost the only producer of hardboard in the United States, which has never felt sufficiently threatened by imports to appeal to the Tariff Commission for relief. That commission has just ruled that imports of a related product, hardwood plywood, are not damaging the domestic industry, which has expanded greatly in recent years.

*

The latest report on awards of defence contracts shows that from July, 1953, to the end of 1954, firms manufacturing aircraft and guided missiles held the first eleven places by value of contracts awarded during this period.

The World Overseas

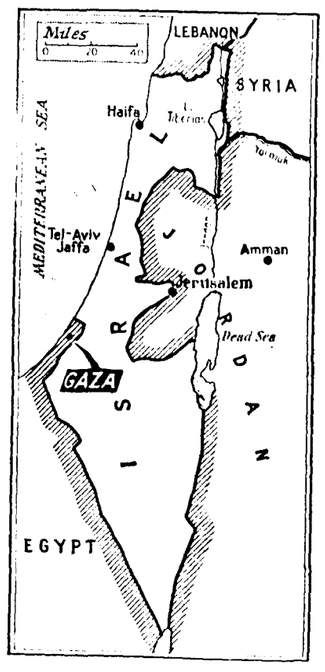
The Danger at Gaza

THERE can be few men in the world who would exchange their job for that of a United Nations truce supervisor in the Gaza area. For the latter, as he jolts in his white jeep across the barren undulations of the truce line, is beset with gnawing frustrations. At Egypt's request, the number of his colleagues has lately been increased, but numbers are valueless if the will to settle for their proposals is lacking. What can he do when Israel is in the middle of an election campaign which most parties prefer to fight in an atmosphere of crisis, and when someone objects to every conceivable proposal? All ingenuity is valueless while Mr Sharrett thunders from Israel that "Egypt has forfeited its right to hold Gaza," while Colonel Nasser replies from Cairo that any attack on its position there will entail "total war." This week's plea for moderation sent out from New York by Mr Hammarskjöld sounds, to anyone at Gaza, like the thin piping of some distant bird.

The outlook is the blacker because, only five months ago, it looked quite bright. Incidents diminished so substantially in the last months of 1954 that the Israelis who favour a "diplomatic" or "non-activist" approach were in the ascendant. But in January, the Security Council revealed fresh powerlessness to secure the passage of Israeli ships through the Suez Canal, and Israeli opinion was roused by the execution of two Jews on a spy charge in Cairo. In February, Israel's sense of isolation was increased by the Turco-Iraqi pact, while the search by western statesmen for Arab allies and the consequent proferring of arms and pacts was filling Jews with a fear that their present military advantage was a diminishing asset. Finally, in March, intruders from Gaza raided a military post, stole maps and murdered a cyclist right in the heartland of Israel, only fifteen kilometres from Tel Aviv. Mr Sharrett's stock slumped, and so, to keep abreast of his public, he sought a boost from the activists. He asked Mr Ben Gurion to take the Defence Ministry and acquiesced when a majority of his colleagues pressed for a retaliatory raid. There followed the Israel army attack of February 28th on Gaza—a point at which there are advantages in pressing because it is, as it were, an outpost and not a parcel of soil that is native to the troops who are holding it.

To a majority inside Israel, the activist arguments are potent, and the Gaza raid was a triumph. Some who counted the cost (which was a revulsion of western feeling) reckoned that this was worth paying because the tactical loss was only temporary. What sanction could the West apply, they asked, that Israel could not afford to meet while the revulsion lasted? Since then trouble has been continuous. From the Gaza side, it has taken the form not only of incursions by Arab marauders, but of some minelaying by refugee irregulars which the Israelis are sure that Egyptian soldiers condone. The Israel retort has been great in quality though not in quantity—a few well-organised military reprisals.

Hurrying to and fro between the antagonists, the UN Truce Supervisor, the Canadian General Burns, has done everything possible to check rising tempers. It says much for his demeanour and acumen that, while doing so, he has succeeded in retaining the respect of both sides; this he holds in a higher degree than any predecessor. He has now produced four proposals for lessening tension: first, joint patrols, ranging on both sides of the line, by a mixed team of UN, Israeli and Egyptian officers; second, the erection of a barbed wire fence to check marauders; third, an undertaking to use only regular soldiers in front line areas; and fourth, an agreement on communication across the line by local commanders to report and discuss incidents. All four have been accepted by the Egyptians, subject to two reservations—that the barbed wire shall not sanctify the permanence of the truce line, but can run on their side of it in the parts where danger lies, and that no direct connection between local commanders shall be made without the presence of a UN third party. (Surely telephone lines relayed through UN switchboards would be feasible.)



The Israelis have accepted the last three proposals, but they refuse joint patrols on security grounds. Admittedly, they own valuable installations much nearer to the truce line than does Egypt. They also dub the Egyptian reservations as objectionable, and as amounting to proof of their intention that raiders shall be able to dodge through gaps in the barbed wire. They are ready to talk, but only at a level high enough to entertain permanent peace proposals, whereas the Egyptians do not want to be engineered into meetings at which they might have to discuss these without their Arab allies at their elbow, and therefore wish to limit talk to the immediate issues at Gaza. Colonel Nasser has shown some will to make progress by suggesting the creation of a neutral zone, to be formed by means of a one kilometre withdrawal by both parties. The Israelis have not yet replied, but seem likely to refuse on the grounds that the move will cure neither Egyptian bad faith nor bad management, one of which, they say, must exist or minelaying could never have taken place. To the outsider, they seem little inclined to give anything a trial, yet none of their objections seem insurmountable, and in so relatively empty a quarter, a neutral zone seems practicable. General Burns publicly remarked at one point that they were not being co-operative, and it is impossible to avoid the impression that Mr Sharett cannot just now afford to agree to experiments in settlement.

The Israeli parliamentary elections take place on July 26th. Between now and then, candidates need to attract the votes of the uneasy sleepers in frontier settlements, the new voters fresh from hazards in lands in which Jews are not secure, and the army fire-eaters who would like to fight while they hold the best guns. Meanwhile, the Egyptian junta, whose position at home is none too strong, is thundering, for Egyptian home consumption, threats that, requoted in Israel, merely feed the "activist" campaign.

Further, inside Israel, a few statesmen who make time to take a longer view, look beyond their own elections to next year's American Presidential election. Last time, the Jewish vote was cast for Eisenhower. If he wants to catch it again will he not have to check the arms-giving to Arabs that has marked the middle years of Mr Dulles's term of office? Might he not even proffer the bilateral treaty that would help to equalise Israel's arms-race with the Arab states? But if he is to be swayed in this direction, must not an issue such as that of Gaza remain in the public eye? The prospects of a full-scale attempt to oust the Egyptians and confront the world with a *fait accompli* may not be grave, but those of keeping blood on the boil are serious. They will certainly last until July 26th, and might do so until the American poll in November of next year.

France's "European" Feud

FROM OUR SPECIAL CORRESPONDENT

BENEATH the apparent quiet of the parliamentary recess Paris is full of political activity. Parties are already in an electoral mood, thinking not so much of this month's voting for the Senate (or Council of the Republic) as of next year's elections to the National Assembly. M. Mendès-France began the campaign with his spectacular seizure of the Radical party's machine; the Christian Democrats (MRP) went on with it at their congress; now committees are being set up and programmes prepared with an eye on possible electoral alignments. Yet, though to Left, Right and Centre there is so much talk of regroupings, coalitions, alliances, there is no sign that the forces which have kept Gaul so divided are no longer at work. Indeed, even seemingly outworn issues continue to obstruct the process of political crystallisation.

One interesting illustration of this is provided by the problem of European integration. It might be thought that the European quarrel would die down once the question of German rearmament were settled. Yet, even now, after the ratification of the Paris Agreements, it is still very much alive. The government itself is deeply divided over the speed at which France should travel the road of European integration. As in the governments preceding that of M. Mendès-France, the MRP ministers are champions of the "European" idea and their ex-Gaullist colleagues its chief opponents. M. Faure, the Prime Minister, must keep the "ultras" constantly in check if he wants to keep the Gaullists in the cabinet.

The struggle has degenerated somewhat from issues to personalities. The MRP, aware that so soon after the defeat of EDC it could not advance bold "supranational" proposals, decided, at least for the moment, to put safe men in the key positions. Even these suggestions, however, were blocked by their partners in the cabinet. The refusal to reappoint M. Monnet to the Coal and Steel Community was only the most resounding of their failures. The case of M. Alphand, one of the draftsmen of the defunct EDC treaty, is almost as typical. This ally of the MRP was nominated ambassador to Tokio by M. Mendès-France in January, but never left for the Far East. As soon as M. Mendès-France was overthrown, the MRP demanded a reward for M. Alphand: they asked that he should be appointed ambassador to Bonn in succession to M. Francois-Poncet. Under pressure from both sides M. Faure havered. Last week a decision had to be taken when the replacement of General Ely in Saigon made necessary a complete reshuffle. M. Alphand was finally nominated French delegate to the United Nations. The MRP did not give in without a struggle and M. Robert Schuman apparently threatened to resign.

Search for a Compromise

There is no doubt about the part the Gaullists played in this struggle. In a speech last weekend, their parliamentary leader, M. Schmittlein, did not mince his words. He declared that they could not stay in the government if "that uncrowned king of Europe, candidate of MM. Adenauer, Hallstein and lesser gentlemen . . ." were kept at the head of the Coal and Steel Community or "if a French official were sent to Bonn whose character would not seem sufficiently firm to resist the song of sirens and other Lorelei." Without infringing the libel laws he could hardly have been more outspoken and explicit.

Still, however bitter the struggle, it is unlikely to bring about the government's collapse. M. Monnet was finally succeeded by M. René Mayer, a milder and less committed "European." At the time of writing the choice for Bonn has not yet been settled, but once again the parties will certainly seek a compromise. The reason is simple and it is one which may insure a fairly long life for M. Faure's government: the partners in the coalition would not benefit from his fall. In particular, if the MRP walked out, thus

paving the way for an openly right-wing government headed by, say, M. Pinay, it would be playing straight into the hands of its arch-enemy, M. Mendès-France, since it would thus facilitate a regrouping on the Left.

With nearly a year to go and the electoral system still undecided, it would be presumptuous to forecast the shape of alliances to come. At the same time, it seems certain that the European quarrel will be an important factor in their composition. It did not die with the EDC, it survived the ratification of the Paris Agreements and it is now added to the long list of issues that complicate the pattern of French politics. The "Europeans" may now be fairly cautious and have little hope of advancing their schemes in the present Assembly; but they will seek each other out before the next one is elected and bring about some strange alignments at next year's polls.

Indian Socialism and the State

FROM OUR CORRESPONDENT IN INDIA

INDIA is a society of small property-owners heading rapidly towards an equality where there will be fewer and fewer of either the rich or the totally propertyless. That is why in India the initiative of planning is left to the State with so little resistance; the State is the engine of change, and nobody except a few businessmen sees any alternative. The State may act directly, by building a new steel mill, or indirectly, by starting an agricultural extension service; but act the State must, for the small owner cannot. He has neither the education, nor the knowledge of the world, nor the resources.

Because State initiative in India derives from the inability of the little man to innovate for himself, it takes a quite different form from that customary in Western countries. The only real parallel is Meiji Japan. The Indian government has very little of the interest in controls and rationing for their own sake which distinguishes the British Labour party. Rationing has gone completely. Price control remains only on steel and cement, where the government is itself the main supplier, and on coal, where industry demands it. There are few cartels, no restrictions on entry into any line of business, no real monopolies. Indian agriculture and commerce, and much of Indian industry, are indeed one of the last examples of classical free competition; an Indian *mandi* is still Marshall's "market." Controls are confined to foreign trade and to the expansion of industry; these are, significantly, precisely the two areas where the private sector impinges on the government's role as the initiator of change. The government wishes to be sure that its plans are not interfered with by the private industrialist building factories which do not fit, or importing so many consumer goods that the government has no foreign exchange left for its bulldozers and its generators.

Nor, at this moment, is the government eager for any wide general socialisation, however much vague talk there may occasionally be. After all the arguments about the public sector which have gone on over the last few months, all that has been actually decided is that the government will build three new steel plants (assuming that there will be one in collaboration with the British in addition to those already decided on with the Germans and the Russians), that the Korba coalfield in Madhya Pradesh will be developed by the government, and that it will build a £15 million heavy electrical equipment factory; and even of these, Indian private enterprise could not have found the money for the steel, and the government itself buys most of the heavy electrical equipment. It is likely that in the second five-year plan well over half the expenditure will be in the public sector; but most of it will be in fields which in India have always been largely governmental—irrigation, power, railways, communications; and the plan for the private sector is likely to be about two-thirds bigger than it was in the present plan.

The government's first function in India, indeed, is to provide the external economies without which economic development is not possible. The private individual has enough capital to build a factory or terrace his land for rice; but the railways, the hydro-electric dams, the irrigation canals, the roads, the higher education, the DDT campaigns against malaria, must be done by the government or they would not be done at all. Nobody else has the money, or the knowledge, or, quite often, the power to get the foreign assistance which may be needed.

The government not only has to provide the small man with his external economies. It has also to do his adapting to the modern world for him. That the small owner enjoys his independence, and will not sacrifice it without the severest struggle is, in India as in France, a fact of great political importance. But if he is not nevertheless to lose it to the blind economic forces of the modern world, he must be shown how to widen his horizon from the village to the world. His production and his marketing must be made efficient, or, as is already happening with the handloom weavers, the preservation of his independence will be another burden on a society already poor.

A Touch of Fussiness

Therefore, the government must see that the schools have an agricultural bias, must provide doctors and the culverts for the village roads, must do the agricultural research and run the seed-farms, make the sulphate of ammonia and see to its distribution. The government must introduce the Japanese method of rice-growing and teach the villager how to run a co-operative brick-kiln; it must show the handloom weaver new designs and invent a better press for the oil-presser. Above all, the government must, through the co-operative movement, provide warehouses if the peasant is not to be compelled to sell his produce at the low prices of harvest-time, and credit, if he is to be able to borrow at rates low enough to allow agricultural improvement to be profitable. And a government which has to assist so universally inevitably becomes a little fussy, a little unwilling to give the economy the freedom to make mistakes which it needs if it is to develop.

The modern capitalist in India, caught between the small man and the State, is thus in a quite different position from his opposite number in the West. In the West he is the main motive-force of social advance. In India he is almost unimportant; modern industry provides only one-fifteenth of the national income; the whole modern capitalist sector perhaps a sixth. As the economy expands, he will expand with it, provided he conforms to five-year plans and does



This 5-storey reinforced concrete structure has been built by Cubitts for the National Employers Mutual General Insurance Association at Port-of-Spain, Trinidad.
All floors are designed on the 'drop-panel' system, which entirely eliminates ceiling beams, and movable vertical aluminium louvres, to exclude the sun's direct rays, have been set in the front elevation.
Long experience of building at home enables Cubitts to execute successfully important projects overseas—'invisible' exports which contribute materially to Britain's prosperity.

Now, as in the past

CUBITTS *build for the future*

HOLLAND & HANNEN AND CUBITTS LIMITED

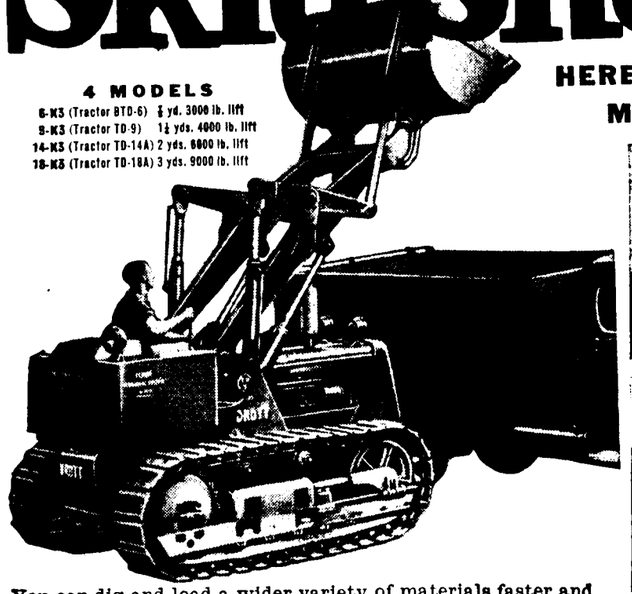
ONE QUEEN ANNE'S GATE · WESTMINSTER · S.W.1 · ENGLAND · SCOTLAND · OVERSEAS

THE WORLD'S FINEST FRONT-END LOADERS

DROTT Skid-Shovels

4 MODELS
6-K3 (Tractor BTD-6) ¾ yd. 3000 lb. lift
9-K3 (Tractor TD-9) 1½ yds. 4000 lb. lift
14-K3 (Tractor TD-14A) 2 yds. 6000 lb. lift
18-K3 (Tractor TD-18A) 3 yds. 9000 lb. lift

HERE'S HOW THEY MOVE MORE MATERIAL FASTER!





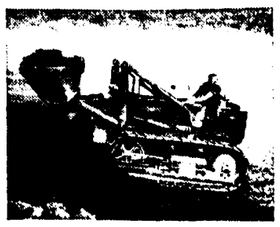
1

Drotts dig straight into the heap or down to 14" below ground line with the full weight of the tractor behind the bucket.



2

Drotts 'break-out' with a force greater, pound for pound, than the tractor's maximum drawbar pull.



3

Drotts get a heaped bucket every time, transport it on skid-shoes, keep it level during lifting.



4

Drotts lift to a great height, reach well forward, dump quickly and cleanly. They will clear the highest trucks and rail wagons, place material farther on the bank.

You can dig and load a wider variety of materials faster and more economically with Drott Skid-Shovels than with any other front-end loaders.
In the first place because Drotts are specifically designed to work with Internationals, the world's most versatile, efficient and dependable crawler tractors. Second, because over 30 years of planning, testing, proving, have resulted in many revolutionary output-boosting and wear-saving features that no other loaders possess. And, third, because Drotts are engineered to stand the most severe strains, the most brutal shocks, for many more hundreds of working hours.

International
Industrial Dealers in Gt. Britain & N. Ireland

JAMES BOWEN & SONS LTD.
EDINBURGH
R. CRIPPS & CO. LTD.
NOTTINGHAM
SAVILLE TRACTORS LTD.
LONDON & STRATFORD-ON-AVON
SAVILLE TRACTORS (BELFAST) LTD.
BELFAST

INTERNATIONAL HARVESTER

For full details see your International Industrial Dealer

International INDUSTRIAL POWER

INTERNATIONAL HARVESTER CO. OF GREAT BRITAIN LTD., HARVESTER HOUSE, 259 CITY RD., LONDON, E.C.1

not tread on too many artisan toes; and the State makes as sure as it can that he will make a profit. But he will have to be good; and he will never be important.

Free Trade Unionists in Vienna

THE *Konzerthaus* in Vienna seems to be a favourite meeting place for international trade unionists. In October, 1953, the Communist-controlled World Federation of Trade Unions held its last congress there in a room draped in scarlet and hung from roof to floor with red banners. The same room, now more soberly garnished, was the scene at the end of last month of the fourth world congress of the rival International Confederation of Free Trade Unions (ICFTU). Despite the comparative restraint of the décor—a symbolic torch, and a cluster of national flags on the platform—the free trade unionists presented an air of considerable self-confidence. The general secretary, Mr J. H. Oldenbroek of Holland, reported that the organisation had expanded considerably in the non-Communist world during the past two years at the expense of the Communist body, 90 per cent of whose affiliated membership is now within the Iron Curtain. The Confederation also managed this time to settle its disagreements behind the scenes.

The main achievement of the congress, and the issue over which opinions were divided most sharply, lay in the decision taken by the executive board to foster the ICFTU's regional activities, with the aim of helping the growth of non-Communist unions in underdeveloped areas. For this purpose a special contribution of one American cent per member was approved in principle, and it is expected that this will add about $330,000 a year to the Confederation's resources. But a battle developed within the executive board about who was to administer these regional activities. The American groups—the Congress of Industrial Organisations (CIO) and the American Federation of Labour (AFL)—wanted to pass a constitutional amendment putting M. Omer Bécu, the Confederation's Belgian president, in charge of this side of the ICFTU's work, thus by-passing the general secretary, Mr Oldenbroek, who, in the American view, is not outspoken enough in his anti-Communism; Mr Irving Brown, the European representative of the AFL, said sternly that Mr Oldenbroek was "no guide in a drifting world." Most of the European delegations, including the British, opposed this as a slight to Mr Oldenbroek, and as a compromise the executive board decided to create a special post of Director of Organisation to look after the development of unions in backward areas.

This will involve some renunciation by the AFL, who have hitherto carried on their own regional activities in various parts of the world on much the same lines as are proposed for the new agency. It has been felt for some time, by their fellow-Americans in the CIO and by many Europeans, that such activities should properly be under ICFTU control. The success of the new agency will depend largely on how far it manages to avoid one of the biggest pitfalls facing those who set out to encourage trade unionism in backward areas—the proliferation of tiny unions which fall too easily under the influence of demagogues. It has been estimated, for example, that in British colonial territories at the end of 1954 there were over 1,200 registered unions with a membership of less than a million.

The same division—between militantly anti-Communist American unions and less militant ones elsewhere—emerged again when a Cuban resolution on rearmament was considered. This resolution used phrases like "the basis on which the world is to be organised after the defeat of Communism" and urged the congress to resolve to "fight in the most active and dynamic fashion to ensure that the victory over Russia brings about the transformation of the world on Socialist bases." The vigour of the anti-Russian sentiments met with the approval of Mr Irving Brown, who is connected with what is known as the "New York group" inside the AFL—a group which exists to foster a trenchantly anti-Communist line in foreign affairs. But like the resolution on regional activities, this motion never reached the floor of the congress. It became known that, if it did, it would be opposed by the German delegation, apart from giving heart failure to some of the other Europeans. Instead, a compromise addition was made to a Japanese motion on disarmament.

Apart from a refusal to approve the admission of Jugoslav unions to affiliate bodies of the ICFTU, the other most noticeable feature of the congress was the number of resolutions on colonial subjects. Three of these concerned Britain—a motion to investigate allegations of forced labour in Kenya, another urging self-determination for Cyprus and a third calling for equality in social welfare between Malta and Britain. The British delegation accepted these with a stiff upper lip, not by way of a barter deal with the Americans on the other points at issue—there was no direct bargaining of this kind—but in the hope of preserving the unanimity and decorum of the congress. It may well be that opposition would have aroused even fiercer anti-colonial demons in some delegates' bosoms.

South Africa's "Historic Mistake"

FROM A CORRESPONDENT IN DURBAN

THE South African government has recently withdrawn its offer made last December to discuss with India and Pakistan the problem of Indians living in the Union. It has done so on the rather inadequate grounds that a recent speech of Mr Nehru's, which admittedly contained some pretty brutal knocks, showed that the proposed round table conference was foredoomed to failure. The Pakistanis, however, were studiously absolved from any blame. This long-standing issue has every year been the subject of acrimonious and sterile debate in the United Nations, and it has bedevilled diplomatic relations between the three countries. It is more the pity, therefore, that the opportunity of direct contact between the parties has been frittered away.

Of all South Africa's many race and colour problems that which concerns the 350,000 people of Indian origin is certainly the most complicated. No aspect of the Indian problem causes the white population more alarm than the

prolific fertility of the Indians in their midst. Recently the residents of Durban were dismayed to read that the Indian population of their city was already larger than the European; that the number of Indian girls under the age of 15 were three times the number of white girls in this age group; and that the multiplication rate of the Indians in South Africa was the highest in the world. More than 85 per cent of the Indians, the majority of whom are Hindus, live in Natal, and no less than 150,000 live in Durban. This heavy concentration is in part the result of provincial barriers forbidding their movement. The result is that the Indian problem is essentially a Natal problem, and in Natal, a Durban problem.

The Indians are not a homogeneous community. Within the group there exist all the antipathies which the Indians are seeking to erase from their relations with the other sections of the community. The communal quarrels that led to partition in India are mirrored in Natal; Hindus and Moslems vie with each other in seeking exclusiveness to the detriment of their unity. The first comers, mostly Hindus, arrived in South Africa as indentured labourers in the 1850's. Hard upon their heels came the free Indians, mostly Moslems, who went into trade. Both continued to come, to thrive and to multiply, the traders capturing a large proportion of the wholesale and retail trade, especially among the Africans; the Hindus advancing to become industrial workers, small farmers, and professional men.

The success of the Indians as traders, their rapidly mounting numbers and their racial incompatibility are the three main factors in the so-called Indian problem, which, in 1946, drew from General Smuts the observation "we are the victims of an historic mistake." The mistake was that after encouraging Indian "coolies" to come they were not, like the Chinese, compelled to go back. In Natal they were (and still are) welcomed as workers, frowned upon as traders, and heartily disliked as neighbours. In the Transvaal they were as early as 1895 segregated on account of their "insanitary mode of life."

The varied treatment meted out by the four territories to their Indians presented an astonishing muddle at the time of Union in 1910. The first attempt to bring about some uniformity was made by General Smuts during the war when he extended to Natal what were known as the Pegging Acts of the Transvaal and included certain economic restrictions. As compensation, he offered the Indians indirect representation in Parliament, through Indian-elected white representatives. The Indians refused the offer, though some leaders of the South African Indian Congress were ready to accept it. The result was a rift in the Congress; the younger professional and Trade Union discontents captured the leadership on a no-compromise platform. Later a new political body, the South African Indian Organisation, was set up by the moderate group. Indians now have two political bodies and speak with two voices. Congress, largely Hindu, draws its support from the workers and is led by professional men with Leftist leanings. The Organisation, largely Moslem, is representative of vested interests. It is willing to make concessions and to accept compromise, while Congress openly refuses co-operation with the government. Whereas Congress leaders still look to the United Nations and especially to Mr Nehru for help in their difficulties, the Organisation believes that Mr Nehru's continued intervention in Africa only injures the Indian cause by antagonising Europeans still further.

Indians and Africans

Something of the same conflict can be seen in Indian-African relations. Congress has an alliance with the African National Congress in their common struggle against the Europeans. The Organisation opposes any such alliance and seeks African friendship in other ways. How far these alliances and gestures touch the real differences between Indians and Africans is impossible to estimate. Superficially, however, relations between them at the present level are amicable. But it must be recognised that the vast majority of Africans as well as Indians are completely remote from the political struggle and show little interest in what the politicians are doing. The Africans certainly view the Indians' economic status with jealousy and suspicion. In Durban, Indians own fixed property to the value of £16 million, as against £90 million in white ownership. The Africans are forbidden such freehold property. The Indians—or rather some Indians, for wealth is most unevenly distributed—appear rich in African eyes, and this fact alone explains the tensions which give rise to such incidents as the ugly anti-Indian riots of 1949.

Indian disabilities in South Africa are real, and many of them could be remedied without harm to European interests. All the same it is a fact that few Indians can be persuaded to leave Mr Strydom's oppressions for Mr Nehru's freedoms. Indeed, despite the offer of financial inducements to return to India, only a trickle of Indians go, and many on the other hand try to get into the Union by legal or illegal means. The problem of fitting the Indians into the Union's multi-racial society is pressing and fraught with danger. *Apartheid* with its simple and ruthless logic is no solution, since the Indians have no reserves in which they can be penned off. Nor is there any possibility of uprooting this large part of the population, most of whom know no other home than South Africa, and shipping them off to alien and unwilling hosts in India and Pakistan. It is a problem for patience, wisdom and statesmanship—qualities, which, unfortunately, are rare in the ruling classes of South Africa today.

ISSUED THIS WEEK

Our three-monthly reports on business conditions in

CHINA & HONG KONG
NORWAY
PERSIAN GULF STATES
EASTERN EUROPE
SOUTH AFRICA
BRITISH WEST AFRICA
PHILIPPINES
CUBA

Fifty similar reports, covering seventy countries, are issued every three months. The annual subscription to one country or territory is £10 and there are discounts when more than five reports are taken. Subscribers receive ANNUAL SUPPLEMENTS giving useful background data. (Single reports cost £3.)

For full information about this and other services apply to:

The Economist Intelligence Unit
22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.



SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

master



and servant

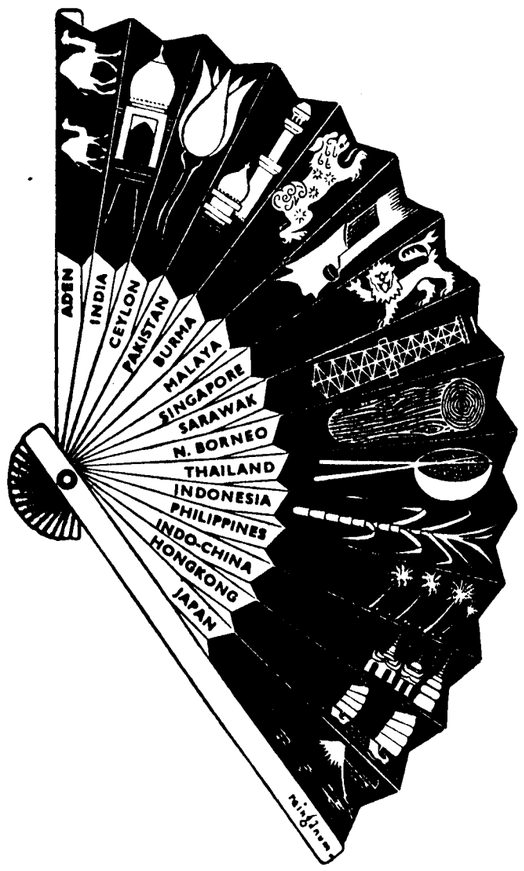
SOMETIMES placid, often savage—heat is vital to industry. Equally vital is its control. But Asbestos does more than control: it conserves and exploits. . . . It protects men and their buildings from fire, helps warm their rooms, saves their fuel, insulates their factories, starts and stops their lorries and buses. Asbestos is Master of Heat and Friction. Let us tell you many ways in which Asbestos can be your servant.

CAPOSITE
Thermal Insulation

CAPASCO
Moulded Brake and Clutch Linings

ASBESTOLUX
Non-Combustible Insulation Board

THE CAPE ASBESTOS COMPANY LTD
114-116 PARK STREET · LONDON W1
Telephone: GROsvenor 6022



Spanning the East

Branches of The Chartered Bank of India, Australia and China under British management directed from London are established in most centres of commercial importance throughout Southern and South Eastern Asia and the Far East. At all these branches a complete banking service is available and, in particular, facilities are provided for the financing of international trade in co-operation with the Bank's offices in London, Manchester and Liverpool, its agencies in New York and Hamburg and a world-wide range of banking correspondents.
In London and Singapore the Bank is prepared to act as executor or trustee.

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA
(Incorporated by Royal Charter, 1853)

Head Office: 38 Bishopsgate, London, E.C.2

THE BUSINESS WORLD

How the Bill Tender Works

ONE welcome and probably enduring consequence of the vigorous monetary policy that has been pursued since January is that it has consolidated and extended the progress made in the previous three years in restoring a genuine flexibility to the monetary apparatus. Many of the rigidities and artificial arrangements that were built up during the nineteen-year span of cheap money—when Bank rate, except for its brief flutter at the outbreak of war, was held inert and ineffective at 2 per cent, and market rates became almost invariable at much below that level—have now either disappeared or been noticeably loosened.

Some of these special arrangements do, however, still persist, and perhaps the most notable among them is the system of concerted tendering for Treasury bills that is followed by the discount market. The discount houses—numbering twelve since the war—each week agree upon a uniform price, at which they will severally tender for the offering of Treasury bills, and then regulate the amounts of their applications within defined limits, by a scale based upon their capital resources. A system of this character has been in operation for the past twenty years, but before the war it embraced a few "outside" banking houses as well as the then larger number of discount houses.

To form any fair judgment of these arrangements it is necessary to glance first at their origins, and especially at the associated practices of the clearing banks. The world slump of the early 'thirties, and the barter agreements that beset world trade when it began to revive, deprived the discount market of most of its traditional business in commercial bills ; and at the same time the Treasury seized the opportunity presented by cheap money to fund Treasury bills. These conditions would have oppressed the discount market in any case, but a further circumstance aggravated them to the point at which all save the few big houses faced a threat to their very existence. This circumstance was the refusal of the clearing banks to allow full flexibility to their charges for short loans to the market. Apparently in response to the wishes of the authorities in the difficult phase after World War I, the banks had adhered to the wartime practice of fixing a minimum rate for these loans. In the very different conditions of the early thirties they insisted on keeping the minimum at 1 per cent (i.e., 1 per cent below Bank rate), while simultaneously joining in the scramble for bills that eventually forced the Treasury bill rate down to 3/16 per cent, and thus confronted the discount market with heavy losses—which only the bigger houses could reasonably reckon to make good by dealings in short bonds.

At this juncture all parties agreed that, although some contraction of the discount market might be desirable (by consolidation of the smaller houses), it was imperative that an efficient market should be kept in being—not merely in the hope that its commercial functions would revive, but because its traditional services in the money mechanism as such were (and are) of vital concern alike to the Treasury as borrower, to the Bank of England as credit regulator, and to the commercial banks. One solution might have been to complete the freeing of the money mechanism, but the banks were opposed to this and preferred merely to reduce their money minimum (for loans against bills, while retaining the 1 per cent rate for the new category of "bond" money). Hence it was still necessary to ensure that the bill rate did not drop below the money minimum, and this was achieved by two further artificial expedients, devised with official blessing.

The first of these was an agreement among the banks that they would abstain from tendering for Treasury bills and from buying any bills in the market at rates

below the ½ per cent money minimum. This forced bill rates up, and immediately provoked a great spate of demand at the tenders, including many mere "stagging" applications. The second expedient, devised to meet this threat to the whole plan, was the discount market's quota system for tenders. The discount houses agreed not to join in the rush, and to keep their aggregate applications roughly in line with (actually somewhat below) the amount of bills on offer. And both banks and market later agreed not to purchase Treasury bills from "outside" houses unless at least one week of their life had elapsed—so that the scope for "stagging" applications was greatly narrowed.

★

During the abnormal circumstances of the 'thirties even the most ardent advocate of flexibility recognised that these arbitrary arrangements were necessary and desirable—as the very means, indeed, of preserving the apparatus of flexibility. The whole series of expedients has persisted, with relatively little change, ever since; yet since 1951 the conditions that gave rise to them have wholly disappeared. As soon as Bank rate itself became variable again, a margin opened up between the bill rate and the standard money rate, to provide the discount houses with a premium against the risk of a sudden rise in rates generally; more recently, rates for a substantial part of the money supply have themselves become flexible, and official policy has forced the bill rate close up to the Bank rate, making it fully effective.

In these circumstances it may seem not only that the reason for these artificial devices has disappeared, but that their continuance is obstructing the flexibility of the monetary apparatus as a whole. A doctrinaire approach to the problem of freeing the money system, which finds much justification in the experience of the recent evolution, would certainly require them to be swept away. No such demand has yet been voiced, however, from any of the several interests, including the authorities, most closely concerned—except that one of the big banks became momentarily restive at the abstention from tendering. If such restiveness were to grow, some radical changes might follow.

Something more than mere inertia and habit may explain the apparent absence of desire for change. It is possible that these arrangements have acquired a genuine function that has taken the place of the original limited purpose. Though the mechanics of the concerted tender are still much the same as before the war, the discount houses would claim that a major change of principle occurred in the early days of the war, because they have since regarded themselves as having a collective responsibility—even on obligation—to ensure that their aggregate applications approximately cover the whole amount offered each week. The discount houses at all times stand ready to take any shocks caused by variations in the demand for bills, whether at the tenders or in the market. This relieves the Treasury of worries or uncertainties in the placing of its bills, and minimises the risk that the needs of the Treasury may conflict with the aims of monetary policy.

There could be no such assurance, it is argued, if the clearing banks constantly competed with the market at the tenders, or if the discount houses did not concert their applications. And this assurance is particularly valuable now that Bank rate is variable. Without it whenever a rise in that rate was feared, the outside and overseas demand for bills would fall away, and the banks and market would reduce their applications or even abstain altogether. Hence the Treasury would run the risk of having to finance itself temporarily by Ways and Means advances from the Bank, and of thus causing credit inflation at the very moment when firmness in monetary policy was most needed. At the very least, the money apparatus would be liable to violent jolts.

Dangers of this kind did in fact arise in acute form after World War I, when the Treasury bill issue was very large; after the severe fundings that followed, they recurred only occasionally. But in the years before 1931, the last phase of flexible money, the volume of tender bills was equivalent to only 27-30 per cent. of net bank deposits, whereas now it is about 52 per cent. Again, since 1929 the true capital resources of the discount market have certainly doubled and may have trebled—but the weekly offering of Treasury bills has been multiplied six or seven times. This suggests that if the concerted tender was abandoned now, the authorities would be likely to find that an effective policy of flexible money might require a substantial reduction in the volume of Treasury bills—yet the present supply does not seem to be more than adequate for the normal needs of the banking system.

Though arguments of this kind are common in the market, and even among the banks, there is no evidence that they have actually been voiced by the authorities themselves. But if it is true that the concerted tender system is performing this new service (and if there are good reasons for maintaining so large a bill issue), the question still arises whether a price is being paid in terms of loss of market flexibility and perhaps of increased interest costs to the Treasury. To this question there can be no categorical answer.

From time to time Labour politicians have attacked the system on the ground that it raises interest costs. Certainly it is true that in at least part of the prewar period from early 1935 Treasury bill rates were higher than they would have been if the whole rate system had been free; but the rate-maintaining force, which kept rates from falling to the minute fractions reached in some other countries, was really the banks' minimum rather than the tender arrangements as such. And the Treasury, in effect, agreed that the price was worth while. Moreover, while the plan then saved the market from making an outright gross loss on its bill dealings, non-market competition at the tenders kept the rate at only an infinitesimal fraction above the money rate at which the bills were financed.

There can be no such objective demonstration of the workings of the market tender system today. But the competition the market has to meet—both from the "inside" tenders submitted by the Bank of England for itself and its customers and from "outside" quarters—is very strong. It has lately been eating into the market allotments, notably because the credit squeeze has kept the market from increasing its application price (and, indeed, has forced a progressive reduction). Moreover, there are frequent differences of view among the discount houses themselves, so that the agreed policy is a compromise between the conflicting objectives of the best rate and the best allotment. If during the past year the market's margin has at times been higher than it might have been without the concerted tender, at least part of the cause has been the relative inflexibility of the banks' money rates. These, however, have lately become much more flexible; and in any case the market's margins have never been wide by the standards of former periods of orthodox money. The special tender arrangements have almost certainly kept the range of Treasury bill rate fluctuations narrower, but it is not certain that they have kept the average perceptibly higher, than it would have been in a fully free market. On a long view, a more volatile rate might produce a wider average margin.

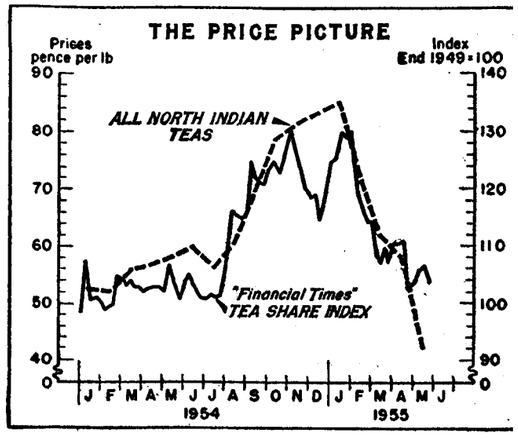
These considerations do not suggest that there is any *prima facie* reason—except the doctrinaire one—for getting rid of these devices, anomalous though they look in the new phase of growing flexibility. But the advantages of the system, if such they are, probably do not require the retention of all the defensive adjuncts that were added to it before the war. The market and the banks would do well to look afresh at the details. The system could be made more free, without making it less useful.

Recipe for Tea Shares

THE tea share dividend season has produced a strong brew. Profits and dividends spring this year from the booming tea prices of 1954, a year in which common tea opened at 4s. per lb. in Mincing Lane and finished little short of 7s. Most companies' accounts cover the calendar year, and North Indian companies had sold the bulk of their crop before the break in prices last February. Companies are paying the highest dividends and showing the highest profits in living memory: some must be hard put to know what to do with the money. Consolidated Tea and Lands, with a profit before tax of £2½ million, compared with £1.3 million for 1953 and with only £98,000 in 1951, is no more than typical of the trend, and its dividend of 30 per cent, tax free, against 10 per cent tax free in those circumstances is conservative.

But the boom in tea prices is over, and the active market in tea shares has vanished with it. Fine profits and dividends are falling on a share market that is as flat as only the tea share market can be. The *Financial Times* index of tea share prices, which reached a peak of 130.1 on February 2nd, is now 104.7, and the fall understates the true stagnation of the market. There is no "market," and the impatient sale of only a few hundred shares can send prices tumbling further. At the present level of prices it is not difficult to obtain dividend yields from sound shares of 30 per cent backed by earnings of twice that figure.

It is always so with tea shares. The market in London is narrow and suitable only for those who understand the business, and the Calcutta share market is no better. The three London jobbers who try with limited resources to keep a market going in the shares of an industry made up of innumerable small companies find themselves negotiators rather than jobbers, and they can hardly be blamed if they sometimes reject the risk of dealing unless they can see both a buyer and a seller. The limitations of the London jobbing system and the capital structure of the tea-growing companies—many



of whose shares are tightly controlled by family groups or agency houses—are equally to blame. The market is either all buyers or all sellers, and the change-round is as sudden as the change from prosperity to depression in the tea industry itself.

In the depression of 1952 more than 60 companies

in India and Pakistan made serious losses. In the boom of 1954 nearly all companies made the best profits of a generation. Yet today for many companies prices barely cover costs of production, plus export duty. The investor who bought tea shares last year because he could see that magnificent dividends would be due in May, 1955, has the satisfaction of knowing that he was right. He has little other cause for satisfaction. Share prices have fallen so far below their peak as to almost wipe out the gain he made in 1954, and if he were to try now to sell any quantity of shares he would not realise even those reduced prices.

So it is strange that the share bidders who were so active in the last months of 1954 have all vanished. Indian buyers were then haunting the London offices of stockbrokers and agency houses in their search for companies whose control could be bought through the market. It was demonstrable that the break-up value of the companies was well above the market value of the shares, and many were also palpably well endowed with liquid assets. A few sales were made, and several purchases were attempted. The Assam Company had a narrow escape, and many companies—Assam, Jorehaut, and the whole Walter Duncan & Goodriche group—have taken evasive action to make any bidder secure overwhelming rather than a bare-controlling interest.

Company	Net Profit 1953	Net Profit 1954	Dividend Rate 1953	Dividend Rate 1954	Current Price	Yield Per cent
	£'000	£'000	%	%		
Ceylon						
Ceylon Tea Plants	119	321	27½	50	48s.	20¾
Demodera	35	101	17	53	30s.	35½
Lunuva	82	354	15	25	27s. 3d.	18½
Nuwara Eliya	77	220	12½	22½	31s.	14½
Galaha	49	119	25	50	9s.	22½
Standard Tea	87	177	27½	50	45s.	22½
Pundaloya	16	57	17½	40	28s.	28½
India, Pakistan, etc.						
Consolidated Tea & Lands	825	1,149	10†	30†	34s. 6d.	30½
Amalgamated	224	356	5†	11½†	21s. 6d.	18½
Sylhet	22	44	15	50	27s. 6d.	36½
Dekhari	32	128	20	17½†*b*	20s. 6d.*	29½
Chandpore	39	96	25*a*	30†	8s.	27½
Kanan Devan Hills	234	642	10†	27½†	41s.	23½
Darjeeling Consolidated	42	80	10	20	19s.	21

All £1 shares except Galaha 4/- and Chandpore 5/-. All for years ended December 31st; except Pundaloya December 1st, Consolidated Tea, Amalgamated, and Kanan Devan November 30th. (*a*) 5 per cent less tax, 20 per cent free of tax. (*b*) Dividend adjusted to 100 per cent free scrip issue of April, 1955. * Ex-dividend. † Tax free.

What accounts for this disappearance of the bidders almost overnight? The cost per acre of good bearing tea gardens in a favoured Indian district is still about £250 to £300 an acre, and must remain related to the cost of planting such land and bringing it to maturity. And thanks to the sharp fall in prices, tea shares now appear to be an even more attractive proposition for a take-over. Can the disappearance of bids be due solely to the stiffer attitude of the Indian exchange control? It is known that the Indian Finance Minister has expressed doubts about the wisdom of Indian buying of tea companies through London, and that at least one prospective sale in South India has been abandoned. Yet that cannot be the whole story.

Take-over bids seldom flourish in a falling market. They might if the bidder were a man of great wealth, seeking only to buy an estate cheaply, plough his own money in and run it as it is now run—for the long view. But normally it is the glitter of the company's present liquid wealth, its current profits and its accumulated cash that catches the bidder's eye. That cash may now be committed to relieving a lean time. The bidders can afford to wait.

Many companies are this year not only paying higher dividend rates, but also paying on a larger capital, for free shares were issued widely in the especially profitable conditions of 1954. That policy is still within the conservative traditions of the English and Scottish agency houses. They are also ploughing much larger sums of money into the gardens to build for the future. If another lean period is in store for tea, most companies will face it with unusual financial strength. How lean that period may be depends mainly on the producers. World consumption of tea remains high—and will almost certainly increase further over the years—but there is too much tea on the market at present.

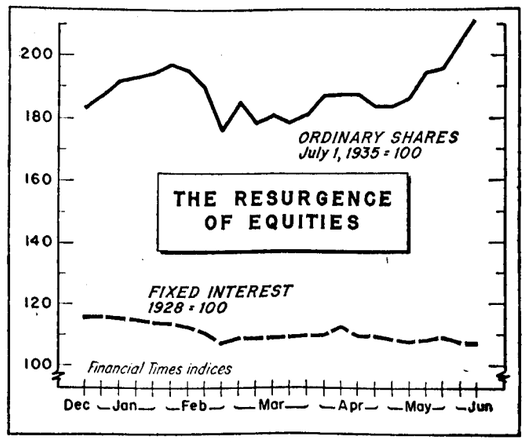
The investor must frame his policy not only against that background and the peculiarities of the share market; he must also make the allowance he thinks appropriate for the political and other factors that are steadily restricting the companies' operations in India, Ceylon and Pakistan, the three main producing countries in which British investors have a stake. The remittance of earnings from Pakistan is practically impossible, and difficult from Ceylon. In India, the rupee companies now face the likelihood of the gradual elimination of the managing agency system, essential though that system is for the efficient operation of the estates. All three countries impose restrictions of varying severity on the employment of Europeans in the tea industry. All these factors will help to keep tea shares on a relatively high-yield basis and to make it difficult to raise capital by any means except retained profits.

Above all, investors must realise that with tea shares they cannot hope to swim with the stream. It is costly to buy when all are buying, and fatal to sell when all are selling. Hence, it is already too late to get out of tea shares. This may be a time when shrewd professional investors start thinking about getting in again. Those who contemplate investing a fair amount are now making small beginnings, with no certainty that tea shares will not suffer a further fall, but with the hope that their purchases as a whole—spread over a period—will average out well. On the long view, it might also be right now to choose the companies managed by agents that traditionally treat shareholders with something less than generosity, for those companies should have substantial retained resources and a relatively easy passage through what may be a difficult time.

Business Notes

Effervescent Markets

DESPITE the worries and inconveniences of this second week of the rail stoppage—not to mention the continuing dock strikes and the new hold-ups of transatlantic liners—the stock markets have been quite unable to restrain the effervescent optimism that has been gaining strength ever since investors made up their minds that the Conservative government would gain a second term. Although the market was rather patchy at the close on Thursday, optimism has bubbled every time there seemed any excuse for believing that the rail strike might be quickly settled. Last Friday, after the spectacular leap in the *Financial Times* ordinary share index, by 5.8 points to 204.4, profit-taking carried it back to 202.9, but since then there has been a further extraordinary advance—slight on Monday, but amounting to over 8 points in the two following days. By Wednesday's close, it had reached the dizzy peak of 211.3, or no less than 35 points above the low point of mid-March, and the average yield on the blue-chip stocks included in the index has been forced down to only a small fraction above that on long-term gilt-edged.



The immediate future of the gilt-edged market, however, is by no means assured. This week it has only just succeeded in holding its own—after renewed weakness on Monday. Although many people believe that the market has just about touched bottom, it certainly cannot be taken for granted that no new pressure will be put upon it from the credit squeeze—even though the banks at the moment do not seem to be showing any anxiety to sell. Some further sales are believed to have taken place in the past week, but only in response to a clear demand for a particular stock. The rail strike has made it the more necessary to ensure that monetary policy really does restrain the pressure upon the economy, and if that policy is kept firm, the best hope for the gilt-edged market is that it will henceforth operate mainly by squeezing bank advances. It is unwise to assume, as many people are assuming, that an electricity issue ought to ease the pressure on gilt-edged. The banks plead for such an issue because they regard it as unfair that their liquidity should be so heavily burdened by electricity advances; but if the liquidity ratio is eased by a funding operation, the cutting edge of the money weapon will be blunted—and, if it is to do the necessary cutting of real demand, it will then have to be sharpened again by official sales of gilt-edged. And this kind of pressure will have to be the more determined if the Electricity Loan were to be placed on such terms as left any large proportion with the "departments."

Meanwhile, lesser borrowers are being put first in the queue. On Monday a £10 million cash and conversion issue was announced by New Zealand, to provide for the £11,984,000 of 3 per cent 1952-55 stock that finally matures on July 1. The new stock, 4¼ per cent, 1970-73, at 97½, compared favourably with existing New Zealand issues, which fell sharply on the announcement; but it clearly has not made any notable appeal. The cash lists remained open throughout Thursday.

Steel Thrust

BY one of the ironies of political forecasting, the steel equities that did not attract full subscription because of the threat of renationalisation are now in the van of the stock market boom. They are not being bought simply because a Conservative victory gives the steel industry a clear road for at least a spell of years. Nor are they being bought simply because the earnings cover on the ordinary dividends is high. Both those facts have weight, as the doubling of the price of the Stewarts and Lloyds stock illustrates. Earnings on that stock are very high but, then, the issue price was very low because Sir John Morison had to make a success of that issue to clear the path for those that followed. The argument for buying now, however, is rather more sophisticated. It is recognised that the steel companies will need to plough back profits to finance the development programmes still under way and that hence any statistical calculation will show a high ratio of earnings to dividends. But it is also recognised that the development programmes so far completed and those to be completed in the future have brought and will bring in increments to

profits. It is from those additional earnings that the bigger dividends are expected to come.

But why have steel equities leaped ahead in the middle of a strike that threatens production in that industry more than in most? The answer can be found in this week's announcements from Colvilles and John Summers. Both those announcements indicated that trading results in the current year will be much better than the cautious forecasts made in the offers for sale. In the Colvilles prospectus the directors spoke of a profit after depreciation but before tax of £4.5 million as a reasonable figure on which to base

Ordinary Shares (£1)	Issue Price	High 1955	Low 1955	Approximate earnings % †	Dividend per cent.	Current Price	Yield per cent.
							£ s. d.
United Steel	25/-	44/4½	29/-	57	10	44/7½	4 9 8
Lancs. Steel	22/6	35/-	24/9	37	9	36/6*	4 18 8
Stewarts & L	35/-	73/-	42/6	109	12½	73/9	3 7 9
J. Summers	24/6	43/-	27/6	32	9⅝	43/9	4 9 10
Dorman Long	22/6	34/4½	23/3	40	8	35/6	4 10 1
Colvilles ...	26/-	36/4½	27/3	87	9	37/4½*	4 16 4
Whitehead..	55/-	69/-	57/3	67	17½	67/9	5 3 4
Firth Brown	25/-	30/-	25/3	76	8	31/9	5 0 9

† Relating to last financial year (end-September, 1954); Stewarts & Lloyds have since declared an interim dividend of 5 per cent., John Summers of 4 per cent., and Colvilles of 3 per cent. * Ex-dividend.

their dividend policy. The directors now show in an interim report (accompanying the 3 per cent interim dividend) that in the first half of the current financial year the group has already earned a profit after depreciation but before tax of nearly £3.7 million. Small wonder then that the optimists began to calculate that equity earnings would be twice as high as the prospectus estimate of £1,960,000. And to encourage their hopes comes the decision from John Summers to raise its interim ordinary dividend from 3 to 4 per cent.

Coal Now and Next Winter

WHILE the miners can keep output up, as so far they are doing, the rail strike will not have much effect upon the total amount of coal Britain has in stock; what it will affect is where those stocks are held. Consumers are making up their reduced current deliveries by drawing coal from their own "distributed" stocks: the coal they do not get is piling up in colliery yards and opencast stocking grounds. At the beginning of the strike consumers had about 11½ million tons of coal in stock and the industry about 1¼ million tons. Last week about 3.3 million tons were produced, which was for this year of low coal output not an unusually bad Whit week. Roughly two-thirds of this coal was distributed, perhaps as much as half by road, and a third put into the industry's stocks. Export shipments are now hardly likely to be exceeding imports; so distributed stocks might have been expected to fall by 1-1½ million tons last week and the industry's stocks to rise by more than a million tons. The daily output figures that the National Coal Board is now issuing suggest that this week has been continuing at a normal level for 1955, and that a rather larger proportion of coal may have been moved from the pits this week than last.

The limits on colliery stocks in times of normal trade are reputed to derive from the miner's psychology: daddy does go down the mine when there is plenty of coal in the yard, but he may not send as much up. Today, there are no fears about coal demand. The miners are keeping output steady: and even the resolutions in South Wales appear to have been worded so as to sound as militant as possible while in fact hampering coal movement there as little as will save red faces. The physical limits on stocking at pithead are taking longer to master than most people guessed: it is inconvenient and costly to handle coal twice, but so far most pits have no shortage of room to put it.

But in full working weeks from now on, even in the summer, the economy as a whole may have to draw upon its distributed stocks by half a million tons or more a week while the strike lasts. Industry is getting whatever coal is moved, and the cutting of hours worked may somewhat moderate its fuel needs. But it is running already on fairly narrow margins at best, and hand to mouth in many cases; and specialised requirements, such as coking coals for some areas, present the worst problem of all. Until mining output is interrupted, the significance of the strike for coal stocks this winter is primarily in piling up a big autumn task for coal transport. It is keeping current output moving to industry now that matters.

Output Without Transport

BEFORE industry's coal stocks run out, it is beginning to be argued, other supplies may dry up as a result of the rail strike, such as bought-out components and sub-assemblies. Only one freight train out of five is running normally; the dockers are at full strength on only one ship in three; and five passenger liners are still crewless; but the week has passed by with remarkably little interruption to output. Some 7,000 persons were actually laid off last week (plus an unknown number under notice), and the number has not been much greater this week. This was the second week of the railway strike and the third week since the stevedores came out. Business has been more than enough for road hauliers, canal barges and Thames water-buses.

The steel industry, which was the most vulnerable to a railway stoppage, is now working at about 75-80 per cent of normal, with some plants doing better than others. Special coal trains at weekends should help to keep coke ovens and furnaces going for some time, but the industry expects to continue running slowly downhill.

By living off stocks and by reducing working hours as a precautionary measure, most steel users have kept going without interruption. The greatest danger to the motor-car industry, which, with the cycle and aircraft firms was receiving 29,000 tons of the 260,000 tons of finished steel delivered weekly earlier this year, lies in its long chain of suppliers. No trouble has happened here yet, and none so far appears imminent. The building and construction industries had been taking 27,000 tons a week; the rate of factory construction this year may thus be less than had been expected. Even with the 10 per cent increase in

"There are people whose business it is to know about these things"

You may never have seen a refractory. "The technical side!" you may say. "There are people whose business it is to know these things." How right you are! Refractories are technically very complex, and financially very important. Their selection really is a specialists' job. Morgans are such specialists. They are the manufacturers of some of the finest refractories in the world. They designed, and they operate, the most up-to-date refractories plant in Europe. They know, if anyone does, the care with which long-life refractories must be made.

Morgans' advice—which involves no obligation—is completely authoritative.

Refractories are the materials from which furnaces are built. They may well be in your balance sheet—unseen. Think of their effect on labour and fuel costs, overheads, furnace productivity; and their importance at once becomes clear. As well that there are people who know about these things!

MORGAN Refractories

ASK MORGANS ABOUT REFRACTORIES—THEY KNOW

MORGAN REFRACTORIES LTD., NESTON, WIRRAL, CHESHIRE. TEL: NESTON 1406

MR

7 days in the life of a busy man



New York, Tuesday evening. Flew over from London by B.O.A.C. for conference. Now by B.O.A.C. again for tour of world plants. Back across the Atlantic by "Monarch" de luxe *Stratocruiser* service . . . air travel at its superlative best.

London, Wednesday morning. What a wonderful way to travel . . . got in fresh as a daisy for a day of concentrated business at head office, then . . .

Cairo, Thursday morning. Reached Egypt in the comfort of a B.O.A.C. *Argonaut* for a quick look at new installations, business dinner and overnight stop.

Calcutta, Saturday morning. Another restful flight, then a two-day stop for discussion of local problems with Indian agents. Satisfactorily solved.

Tokyo, Tuesday evening. Across the world — with stops — in only seven days! A wonderful way to complete a week's heavy programme, then . . . back home again by B.O.A.C., of course!

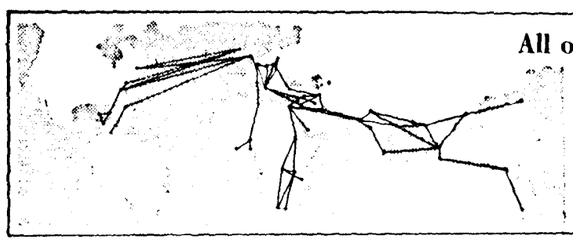
Whether your itinerary demands rush or leisure, B.O.A.C. offers you frequent services — at First or Tourist Class fares — to 51 countries of the world.

Delicious free meals and courteous, personal service. No tips or extras.

FIRST CLASS "Monarch" *Stratocruiser* services to U.S.A., Canada, Caribbean. "Majestic" *Constellation* services to Middle East, Far East, Australia, and South Africa.

TOURIST CLASS "Coronet" *Stratocruiser* services to U.S.A. and Canada. "Coronet" *Argonaut* services to Middle East, Africa, Pakistan, India, Far East. *Constellations* to Australia.

Consult your local B.O.A.C. Appointed Agent or any B.O.A.C. office, and ask about the Ticket Instalment Plan.



All over the world

B·O·A·C

takes good care of you

BRITISH OVERSEAS AIRWAYS CORPORATION WITH QANTAS, S.A.A. & TEA

supplies—including extra imports—that was thought likely earlier this year, steel would still have been short. The position will now be worse. No further orders are being taken at present, and by the autumn steel prices will probably have been raised.

The dock strike is now of only academic interest for many export packing departments. Warehouses were beginning to get full before the rail strike, but the whole rail pipeline is itself now nearly dead. British Railways cleared a month's back-log of shipments in remarkably quick time after last October's dock strike. This time, however, the railways will have much more work to do, and the present system of priorities will have to be continued for some time. A small loss of steel output and the breaking of export delivery promises will be the major results of the two strikes if work is resumed before next week-end. If the footplatemen or the stevedores stay out longer, then the pile-up of finished goods and the interruption of supplies of materials and components will bring a more serious situation.

The Price of Coal

SOME of the coal merchants who are using lorries to collect coal from the pits—particularly in the Midlands—have been allowed to make temporary increases in the price of the coal to consumers. The altered transport involves these merchants in buying the coal at pithead price and paying for it to be carted to their own depots, instead of buying it at a "zone-delivered" price and receiving it by rail. The delivered price normally averages out transport costs to merchants throughout certain areas from the variety of pits that may supply coal to these areas. The shift to pithead prices and road transport means that merchants have to pay the actual cost of transport from particular pits to their own particular location, which may be somewhat more—or somewhat less. This week local fuel overseers were given permission by the Minister of Fuel and Power to allow their merchants to adjust their prices—and therefore their margins—to cover these exceptional costs. The increases have been allowed only to individual merchants who can demonstrate the extra costs they are having to pay: nevertheless, the actual size of the increases allowed—some were as low as 2s. 6d., but others have approached £1 a ton—have surprised a number of people even in the coal trade.

The increase of 7½ per cent granted some weeks ago in coal prices to cover the higher transport costs has meanwhile come into effect this week, and the National Coal Board can hardly postpone much longer a further price increase to cover the higher wage costs that have already arisen from revision of its wage structure. Speaking in London this week, Mr D. P. Wellman, chairman of the North-Western Gas Board, forecast that this increase might be 8s. a ton. Some observers think the average increase might be rather higher, but the incidence upon particular grades of coal remains to be seen. The National Coal Board relies partly upon "scientific grading" of coal, partly upon actual costs of production, and partly upon "commercial considerations" in fixing its prices (which have to be approved, under a gentleman's agreement, by the Minister of Fuel and Power). Commercial considerations in the trade, at least, suggest that certain grades of screened industrial coals are at present rather cheap in comparison with domestic grades.

Bargaining for Comet IVs

CANADIAN PACIFIC AIRLINES has openly announced its willingness to buy four Comet IVs from de Havilland but on conditions that are so stringent that talks during this week or next will decide whether or not de Havilland can meet them. Delivery must not be later than mid-1959 if the order is to be signed, and the engines of the aircraft must be equipped with reverse thrust. While de Havilland could easily meet the first condition alone, the second depends on how rapidly Rolls-Royce, who provide the engines, can develop reverse thrust mechanisms. When jet airliners land they must rely on wheel brakes, whereas piston or turbo-prop airliners can apply braking power through the propellers, and so are less vulnerable to conditions on the runway surface. Canadian Pacific, using icy Canadian runways, is insisting on a modification known to be technically possible but difficult to design—that means are provided for changing the direction of the engines' jet stream so that instead of pushing the aircraft, they brake its progress, producing the same effect as the reverse pitch propeller. Rolls-Royce will begin bench-testing such engines in August, and expects to be able to deliver them in time to meet the Canadian Pacific deadline, but it will obviously call for a concentrated effort to do so.

Power Behind the Atom

PROMOTION of the fantastic possibilities that lie in nuclear physics is gaining momentum at a rate that hardly seemed possible a year ago, when the Atomic Energy Authority was formed. Some of the incentive comes, certainly, from the need to prepare for the conference on atomic energy that is being organised in Geneva by the United Nations during August. This promises to be even more of an atomic trade fair than a scientific conference, with the main developing countries, Britain, Russia and the United States putting their wares on show. First appearances suggest that the Russians are prepared to be more forthcoming than the Americans, and American ideas on security may be sharply revised in the process of learning how far other countries have gone by their own unaided

INDEX

The Index to *The Economist* is published quarterly. The subscription rate is 5/- a year; single copies are priced at 2/- each. The Index to Volume CLXXIV (January to March, 1955) is now available from:

The Publisher, 22 Ryder St., St. James's, London, S.W.1.

efforts and how many nominally secret ideas are considered in Europe to be popular currency.

So far in Britain four groups have been formed by manufacturers concerned in the design and development of plant and buildings for atomic installations, each group having sufficient co-operative know-how to undertake commissions to build atomic power stations. It is possible that other groups may be formed ; the big aero-engine manufacturers are likely to look for partners with atomic experience. All are able to draw on the experience of the Atomic Energy Authority whose own plans for new and improved reactor design have been materialising rapidly. The speed of progress has given a curiously old-fashioned air to the American "Atoms for Peace" exhibition that has reached the South Bank after touring Europe for a year. A disproportionate amount of space seems to be given over to the use of radio-active materials which are only a small though useful sideline to the business of atomic engineering, while nuclear power prospects are handled in a broad and vague manner that looks incongruous in a country that has already digested the Government's White Paper on atomic energy and is committed to an ambitious programme of atomic power stations. The matters of interest today are not atomic energy in the abstract, but individual atomic power plants, their different designs, powers and efficiencies. The prospects are enticing enough to have fired the imagination of the somewhat formal professional Institutions of engineers. Five of them, including the Institute of Physics, are co-operating in a British Nuclear Energy Conference, the purpose of which is to see that information on nuclear techniques is spread through all interested branches of engineering. Lack of effective channels of communication (which the Conference will now provide) between the scientists at Harwell, who initiate atomic research, and the men in industry who translate their findings into commercial ventures has up till now been the biggest danger to atomic development.

Hard Selling in Wool Textiles

In the wool industry, unlike the cotton industry, there is confidence in prices of the raw material ; that helps business, but nevertheless it is not easy to obtain orders. In most sections of the trade, particularly on the worsted side, competition is increasing and selling margins are being trimmed. Though activity is still high the best days are past and the trend appears to be towards the prewar conditions of trade. In the home market sales of wool goods, as of other textiles, are struggling to compete with consumer durables for the public's eye, and the emphasis is accordingly on price. Hence the preference for the fine and medium qualities of crossbred wools as substitutes for the more expensive merinos in the worsted trade. The turn of fashion's wheel too, favours woollens rather than worsteds in women's wear and therefore favours crossbreds. Fashion will change in time, and the change may be hastened now that the difference in prices of merino and crossbred wools seems to have narrowed to the point at which merinos are becoming more attractive to buyers.

Compared with the home trade, export business is brisk, though here again competition is keen—in some markets it is described as "devastating." In the first four months of this year exports of tops reached a postwar record of 25.8 million lb and were 10 per cent higher than in the same period of last year ; exports of woollen and worsted cloths, at 34.4 million square yards, were the highest for several years and 12 per cent higher than in 1954.

The relative scarcity of business in the worsted section is beginning to be reflected in the activity of the industry as a whole. The statistics of the Wool Industry Bureau show that in April the rate of wool consumption fell slightly for the first time this year, though it was still seven per cent higher than a year ago. The rate of consumption in topmaking was a little lower than in March and five per cent higher than a year ago, whereas in the woollen section consumption was slightly higher than in March and 12 per cent higher than a year ago. And the bulk of the decline of 543 in the industry's labour force was again in the worsted section, which lost 413 workers in April.

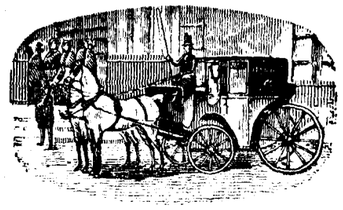
MG Up to Date

For more than twenty years MG (originally the pioneer Morris Garages, of Oxford) has produced small open two-seater sports cars which have changed only gradually. It has commanded an enthusiastic market, chiefly among the younger members of the fancy, by a combination of sporting appearance, low price and a performance which has been exhilarating rather than ultra-rapid. The company had the honourable record, until this year the Volkswagen surpassed its best figure, of the largest volume of sales in the US market, of any imported car. But these American sales, which in 1952 took about 7,500, probably half the MGs made, fell off in 1953, and showed a sharp fall last year to under 3,500. And last year, rising sales in America of the Austin-Healey and the Triumph TR2, showed that there was still a handsome market for an up-to-date version of the MG—and not only in the USA.

The prototypes which are to race this week-end at Le Mans show the shape of MGs to come. The bodies are gracefully streamlined, bearing some resemblance to the open Jaguars, and paying less tribute to the traditional ideas of what an open sports car should look like than the Triumph TR2. The dry weight is said to be 14¼ cwt, corresponding to a kerb weight of perhaps 15½ cwt, against the 17½ cwt of the present MG Midget or the 18¼ cwt of the Triumph—a notable reduction.

The design of the new frame should give a really rigid structure, which is even more important for a high performance car than for a saloon car ; and the designer has secured that rigidity by using for the structure much more of the depth of the car than is customarily employed, except in cars where the body is an important part of the load-carrying framework. Just as the rigidity of a beam is as the cube of its depth, so this design is likely to give great rigidity in proportion to its weight—and may influence American car designers, who have always been apt to rely entirely on a frame, of considerable weight rather than depth, to carry the main structural loads of an automobile.

The engine is based on a BMC engine of 1500 cc, very considerably developed from the volume-produced



An essential contribution to



the art of gracious living

PERFECTOS FINOS 50's 14/6 100's 29/4
PERFECTOS No. 2 50's 11/6 100's 23/4

JOHN PLAYER & SONS, BRANCH OF THE IMPERIAL TOBACCO CO. (OF GREAT BRITAIN & IRELAND), LTD. (PP.30A)

Mon ami le philosophe
MY FRIEND THE PHILOSOPHER
maintient que les
MAINTAINS THAT THE
trois éléments de
THREE ESSENTIALS OF
l'horticulture sont une
HORTICULTURE ARE A
chaise longue, une
DECK-CHAIR, A
bouteille de Dubonnet
BOTTLE OF DUBONNET
et une imagination
AND A LIVELY IMAGINATION.
débordante. *(Très bien!)*
HIGH WORK!

Even if work is contemplated but never done, a glass of Dubonnet will richly reward those good intentions. Whenever you drink it, Dubonnet fills you with the joy of living but never leaves you feverish. As an appetiser it knows no equal. Get a bottle of Dubonnet today—20/-.



DUBONNET does not affect the liver

SOLE DISTRIBUTORS: L. ROSE & CO. LTD., ST. ALBANS, HERTS.



St. Paul's stands in need of your help

Last October we launched an Appeal for St. Paul's, the main objects of which were:—

To complete the restoration and repair of the Cathedral.
To build a new Choir School and reconstruct other ancillary structures such as the Chapter House.
To secure additional income (estimated at £20,000 per annum) needed to meet increased costs.

All these objects are of vital importance if St. Paul's is to be maintained in a manner worthy of London's Cathedral and a great national shrine. The response has been generous and we are more than half-way towards our goal. To reach it we need your help. Gifts may be sent to me—The Dean, St. Paul's Cathedral, E.C.4.

W. R. Inge

The Trustees of the Fund are the Lord Mayor of London, the Governor of the Bank of England, and Sir Noel Bowater, Bt.
An illustrated leaflet explaining the needs in detail will be sent on application to the Secretary, St. Paul's Campaign, St. Paul's Cathedral, E.C.4.

TO THE DEAN, ST. PAUL'S CATHEDRAL, LONDON, E.C.4.

This is my gift to St. Paul's Cathedral. Please acknowledge receipt to:

.....
.....
.....

The Evening News
GLASGOW
is Britain's fastest-growing paper

The astonishing growth in circulation of the Evening News, Glasgow, is made doubly important in view of the fact that its area of coverage—Glasgow and the West of Scotland—is Britain's fastest-growing market.

The sensational month-by-month growth of the GLASGOW EVENING NEWS is shown by the following table of audited, certified average net sales per issue.

July, 1954	131,917	November	164,415
August	147,465	December	156,964
September	151,263	January, '55	163,954
October	161,377	February	173,403
	March 177,562		

The people the paper reaches are living and working and earning high wages in the midst of unparalleled Scottish industrial development. Combined output of Scottish shipbuilding and marine engineering firms in 1954 was the best for nearly a quarter of a century. And this is only one of the many fields of industry in which Scotland is forging ahead.

The 'Personal to You' theme sells the 'News'. Over the last nine months, the GLASGOW EVENING NEWS has developed an entirely new appeal whereby its readers become its friends. From many sources comes evidence of an ever-increasing 'reader trust'. Every day the men and women of Glasgow and the West of Scotland read what the journalists in the 'News' have to say to them *personally*.

The 'Personal to You' theme can sell your goods if you advertise in the

Evening News
GLASGOW

KEMSLEY HOUSE, GLASGOW — KEMSLEY HOUSE, LONDON

PLYMOUTH
HAS
SITES · LABOUR · HOUSES
FOR
INDUSTRY

THE ESTATES & DEVELOPMENT VALUER
5 WINDSOR VILLAS, LOCKYER STREET, PLYMOUTH
Telephone 60373/4
WILL SUPPLY PARTICULARS

What you should know about Brandy

V·S·O·P

The best brandy comes from Cognac. The finest Cognac comes from the Grande and Petite Champagne districts in the centre of Cognac. *All* Remy Martin Cognac is made from grapes grown *exclusively* in these two areas. That is why people ask for Remy Martin and are never disappointed.



V·S·O·P

REMY MARTIN
Pride of Cognac

versions of that engine, with major modifications in the cylinder head. Power output is reported to be 82 bhp, with prospects of further development. It is unlikely that in the production MG to follow this prototype, the engine output will equal that of the 2,000 cc engine of the Triumph, which gives 90 bhp. But the power weight ratio of the car and driver may well be better, and with a body whose aerodynamic resistance at speed is likely to be lower, the performance may exceed that of the Triumph.

Russia in the Rubber Market

PRICES of natural rubber have recovered strongly in recent weeks. Spot rubber has risen sharply, touching 31½d. a lb this week, and prices for forward shipment are also higher: July shipment is now about 29d. a lb, compared with 26¾d. a month ago. Labour troubles in Britain and Singapore, and speculative operations have contributed to the recovery, but the main influence has been the re-entry of Russia to the market after an absence of 2½ years. Russia has been buying spot and nearby supplies of the top grades of rubber at a time when these are relatively scarce, and stocks—as usual—are low. Poland has also been buying again. The Russians have bought mainly in London but also in Amsterdam; their policy seems to be flexible for they have not followed the rise in prices this week.

Their demand for the top grades and their refusal to accept damp and mouldy bales at the appropriate discount could imply that these purchases are for Russia's strategic stock, and possibly that old rubber is being released for consumption. On the other hand, the Russians have always wanted the best grades, and a more reasonable explanation may be that the switch back to the expansion of heavy industry in Russia has led to an increased consumption of rubber. Whatever the reason, if Russian buying is maintained for any length of time, the small surplus of 15,000 tons of rubber forecast for this year by the Rubber Study Group could disappear. Hence the market could remain narrow and vulnerable to any dislocation of supplies, with little likelihood of a radical decline. Rubber growers might view that prospect with mixed feelings. The more buoyant the price of natural rubber, the more the American industry will be encouraged to expand production of synthetic rubber.

Fats to Feed the World

AT their congress in Baden-Baden this week the International Association of Seed Crushers could look back on a year of expanding trade and to further expansion in 1955. That is as it should be. To meet the relentless growth in population the world needs an extra 300,000 tons of oils and fats each year, and trade policies that enable these supplies to flow where they are wanted. Both conditions were satisfied last year. In his customary address to the congress, Mr J. C. A. Faure, of Unilever, estimated that world production of oils and fats last year rose by nearly 1.2 million tons to 25.6 million tons. Geographically, the largest absolute increases were of 420,000 tons in Western Europe and of 240,000 tons in India and Pakistan, though the increase of 115,000 tons in the Philippines was relatively very high. By commodities, the largest increase was in liquid edible oils (680,000 tons), followed by coconut, palm and palm kernel oil (230,000 tons), and animal fats, including butter (180,000 tons). World exports rose sharply by 750,000 tons to a new peak of 6.3 million tons, thanks largely to shipments of cottonseed oil and linseed oil from accumulated stocks in the United States and Argentina. Of world consumption the estimates are necessarily rough: Mr Faure believes that consumption rose by about 800,000 tons, of which Western Europe accounted for 200,000 tons and the United States and India for 100,000 tons each.

This year the growth in world production should again keep pace with world needs. Production is expected to rise by about 370,000 tons, a higher output of soya beans, coconut oil, butter and lard more than offsetting the fall in cottonseed oil and olive oil. As a large part of the accumulated stocks in exporting countries have now been liquidated, supplies available for export are not expected to rise by more than 100,000 tons, but they should be enough to meet world import requirements. The United States may be an even bigger exporter of cottonseed oil this year, in contrast to its failure to dispose of its surplus of butter. The willingness of the American government to offer its surplus of liquid oils competitively in world markets, and the relaxation of restrictions in importing countries, have washed away the arbitrary postwar division between the dollar and non-dollar markets. This freedom of trade, as Mr Faure points out, has brought about a much better balance in world supplies of oils and fats and should help to stabilise world prices.

Boom Statistics

THE Stock Exchange Council closes its year at the end of March. It was the most active of all the postwar years for Throgmorton Street, where 3,218,749 bargains (compared with 2,190,257 in 1953-54 and 2,816,356 in 1946-47) were marked. That is only one of the figures published in the latest annual round-up of stock market statistics. They cover the year in which the *Financial Times* ordinary share index climbed from 138.9 to 181.9 but in which the fixed interest index declined from 112.58 to 109.89. Taking all the securities quoted in Throgmorton Street together, while their nominal value over the year went up from £26,653 million to £27,749 million their market value rose much more sharply, from £30,503 million to £33,796 million.

The Funds and British Government guaranteed stocks make up nearly half of this total. The market value of these securities fell in the year by £486 million to £15,533 million. That downward trend in fixed interest stocks is reflected in the separate analysis of the securities of the public companies (which is reproduced on page 970 in this issue). Both in loan stocks and preference shares the market

value has risen less than their nominal value. Thus while the nominal value of loan stocks has risen by £88 million to £1,080 million the market value has risen by £81 million to £931 million. Similarly while the net nominal addition to preference issues is £70 million (bringing the total up to £1,555 million) their market value is only £35 million higher at £1,530 million. In both cases market values are lower than par values. Equity stocks tell a completely different story—as they must after the boom. The nominal value of ordinary stocks owned by companies has risen by £695 million to £4,170 million—an increase that perhaps owes more to free scrip than to cash issues—but their market value has risen by the amazing sum of £3,550 million to £12,792 million. And since those statistics were compiled the market value of the leading equities has gone up by another 16 per cent.

Currency and the Strike

DURING the past few weeks the active note circulation has been increasing unusually fast. The outflow, which this week made necessary an increase of £50 million in the fiduciary issue to the new record level of £1,825 million, totalled £43.1 million in the three weeks to Wednesday last, against an outflow of £27.4 million in the corresponding weeks of 1954. But this does not in fact appear to reflect increased spending, or even higher holding of notes, on the part of the public. It is primarily a by-product of the rail strike: part at least of the extra notes have remained in the tills of the commercial banks, which have felt obliged to increase their holdings of notes against the uncertainties of distribution during the strike. These precautions provided the principal explanation of the unusually large running down of bankers' deposits at the Bank of England—to under £240 million a week ago, the lowest level since 1946. The banks were holding a larger part of their cash reserve in notes distributed amongst their branches and a smaller part in balances at the Bank.

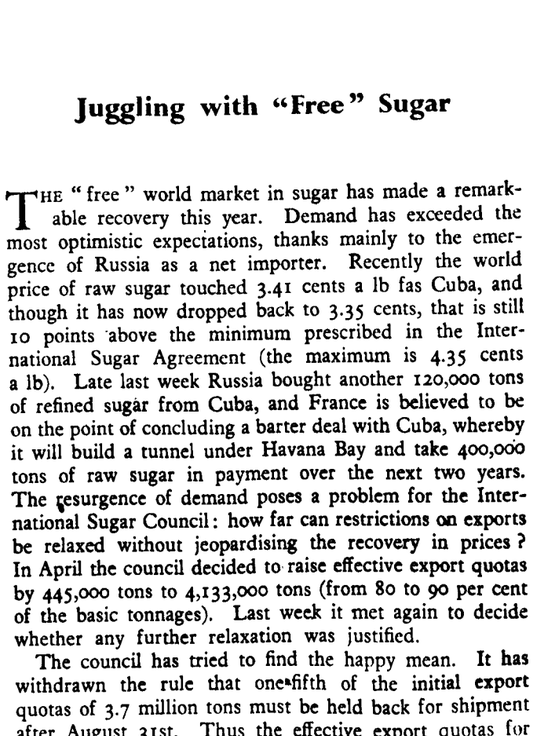
The trend of the active note circulation over recent months gives no evidence of any tendency towards currency inflation. Since the post-Christmas low point (which was reached this year only in mid-February, three weeks later than usual) the net outflow has reached £122.3 million; this is £20 million more than in 1954, but more than three-quarters of this excess is attributable to the past three weeks. For the first four months of 1955, the actual note circulation with the public (that is excluding the holdings of the banks) show that the proportionate increase was slightly below the increase a year before.

Nor can signs of excessive spending be found in the figures of small savings, for what these are worth. In the first nine weeks of the financial year net savings through savings certificates, defence bonds and the savings banks reached £13.6 million (before adding accrued interest), against only £2.3 million last year and a shortfall of £15.8 million in 1953. It is encouraging to note that a large part of the improvement is attributable to a reduction in net withdrawals from the Post Office, which has until recently lagged markedly behind in the savings revival.

Juggling with "Free" Sugar

THE "free" world market in sugar has made a remarkable recovery this year. Demand has exceeded the most optimistic expectations, thanks mainly to the emergence of Russia as a net importer. Recently the world price of raw sugar touched 3.41 cents a lb fas Cuba, and though it has now dropped back to 3.35 cents, that is still 10 points above the minimum prescribed in the International Sugar Agreement (the maximum is 4.35 cents a lb). Late last week Russia bought another 120,000 tons of refined sugar from Cuba, and France is believed to be on the point of concluding a barter deal with Cuba, whereby it will build a tunnel under Havana Bay and take 400,000 tons of raw sugar in payment over the next two years. The resurgence of demand poses a problem for the International Sugar Council: how far can restrictions on exports be relaxed without jeopardising the recovery in prices? In April the council decided to raise effective export quotas by 445,000 tons to 4,133,000 tons (from 80 to 90 per cent of the basic tonnages). Last week it met again to decide whether any further relaxation was justified.

The council has tried to find the happy mean. It has withdrawn the rule that one-fifth of the initial export quotas of 3.7 million tons must be held back for shipment after August 31st. Thus the effective export quotas for 1955 remain the same, but an extra 740,000 tons could in theory become available to the market now. The more cane sugar that can be sold in the next few months, the less will be on hand to compete with sales of European



sugar in the autumn. The council has also juggled with the consequences of the defection of one exporter, Brazil, and of the fact that some exporters, notably Russia and Holland, will not be able to fill their quotas this year. It had become apparent that Brazil would not, after all, ratify the agreement; in an effort to relieve its acute shortage of foreign exchange Brazil has already sold about 450,000 tons of sugar, nearly three times its effective quota, at rather less than the world price.

The council has taken these changes into account in re-allocating export quotas to a total of 372,000 tons. It is impossible to assess the real effect of its action. The quantity re-allocated may prove to be no more than the actual shortfall, ignoring the defection of Brazil, and several exporters may be unable to take advantage of the withdrawal of restrictions on shipments before August 31st. With six months of the year still to run, the council cannot hope to strike more than a rough balance between supply and demand. The prospects of success will turn largely on the size of the European beet crop, and on whether any further extraordinary demands are made on the market.

Rio Tinto Pays Out

JUST under a year ago Rio Tinto arranged to sell two-thirds of its Spanish assets for £8 million. A straightforward capital distribution from those proceeds was ruled out because in France, where some of Rio Tinto's large stockholders live, such distributions are subject to income tax and surtax. It was also clear that the directors, with the support of many stockholders, were anxious to re-invest these proceeds in new and promising ventures. Indeed, Rio Tinto has already begun to re-deploy its resources. In addition to its investment in Algom, the Canadian uranium producer, it has more recently taken a shareholding in Brunswick Mining and Smelting, whose interests in pyrites in Canada provide a natural outlet for Rio Tinto's funds. The company is also actively engaged in mineral exploration and development in Africa and Australia. All these interests are in addition to its investments in copper and its minority interest in Spain.

But the directors were also anxious to pass out something more to stockholders than the mere dividends which would accrue from these ventures. They have now done so by capitalising £3,187,500 from reserves. Ordinary stockholders will receive 425,000 new £5 ordinary shares in the ratio of one for one and 212,500 second £5 preference shares in the ratio of one for two. The 50 per cent free scrip issue of preference shares is a true bonus. Stockholders can either wait to receive the 5 per cent dividends or they can sell the preference shares immediately to N. M. Rothschild and Sons at £5 each. Effectively the cash offer means that a distribution of £1,062,500 has been made to stockholders. The 100 per cent free scrip issue of ordinary shares, which is accompanied by a splitting of the £5 units into 10s. units, is not a bonus in itself. It merely tidies up the capital structure. But stockholders, who have seen the price of their shares double since the sale of the Spanish assets, will hope that this implies higher dividends in the future. And that hope must have been stimulated by the decision to raise the tax-free ordinary dividend from 20 to 30 per cent on the old capital.

SHORTER NOTES

Britain's working population rose by nearly 40,000 in April to 23,836,000, which was 228,000 more than a year before. Since the beginning of the year the net increase has been about 20,000, all in civic employment; however, the manufacturing industries have continued to gain some labour from other industries, and their labour force has risen by 39,000.

★

At the end of this month, Philips will leave the Electric Lamp Manufacturers' Association. Three years ago the Monopolies Commission called for the end of ELMA's collective enforcement of lamp prices, which has since been done, but did not recommend that the practice of fixing prices in common should cease. Philips will now be free to vary its prices as it wishes as other makers outside ELMA do; but the bulk of lamps are still made by ELMA members.

★

The annual award by *The Accountant* on the form and content of reports and accounts published by public companies in 1954 has been given jointly to Ford Motor and Unilever. These are two of the giants of industry but the accounts of the smaller, less well-known, companies stand an equal chance of gaining the award. In future years it is intended to earmark quite specifically one of the awards for a "comparatively smaller company producing a simpler set of accounts."

★

The whole of the loan and share capital of Brown Bayley Steels has been sold at par, involving £1,950,000, to Brown Bayley's Steel Works by the Iron and Steel Realisation Agency. That sale is to be followed by the placing of £750,000 of the 4½ per cent debenture (1967-82); the price is expected to be 98. Half the ordinary stock of Brown Bayley Steels will be offered to ordinary stockholders in Brown Bayley's Steel Works by rights in the ratio of four for one; the price is expected to be 10s. 9d. for each 10s. share.

★

A new trust company, called the Electronic Trust, has been formed with general investment powers; but it will specialise in investments in electronics, automatic control in

"Motor Business"

The current issue of this quarterly research bulletin for the motor and allied industries includes:

The domestic and export markets for commercial vehicles 1955-1960.

A financial and economic study of two major British motor manufacturers.

Second hand price indices of cars and vans.

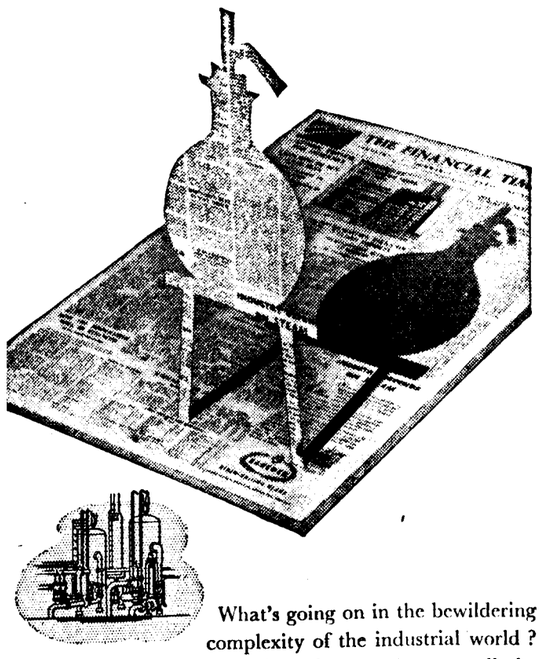
The U.K.'s leading export markets for parts and accessories.

The Bulletin is fully illustrated by charts.

For full particulars of this service apply to:—

THE ECONOMIST INTELLIGENCE UNIT
22 Ryder Street, St. James's, London, S.W.1
Whitehall 1511. Ext. 47

Bubble, bubble, toil and trouble...



What's going on in the bewildering complexity of the industrial world? What simple formula can give you all the facts and figures of industry. The answer, of course, is THE FINANCIAL TIMES.

This newspaper supplies a wealth of vital information—carefully summarised and concisely reported—together with absorbing articles and measured comment on countless industrial subjects. As you read, facts take shape and form, puzzling situations become clear. Thoughtful trade forecasts help you to plan ahead.

Be well informed. Try reading THE FINANCIAL TIMES every day for a week—at the end of that time we believe you will wonder how you ever managed without it.



Men of industry read

THE FINANCIAL TIMES

every day

THE FINANCIAL TIMES · 72 COLEMAN STREET · LONDON · EC2

FG 12

From

'Bedevilled Copper'

to Jet-age metal

'Kupfer-nickel'—or bedevilled copper—was the name given by disappointed Saxony miners to a seemingly useless metal extracted from ore which promised copper. When in 1751 Cronstedt isolated from this ore a new element, he simply called it Nickel. Its merits once realised, this metal was destined to play a vital part in industry, and intensive researches led to many important uses. Today Nickel and Nickel-containing materials are used for countless applications from bicycles to jet engines, and are continually opening up new developments throughout industry.

Our technical service is freely available to advise on any use of Nickel.

MOND NICKEL

THE MOND NICKEL COMPANY LIMITED

THAMES HOUSE · MILLBANK · LONDON · SWI

GP

industry and atomic power. Arrangements are being made to place privately 1,500,000 shares of the authorised capital of 2 million £1 shares. No Stock Exchange quotation will be sought for the time being. The chairman is Mr Rudolph de Trafford, chairman of Elliott Brothers (London), the computer manufacturers.

★

Following on the absorption of the Siemens ordinary stock by Associated Electrical Industries, that company has now made an offer for the £550,000 of 10 per cent cumulative preference stock of Siemens. For each of these stocks holders are offered two AEI 4½ per cent "B" preference shares of £1 each together with a cash payment of 5s. AEI has also announced an acceptance of over 98 per cent for its recent one-for-four rights issue of ordinary shares at £2 each; the remaining shares are being allotted to employees.

★

Negotiatons to repatriate the remaining 500,000 shares of the 2,000,000 shares in Distillers Ltd. formerly owned by National Distillers of America have been completed. Like the 1,500,000 shares repatriated last September the ordinary shares have been placed with institutions and the market.

★

The Ceylon government has reduced the export duty on tea from 100 to 50 cents (9d) a lb, and has abandoned the payment of subsidies to producers.

Company Notes

ANGLO AMERICAN CORPORATION. The 1954 report of the Anglo American Corporation is rich in detail. But there are so many trees to attract the stockholder's attention and to see the wood one must concentrate on a few salient facts. Those facts should be sufficient to strengthen the stockholder's confidence in his stake in the largest of all the South African finance houses. Currently the 10s. ordinary shares yield £4 7s. per cent at a price of 8 1/6.

To see where his dividend of 7s. a share, compared with 6s. in 1953, came from, the stockholder will turn to three entries in the consolidated profit and loss account:

	1953 £	1954 £
Income from interest, rent, etc.	2,359,923	2,641,045
Income from investments	2,311,379	2,593,552
Profits on share transactions	514,024	966,991

Probing a little deeper into the gold interests of the group he will find that the Transvaal mines earned a working profit on gold mining of £6,060,970 (against £6,735,221) and of £2,793,536 (against £891,636) on uranium and sulphuric acid production. In the Orange Free State the gold mines earned a working profit of £1,902,408 (against £269,010). That, together with the uranium profits, more than made good the decline in the earnings of the older gold mines. In all the total income of the mines both in the Rand and the OFS from gold, uranium and sulphuric acid amounted to £10,756,914, compared with £7,895,867. Only the Transvaal producers passed back any of these profits in dividends to the finance house. The latest half yearly dividends from these producers are not particularly encouraging but it is the growth in profits from uranium and from the OFS mines that is the really significant pointer to the future.

It was a good year in the stock markets for the finance houses, as the jump in share dealing profits shows. It is also shown in the improvement in the market value of the investments that Anglo American owns. The book value of the Corporation's quoted investments went up from £22,762,000 to £23,981,000 while their market value jumped from £36,561,000 to £60,822,000. At the same time about £3,272,000 more of unquoted investments and interests in subsidiary companies were introduced into the balance sheet, bringing the total up to about £10,337,000. That increase was due, in the main to the acquisition of the entire shareholding in South African Mines Selection and in Anglo American (Rhodesian Services). Such figures reveal the size of the Corporation's interests but say nothing of their scope. Copper, diamonds, coal and several industrial companies make a contribution nearly as telling as gold and uranium.

★

J. AND P. COATS. No stockholder in J. & P. Coats, which trades and manufactures in almost every country in the world, can find the company's accounts easy to understand. The consolidated account lumps together all the profits earned in the year whether those profits have been remitted to this country or not. The parent company's account, on the other hand, lumps together in one sum profits made in countries supplied with goods from Britain and the income derived from dividends remitted from abroad; those dividends are remitted after the period in which the profits were earned. An item specifically showing the sum of these dividend remittances might help the perplexed stockholder. This year, however, he has received a little more help than in the past for the chairman, Mr Robert Laidlaw, has adopted the modern practice of circulating his statement with the accounts themselves.

His statement reveals that the group enjoyed a rather better trading year than the chairman anticipated a year ago. Only in Canada, Latin America and parts of the Far East did the group fail to prosper. The consolidated profit is £8,472,853 (after charging £1,300,000 for exchange losses, arising principally in Brazil and Mexico); in 1953 the profit was £4,175,745, after charging exchange losses of £4,200,000. The parent company's profit is entered at £5,398,874, compared with £3,221,257, and the ordinary dividend has been raised effectively from 7½ to 8¼ per cent and at the current price of 27s. 6d. the £1 stock units yield 6⅛ per cent. Stocks have again been reduced, this time from £37,052,609 to £36,012,305, but the improvement in liquid resources can be traced much more directly to the large sums (including the £707,000 released from excess profits tax provisions no longer required) retained in reserves.

Mr Laidlaw is habitually cautious in assessing future trends and this year he confines his predictions to saying that it would be reasonable to hope that sales this year should be on much the same levels of 1954 but that there is "no justification for assuming that they will be noticeably better." But that statement does not necessarily rule out bigger profits, for re-equipment and modernisation (which last year raised the gross value of fixed assets from £30,717,008 to £35,323,741) has proceeded and is still proceeding apace.

★

J. LYONS. The "A" ordinary shareholders in J. Lyons, who own £2,555,342 of the issued equity capital of £3,680,342, have no votes. However parsimonious they may consider the directors' dividend policy to be they have no way of expressing their exasperation. And there is reason for exasperation. Since 1946 the ordinary dividend has been left unchanged at 22½ per cent on a highly geared capital. Throughout that period the modernisation and development programme has kept the group's restaurants and other assets in good shape, continually adding to their value in the consolidated balance sheet. Throughout that period profits have been improving. In 1947-48 the trading profit was about £2.4 million; in the latest year to March 31st last it was nearly £4.6 million, over £250,000 higher than the 1953-54 profit. The latest net ordinary dividends take £402,998 from a net profit, after paying the preference dividends, of £648,274. There is quite fair room for a bigger payment.

The directors can, if they wish, enumerate several reasons for caution this year. They can point to the decline in net profits from £932,667 to £921,891 and to the much more significant entry in the accounts of a provision of £500,000 "for adjustment of tea prices." They can then turn to the consolidated balance sheet to show that a further growth in fixed assets (which before depreciation rose in value from £26.7 million to £28.4 million) and in working capital commitments demands the support of ploughed back profits. The increase in stocks from £12,375,706 to £16,405,307—partly reflecting no doubt the increase in tea prices—adds weight to their argument, as does the rise in bank overdrafts from £356,508 to £1,843,239 and the borrowing of £1,750,000 on acceptance credits. But however strong those particular arguments may appear in the boardroom, the general postulate that shareholders should get a bite at the fruit of expansion is still valid. The responsibility of the directors to make sure that they do becomes perhaps even greater when those shareholders have no voting rights.

★

CANADIAN EAGLE. This company is essentially an oil marketing and shipping concern. Some of its income is at the mercy of the vagaries of exchange controls and currency devaluations in Latin America. The sudden increase in its income from investments (from £548,415 to £2,486,318) is largely due, for instance, to a substantial dividend from Shell-Eagle South America; that dividend represented in part profits earned in earlier years but which were not allowed through the barriers of exchange control until last year. Last year also witnessed a rise in trading profits from £7,786,697 to £8,372,226. In commenting on that increase the directors point to an increase in sales through its marketing associates in the United Kingdom and in Central and South America. They add that both crude and product prices were in general higher than those ruling in 1953 but that "trading profits in South America were to some extent offset by the further depreciation in the Brazilian cruzeiro and the Chilean peso." Moreover, the profits earned by Canadian Eagle's tanker fleet were lower, thanks to the fall in tanker freight rates.

That fleet, which at the end of 1954 was made up of 22 tankers of 292,918 tons dw, was fully employed last year. No deliveries of tankers were made to Canadian Eagle last year but one was delivered in April and there are still six on order. The directors do not expect any marked improvement in tanker freight rates this year but they are confident that the new tankers due for delivery in 1956 and 1957 will "greatly enhance the operating efficiency of the fleet." But that statement does not aid stockholders very much in deciding what are the implications of the 25 per cent free scrip issue. But as net earnings are high they can hope, though they cannot be certain, that the 1954 dividend of 1s. 9d. a share (of which 35/100ths is tax free) will be maintained on the new capital.

CLASSIFICATION OF COMPANIES' SECURITIES QUOTED ON LONDON STOCK EXCHANGE ON MARCH 31, 1955

(£'s million)

Section	Number of Companies	Loan Capital		Preference Capital		Equity Capital*	
		Nominal Value	Market Value	Nominal Value	Market Value	Nominal Value	Market Value
Banks and discount co's.	60	37·2	36·9	7·2	5·8	265·1	785·5
Breweries and distilleries	221	105·1	91·6	92·0	94·6	169·8	464·9
Canals and docks	13	9·0	7·7	5·1	3·7	16·0	72·9
Commercial and industrial	2,648	342·0	320·2	920·6	950·0	1,962·3	5,698·6
Elect. lighting and power	34	25·8	26·0	14·7	17·0	17·6	17·5
Finance, land, etc.	282	84·8	64·1	54·8	47·6	143·1	310·5
Gas	15	1·1	0·9	1·3	0·9	15·0	15·4
Insurance	48	0·9	0·8	7·6	8·9	49·4	559·0
Investment trusts	264	161·3	144·8	126·2	114·7	173·2	456·7
Iron, coal and steel	134	39·6	37·5	43·0	42·5	229·0	451·8
Australian mines	36	2·0	2·2	8·8	15·6	30·1	86·9
Rhodesian mines	50	5·3	5·6	5·3	5·9	63·6	470·2
South African mines	133	19·4	17·3	11·4	10·9	214·4	864·5
West African mines	39	0·2	0·1	...	...	18·0	26·4
Diamond mines	12	...	...	6·8	18·8	15·6	171·0
Other mines	123	0·7	0·5	2·2	1·9	54·8	114·2
Nitrate	2	0·1	0·1	...	...	4·3	15·3
Oil	34	28·5	28·9	37·5	49·5	318·2	1,640·0
British railways	4	...	...	10·5	5·3	0·5	...
Indian railways	7	20·6	19·9	...	...	1·5	1·1
Dominion railways	20	67·2	61·0	28·4	18·9	73·5	149·0
American railways	14	39·4	22·3	55·5	20·7	14·0	17·1
Foreign railways	33	43·5	11·9	35·3	25·7	24·7	2·5
Rubber	406	2·6	1·3	3·6	3·3	77·8	45·0
Shipping	54	5·3	4·6	25·3	25·6	88·9	174·8
Tea and coffee	193	1·8	1·7	7·8	5·6	37·2	52·9
Public utilities	116	36·7	23·0	44·2	36·2	92·3	128·0
Total	4,995	1,080·1	930·9	1,555·1	1,529·6	4,169·9	12,791·7

* Excluding shares of no par value.

LONDON STOCK EXCHANGE

Next Account begins: June 22nd
Next Contango Day: June 22nd
Next Settlement Day: June 14th

Hopes that the railway strike would be settled set equity prices ablaze again this week. By the end of the election account the *Financial Times* ordinary share index had climbed to 207.6, compared with 189.1 at the beginning of that long account. On the first day of the new account the boom continued, bringing the index up to 211.3. Steel shares led the way, but the advance in prices took place throughout the list. The buyers were very active—15,397 bargains were marked on the first day of the new account—and profit taking was easily absorbed. Stock was still in short supply. The capital goods equities were most prominent but textile, store and hire purchase issues were not far behind in the advance. Dollar stocks were higher in line with Wall Street. Trading was particularly active in oil shares; at one time British Petroleum led the way and then at another time Shell, and on the first day of the new account dealings took place long after market hours. On Thursday, after a firm opening, some prices reacted and the market was patchy at the close.

Gilt-edged stocks began the week rather uneasily and though the market closed above the worst on Monday there were net losses on the day. Prices, however, recovered a little later in the week, helped by the improvement in sterling. But the market was quiet and there was only a limited rally in prices. What interest there was was largely concentrated upon the medium-dated issues. In the foreign market German issues went ahead again at the end of the old account on continued Continental buying but they eased a little when the new account opened.

Rubber shares went ahead on the firmness in the commodity and on the flow of higher dividends. Ceylon Tea issues were marked up on the cut in the export duty. The Kaffir market was quiet and prices moved rather uncertainly though a slightly better tone was reported on Thursday. Copper shares made a strong advance.

FINANCIAL TIMES INDICES

1955	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
June 1	198·6	107·75	4·12	4·72
„ 2	204·4	107·77	4·12	4·59
„ 3	202·9	107·69	4·12	4·62
„ 6	203·1	107·51	4·15	4·62
„ 7	207·6	107·59	4·13	4·52
„ 8	211·3	107·61	4·13	4·44
			Total bargains	
1955, High	211·3 (June 8)	115·97 (Jan. 7)	1955 June 1	8,437
„ Low	175·7 (Mar. 15)	107·51 (June 6)	„ 2	11,584
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 3	12,999
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 6	13,398
			„ 7	12,076
			„ 8	15,397

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to June 8 High	Prices, 1955 Jan. 1 to June 8 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 1, 1955	Price, June 8, 1955	Net Yield, June 8, 1955 § £ s. d.	Gross Yield, June 8, 1955 £ s. d.
00⅝	97½	Funding 2½% '52-57	97½	97⅞	2 17 2	4 0 9
00½	97⅜	War Bonds 2½% '54-56	98	98⅛	2 16 7	4 4 0
00⅛	96	War Loan 3% '55-59	96⅜	96½	2 12 6	3 19 6
00	99⅜	Serial Funding 3% 1955	99⅛	99⅛	2 10 3	3 19 11
00½	96½	Serial Funding 2½% 1957	96⅛	96⅜	2 17 8	3 17 10
99⅛	92⅜	Conv. 2% 1958-59	92⅞	93⅜	3 4 5	4 1 8
97⅜	91⅛	Exchequer 2% 1960	91⅜	91⅝	3 0 7	3 19 9
04⅛	96⅞	Exchequer 3% 1960	96⅛	96⅜	2 8 11	3 16 6
00⅛	90⅜	Savings Bonds 3% '55-65	91⅛	91⅛	2 14 1	4 2 0
00⅜	91⅜	Funding 2½% '56-61	92⅛	91⅞	3 0 1	4 3 0
97	86½	Funding 3% '59-69	86½	86⅛	2 18 0	4 6 1
03⅞	97	Funding 4% '60-90	97⅜	97⅛	2 17 3	4 12 7
96⅛	85⅜	Savings Bonds 3% '60-70	86⅜	86⅛	2 17 1	4 5 7
02⅛	92⅞	Exchequer 3% '62-63	93⅛*	93⅛*	2 13 3	3 19 9
99⅛	87⅞	Exchequer 2½% '63-64	88⅜	88⅜	2 18 10	4 1 10
95⅛	84½	Savings Bonds 2½% '64-67	84⅞	85⅛	2 18 6	4 2 0
94⅛	83⅜	Savings Bonds 3% '65-75	84½	84⅜	2 15 0	4 4 0
05⅛	98	Victory 4% '20-76	98⅜	99	2 9 4	4 4 9
98⅛	87½	Funding 3% '66-68	88⅛	88½	2 16 9	4 5 2
03	92½	Conv. 3½% 1969	93⅜	93⅜	2 12 9	4 4 8
98⅜	87⅜	Treas. 3½% '77-80	88⅜*	88⅜*	2 12 8	4 4 9
99⅛	88⅜	Treas. 3½% '79-81	89⅛	89⅛	2 12 3	4 4 11
88½	78	Redemption 3% '86-96	79	79½	2 11 1	4 1 5
95⅛	86½	Funding 3½% 1999-2004	87⅛	86⅝*	2 9 7	4 2 5
97⅜	90½	Consols 4% aft. Feb. '57	91⅜	91⅜	2 10 6	4 8 5
88⅛	79½	War L'n. 3½% aft. Dec. '52	81½	81¼	2 9 7	4 6 3
89⅛	79½	Conv. 3½% aft. April '61	81½	81⅞	2 9 8	4 6 8
78½	69⅜	Treas. 3% aft. April '66	71⅜	72	2 8 2	4 4 0
66⅜	60	Consols 2½%	60½*	60½*	2 7 5	4 2 5
66½	59⅜	Treas. 2½% aft. April '75	60	60⅛	2 7 11	4 3 8
94⅛	84½	Br. Elec. 3% '68-73	85	85⅛	2 16 2	4 4 8
93⅛	83½	Br. Elec. 3% '74-77	83⅞	84½	2 14 3	4 3 1
09⅛	99⅜	Br. Elec. 4½% '74-79	100⅜	100⅛	2 8 11	4 5 7
98⅛	87⅞	Br. Elec. 3½% '76-79	88⅜	88⅛	2 13 0	4 5 3
05⅜	97⅞	Br. Gas 4% '69-72	98⅛	98⅛	2 9 5	4 4 11
02⅛	91⅜	Br. Gas 3½% '69-71	92⅜	92⅛	2 12 0	4 3 10
88⅞	78⅜	Br. Gas 3% '90-95	79⅛	79⅛	2 10 10	4 0 10
94⅛	84½	Br. Trans. 3% '68-73	85	85½	2 16 2	4 4 8
05⅛	96	Br. Trans. 4% '72-77	96½*	96½*	2 10 0	4 4 8
88⅛	78½	Br. Trans. 3% '78-88	79½*	79½*	2 13 5	4 3 0

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. (§) Net yields are calculated after allowing for tax at 8s. 6d. in £. * Ex dividend. † Assumed average life 11¼ years approximately.

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan. 1 to June 8 High	Prices, 1955 Jan. 1 to June 8 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, June 1, 1955	Price, June 8, 1955	Yield, June 8, 1955 £ s. d.
97⅞	90½	94⅜	86½	Aust. 3½% '65-69	88½	88½	4 7 7
101½	97½	101⅜	95½	Ceylon 4% '73-75	97½	97½	4 3 9
106½	98½	103⅜	94½	N. Zealand 4% '76-78	95½	94½	4 7 9
79½	71⅜	75½	66½	L.C.C. 3% aft. 1920	67½	67½	4 8 11
99½	95	99	89	Liverpool 3% '54-64	90½	90½	4 5 11
87⅜	80½	84	73½	M.Wtr.'B'3% '34-2003	74½	74½	4 5 0
104½	100	102½	99	Agric. Mort. 5% '59-89	100½*	100½	4 17 0
109⅛	71⅛	120	91	German 7%	117½	119½	...
168½	102	187½	149	German 5½%	178½	187½	...
171	132⅛	185½	160	Japan 5% 1907	183½	185½	...
198½	167	223⅛	190	Japan 5½% Conv. 1930	216½	222½	...

Prices, 1955 Jan. 1 to June 8 High	Prices, 1955 Jan. 1 to June 8 Low	Last Two Dividends (*a*) (*b*) (*c*)		ORDINARY STOCKS	Price, June 1, 1955	Price, June 8, 1955	Yield, June 8, 1955 £ s. d.
		%	%	BANKS & DISCOUNT			
58/6	48/9	5 *a*	7 *b*	Barclays £1	55/-	55/-	4 7 3
76/7½	64/-	7 *a*	8 *b*	Lloyds 'A' £5, £1 pd.	67/6	67/-	4 9 7
89/3	76/9	8 *a*	10 *b*	Midland £1, fully pd.	81/-	79/-	4 11 2
87/-	76/-	8½ *a*	9½ *b*	N. Prov. 'B' £5, £1 pd.	79/-	78/6	4 11 9
96/10½	84/6	8 *a*	8 *b*	Westmstr'B'£4,£1¼pd.	88/-	87/-	4 11 11
59/-	50/-	7½ *a*	8½ *b*	Alexanders £1	51/6	52/6	4 15 3
58/6	47/6	5 *a*	7 *b*	Nat. Disc. 'B' £1	50/-	50/-	4 16 0
60/-	51/-	5 *a*	7½ *b*	Union Disc. £1	54/-	54/-	4 12 7
48/10½	39/6	4 *b*	4 *a*	Barc. (D.C.O.) £1	44/-	42/6*	3 15 4
51/9	42/3	7½ *a*	7½ *b*	Chart. Bk. of India £1	44/6	44/-	6 16 4
				INSURANCE			
18½	14½	50 *a*	110 *b*	Leg. & Gen. £1, 5/- pd.	18*	18½	2 3 3
24½	20½	20†*a*	45† *b*	Pearl £1, fully pd.	23½	24½	4 12 4
47	41½	112½†*c*	117½†*c*	Prudential 'A' £1	46½	48½	4 4 8
				BREWERIES, ETC.			
11/-	127/6	33 *b*	10 *a*	Bass £1	128/9	130/-*	6 12 4
29/10½	22/-	25 *c*	10 *a*	Distillers 6/8	28/-	29/3	3 8 5
49/6	40/3	8 *a*	15 *b*	Guinness 10/-	47/6	47/6	4 16 10
85/9	81/-	7 *a*	14 *b*	Whitbread 'A' Ord. £1	82/6	82/6	5 1 10

Prices, 1955 Jan. 1 to June 8 High	Prices, 1955 Jan. 1 to June 8 Low	Last Two Dividends (*a*) (*b*) (*c*)		ORDINARY STOCKS	Price, June 1, 1955	Price, June 8, 1955	Yield, June 8, 1955 £ s. d.
		%	%	STEEL & ENGINEERING			
44/6	35/9	17½ *a*	4 *a*	B.S.A. £1	41/6	43/6*	3 19 1
13/10½	10/-	3½ *a*	10 *b*	Cammell Laird 5/-	12/6	13/3	5 5 8
38/-	27/-	...	3 *a*	Colvilles £1	31/10½	37/4½*	4 16 4
35/9	23/-	...	8 *c*	Dorman Long £1	31/3	35/6	4 10 2
95/9	62/4½	5 *a*	15 *b*	Guest Keen N'fold £1	85/7½*	95/-	4 4 3
75/9	42/-	12½ *c*	5 *a*	Stewarts & Lloyds £1	65/7½	73/9	3 7 9
45/6	27/6	6⅜ *b*	4 *a*	Summers (John) £1	38/9	43/9	4 11 5
45/6	28/6	4 *a*	6 *b*	United Steel £1	37/6	44/4½	4 10 2
47/-	35/9	2½ *a*	6 *b*	Vickers £1	42/9	46/-	3 13 11
				TEXTILES			
30/4½	21/9	4 *a*	6 *b*	Bradford Dyers £1	23/-	23/6	8 10 3
34/7½	26/10½	12 *b*	3 *a*	Brit. Celanese £1	30/-	34/6	5 4 4
29/6	23/-	2½ *a*	6½ *b*	Coats (J. & P.) £1	27/-	27/6*	6 7 3
46/4½	35/-	4½ *b*	4 *a*	Courtaulds £1	40/-	46/3	3 9 2
32/6	26/6	10 *a*	7½ *b*	Lancs. Cotton £1	27/6	31/-	8 1 3
36/0½	28/-	15 *b*	2½ *a*	Patons & Baldwins £1	30/3	34/6	5 15 11
				MOTOR & AIRCRAFT			
20/10½	17/4½	3½ *a*	6½ *b*	Bristol Aeroplane 10/-	19/9*	21/1½	4 14 7
13/9	9/10½	8½ *b*	4 *a*	British Motor 5/-	12/9	13/6	4 12 7
27/3	21/3	7½ *c*	Nil *c*	De Havilland £1	24/9	26/3	Nil
57/9	37/-	5 *a*	10 *b*	Ford Motor £1	52/9	56/10½	2 12 9
63/7½	43/1½	3 *a*	7½ *b*	Hawker Siddeley £1	54/-	62/-	3 7 9
46/-	33/6	25 *c*	30 *c*	Leyland Motors £1	41/3	45/-	4 8 11
116/3	71/3	5 *a*	12½ *b*	Rolls Royce £1	105/7½	110/7½	3 3 4
9/2½	6/10½	12 *c*	12 *c*	Standard Motor 5/-	8/9	8/9	6 17 2
				SHOPS & STORES			
36/7½	25/-	10 *a*	17½ *b*	Boots Pure Drug 5/-	36/6*	36/-	3 16 5
45/3	36/9	7½ *a*	20 *b*	Debenhams 10/-	42/3	42/3	6 10 2
62/6	43/9	45 *b*	15 *a*	Gt. Universal 5/-	53/6	56/6	5 6 2
114/-	97/6	6 *a*	17½ *b*	Lyons (J.) 'A' £1	107/-	106/-*	4 4 11
76/-	58/6	15 *a*	30 *b*	Marks & Spen. 'A' 5/-	68/6*	71/3	3 3 2
71/9	55/3	20 *a*	36½ *b*	Woolworth 5/-	62/9	67/-	3 14 8
				OIL			
99/9	68/6	5 *a*	14 *b*	British Petroleum £1	95/7½	106/3	2 18 2
138/-	100/-	7½ *a*	13½ *b*	Burmah £1	128/9	136/3	3 1 8
£58½	£50½	6 *a*	10 *b*	Royal Dutch 100 fl.	£54½	£54*	2 17 6
138/-	109/9	5†*a*	10† *b*	Shell Reg. £1	123/9	129/4½	4 0 8
35/1½	26/9	15† *b*	5† *a*	Trinidad L'holds 5/-	31/-*	33/-	5 5 5
				SHIPPING			
37/3	25/10½	5 *a*	7 *b*	Cunard £1	28/6	29/-	6 17 11
57/-	45/-	12 *c*	12 *c*	Furness Withy £1	48/6	48/6	4 19 0
76/-	55/-	3 *a*	13 *b*	P. & O. Def. £1	67/-	69/6	4 12 1
				MISCELLANEOUS			
83/6	61/3	14 *c*	2½ *a*	Assoc. Elect. £1	75/-	82/6	3 7 11
115/-	88/9	5 *a*	15 *b*	Assoc. Port. Cem. £1	101/10½	113/9*	3 10 4
120/9	67/-	7½ *a*	15 *b*	Bowater Paper £1	120/-	120/-	3 0 0
55/3	44/1½	2½ *a*	7½ *b*	B.I.C.C. £1	49/6	51/6	3 17 8
50/10½	35/6	4 *a*	8 *b*	Brit. Aluminium £1	47/-	50/6	4 15 1
58/3	47/10½	15† *c*	5† *a*	Brit. Amer. Tob. 10/-	55/-	58/-	4 8 11
$62½	$51¼	3 *a*	3 *b*	Canadian Pacific $25.	$62	$62½	4 7 0
45/4½	31/4½	4½ *b*	6½ *a*	Decca Record 4/-	39/-	43/6	3 8 11
33/4½	27/-	4 *a*	10 *b*	Dunlop Rubber 10/-	28/6*	32/6	4 6 2
75/9	54/1½	4 *a*	8½ *b*	English Elect. £1	71/3	75/-	3 6 8
65/6	51/3	12½ *c*	4½ *a*	General Elect. £1	61/3	65/-	3 16 11
56/9	38/3	4 *a*	6 *b*	Imp. Chemical £1	51/10½	65/4½	3 12 3
65/7½	57/9	8½ *a*	12½ *b*	Imp. Tobacco £1	64/-	65/-	6 9 3
$126½	$105½	$2·90	$2·90 *c*	Inter. Nickel n.p.v.	$125½	$126½	4 2 1
74/3	57/6	7½ *a*	10 *b*	London Brick £1	68/9	71/3	4 18 3
36/9	26/-	6½ *a*	15½ *b*	MonsantoChemicals5/-	31/-	36/6	3 1 8
75/9	60/3	3½ *a*	14½ *b*	Tate & Lyle £1	72/6	75/6*	4 5 4
93/-	72/6	10 *b*	10 *a*	Tube Investments £1	90/-*	91/3	4 7 8
117/6	95/6	17½ *b*	5 *a*	Turner & Newall £1	112/6	117/6*	3 16 7
91/-	69/3	6 *a*	9½ *b*	Unilever £1	87/-	88/6	3 11 2
43/3	34/6	7½† *b*	7 11½† *b*	United Molasses 10/-	35/9	35/9	6 3 8
49/9	34/-	2½† *a*	27½† *b*	Cons. Tea & Lands £1	36/-*	34/6	30 4 10
2/8½	1/10½	10 *c*	15 *c*	London Asiatic Rbr. 2/-	2/4½	2/5½*	12 6 3
50/6	38/9	7½ *a*	20 *b*	United Sua Betong £1	43/9	47/6	11 11 8
				MINES			
9	7½	20 *a*	50 *b*	Anglo-Amer. 10/-	8½	8½	4 6 10
143/3	106/10½	80 *a*	120 *b*	De Beers 5/- Bearer	117/6	121/3	8 5 0
126/3	78/9	...	...	Free State Geduld 5/-	95/-	87/6	Nil
70/9	51/9	5 *a*	10 *b*	Randfontein £1	55/-	51/10½	5 15 8
8/7½	6/8½	24 *c*	28 *c*	London Tin 4/-	7/6*	8/6	13 3 5
39½	31½	200 *b*	50 *a*	Rhokana £1	38½	39½	6 7 8

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1%. (*h*) On 15%. (*k*) On 8%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8½%. (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*s*) Div. ... for 15 months. On 18%. (*v*) On 7½%. (*x*) On 12½%.

New York Closing Prices

	June 1 $	June 8 $		June 1 $	June 8 $		June 1 $	June 8 $
Balt. & Ohio	46⅜	48⅛	Am. Smelting	47⅞	51⅛	Inter. Paper	105	112
Can. Pac.	34⅛	34⅛	Am. Viscose	50⅛	51⅞	Nat. Distill.	20⅛	21
N.Y. Cent.	41⅛	43⅛	Del. of Am.	23⅛	23⅞	Sears Roebuck	87½	90⅜
Pennsyl.	28	29	Chrysler	75⅜	77⅛	Shell	60⅜	61⅛
Amer. Tel.	183⅛	183⅜	Gen. Elec.	52⅜	54⅛	Std. Oil of N.J.	112	116
Stand. Gas	10⅛	10⅜	Gen. Motors	96⅛	100⅛	U.S. Steel	41⅛	43⅜
United Corp.	6⅛	6⅛	Goodyear	62⅛	65⅛	Westinghouse	69⅛	69⅛
W. Union Tel.	24⅛	27⅛	Inter. Nickel	68⅜	70	Woolworth	46⅛	47

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	June 4th	Western Europe:	
Production and Consumption	This week	Production and Trade	May 7th
Manpower	May 21st	British Commonwealth	This week
External Trade	May 28th	Western Europe	
Financial Statistics	This week	Prices and Money Supply	May 21st
Industrial Profits	April 30th	United States	May 28th
World Trade	April 30th		

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages			1954			1955			
			1952	1953	1954	Feb.	Mar.	April	Jan.	Feb.	Mar.	April
INDUSTRIAL PRODUCTION												
Index:												
All industries		1948=100	114	121	129	130	132	124	134	139	140	130–13
Mining and quarrying		"	109	109	110	118	117	107	114	117	118	...
Building and contracting		"	103	110	111	111	112	109	...	...	...	...
Gas, electricity and water		"	127	132	142	166	153	136	175	176	172	...
Manufacturing, total		"	115	123	133	133	135	128	138	144	146	...
Engineering, shipbuilding, electrical goods		"	127	129	140	138	142	132	...	...	...	...
Vehicles		"	124	138	155	153	163	144	164	...	...	...
Chemical trades		"	132	151	166	167	164	163	...	...	...	...
Textiles and clothing		"	99	114	116	124	125	116	119	127	...	...
Food, drink and tobacco		"	108	114	116	108	113	118	105	112	...	...
BASIC MATERIALS												
Production of:												
Coal [1] [2]	W	'000 tons	4,332	4,300	4,298	4,605	4,609	4,189	4,408	4,518	4,614	4,1
Pig-iron	W	"	202	215	229	222	231	213	236	242	241	2
Steel, ingots and castings	W	"	310	339	356	357	365	368	381	394	395	3
Sulphuric acid	M	"	125·5	156·3	170·2	166·1	186·3	176·8	183·9	167·3	...	...
Newsprint	W	"	10·32	11·60	11·77	12·53	12·16	11·83	12·21	13·21	...	...
Electricity [4]	M	mn. kwh	5,166	5,459	6,075	6,609	6,650	5,634	7,988	7,299	7,795	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb	14·82	17·97	19·17	20·05	20·54	18·66	19·10	19·43	19·11	16·
Worsted yarn	M	"	14·84	18·41	18·80	18·19	20·85	17·87	18·43	17·77	20·13	...
Rayon and synthetic fibres, total	M	"	23·59	34·94	37·30	34·80	40·18	35·97	38·18	37·09	42·21	40·
" " " " staple fibre	M	"	10·59	16·85	19·00	17·18	19·94	17·25	19·25	19·00	21·64	21·
Cotton cloth, woven	W	mn. yds.	32·5	35·2	38·3	39·5	40·4	38·2	39·3	40·7	39·8	35
Wool fabrics, woven	M	mn. sq yds	31·5	34·3	34·5	33·4	36·3	31·4	37·5	34·8	37·9	...
Engineering production:												
Passenger cars and chassis	W	'000s	8·62	11·44	14·79	14·03	14·71	14·56	17·29	17·92	18·63	...
Commercial vehicles and chassis	W	"	4·65	4·61	5·17	5·06	4·87	4·53	6·33	6·50	6·45	...
Metal-working machine tools	M	'000 tons	12·58	12·63	11·39	10·73	13·12	10·54	...	...	...	...
Internal combustion engines	M	'000 BHP	331	311	356	326	353	352	381	377	...	...
BUILDING ACTIVITY												
Permanent houses completed: [1]												
Total	M	'000s	19·99	26·56	28·97	19·79	33·71	27·26	20·97	23·35	37·92	...
For private owners	M	"	2·86	5·24	7·55	4·73	7·07	7·01	6·76	6·71	8·60	...
For local housing authorities	M	"	16·11	19·91	19·58	13·97	24·54	18·19	13·37	15·63	27·53	...
Other	M	"	1·03	1·41	1·83	1·09	2·10	2·07	0·84	1·01	1·80	...
WHOLESALE SALES [1]												
Textile houses:		Av. value										
Total home sales		1950=100	90	95	95	86	116	98	56	86	114	
Women's and children's wear		"	90	96	96	92	123	102	56	90	118	
Men's and boys' wear		"	82	91	90	69	110	99	52	70	112	
Piece-goods		"	68	66	63	79	87	65	40	77	77	
RETAIL SALES [1]												
Large retailers:		Weekly										
All merchandise		av. value	117	124	132	115	122	126	127	122	132	...
Clothing and footwear		1950=100	110	113	125	89	105	123	105	92	116	...
Household goods		"	102	110	125	99	114	111	128	117	130	...
Independent retailers:												
Clothing and footwear		"	95	94	97	72	79	99	93	72	84	...
Household goods		"	109	120	132	115	112	117	141	139	128	...
STOCKS												
Basic materials:												
Coal, distributed [1]		'000 tons	15,801	17,614	15,670	13,457	12,772	12,503	12,880	11,381	10,542	10,[
Steel		"	817	1,112	899	984	979	1,032	896	876	...	..
Copper [4]		"	131·9	55·3	61·5	60·1	47·2	60·1	62·8	70·2	....	..
Sulphur		"	211·8	66·8	67·2	87·1	82·3	70·4	77·1	61·3	...	..
Newsprint		"	189·7	110·6	97·5	108·4	100·1	95·0	102·3	100·2	...	..
Textiles:		Av. value										
Wholesale houses, total [1]		1950=100	74	89	95	118	118	114	104	116	115	
Large retailers, clothing and footwear [1]		"	92	102	107	114	128	126	99	125	133	..

[1] Great Britain. [2] Provisional estimate. [3] 1954 figures exclude all screening losses normally amounting to around 5,000 tons a week. [4] Excluding government stocks from August, 1953.

British Commonwealth

PRODUCTION OF FUEL AND POWER [1]

Monthly averages or calendar months	Coal				Crude petroleum		Electricity				
	Australia	Canada	India	S. Africa	Canada	Pakistan	Australia	Canada	India	N. Zealand	S. Africa
	'000 tons						million kwh				
1938	973	987	2,362	1,335	72	...	363	2,168	...	...	478
1953	1,535	1,032	2,987	2,335	889	19·3	1,079	5,457	552	286	1,112
1954	1,644	953	3,064	2,404	1,062	21·4	1,205	5,761	625	312	1,220
1954, October	1,724	1,034	2,921	2,484	1,155	22·0	1,242	6,131	627	320	1,273
" November	1,752	1,169	3,323	2,500	1,100	21·8	1,212	6,206	654	304	1,247
" December	1,482	1,169	3,504	2,557	1,278	21·4	1,185	6,556	683	302	1,221
1955, January	946	1,032	3,153	2,461	1,321	...	...	6,602	668	287	1,246
" February	...	906	...	...	...	...	...	5,997	...	281	1,252

PRIMARY PRODUCTION [2]

Monthly averages or calendar months	Copper		Rubber		Tin	Steel				Gold		
	Canada	N. Rhodesia	Ceylon	Malaya	Malaya	Australia	Canada	India	S. Africa	Australia	Canada	S. Africa
	000 tons									000 fine ounces		
1938	17·7	17·7	4·2	30·0	5·31	100	96	78	25	132·7	394	1 013·4
1953	16·0	28·4	8·2	47·9	5·20	170	306	126	106	89·6	338	994·7
1954	19·5	28·8	7·8	48·7	5·93	185	237	140	117	93·0	364	1,102·3
1954, December	21·2	28·8	11·2	54·6	5·72	189	246	153	137	97·3	385	1,191·8
1955, January	21·3	7·1	9·6	57·2	6·30	173	282	157	120	79·1	366	1,162·3
" February	19·7	14·8	4·5	48·9	4·62	157	286	...	119	...	352	1,115·0
" March	21·3	25·8	4·9	54·2	7·10	...	...	...	...	...	....	1,210·5
" April	...	...	7·0	44·7	...	...	...	...	...	...	...	1,193·0

EXTERNAL TRADE [3]

Monthly averages or calendar months	Australia		Canada		India		New Zealand		Pakistan		S. Africa	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	mn. £A		mn. C$		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1938	10·6	11·8	56	71	...	...	4·62	4·76	...	...	7·97	2·71
1953	42·5	70·9	365	348	471	442	16·01	19·61	112·7	125·8	35·45	27·93
1954	56·5	68·1	341	329	...	...	20·43	20·33	92·8	107·2	36·93	25·95
1954, November	54·9	51·1	372	371	604	655	24·3	12·3	112·3	103·0	31·3	29·1
" December	64·4	85·1	337	391	490	612	18·5	25·6	91·0	124·6	36·7	31·3
1955, January	76·0	64·1	307	310	528	547	...	13·4	111·5	114·7	...	...
" February	69·8	67·8	308	301	592	504	...	...	93·9	140·2	...	...
" March	77·6	82·3	407	355	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES [4]

	Gold and Foreign Exchange Holdings					Cost of Living						
	Australia	Canada	India	New Zealand	S. Africa	Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1948 = 100						
1938	281	220	485	41	259	69	66	35	72	...	68	71
1953	1,361	1,826	1,765	204	295	178	120	108	134	112	130	136
1954	...	1,955	1,782	238 [6]	416	180	121	104	140	110	133	137
1954, December	...	1,955	1,782	238 [5]	416	180 [6]	121	100	141 [6]	109	135	136
1955, January	...	1,943	1,779	229 [5]	398	...	121	95	...	107	135	136
" February	...	1,848	1,777	226 [5]	400	...	121	...	143	105	136	137
" March	...	1,880	1,780	225 [5]	390	...	120	...	...	...	...	137
" April	...	1,880	...	...	366	...	...	...	...	...	...	...

[1] Petroleum production in Canada in 1938 includes natural gasoline. 1938 figure of electricity production in Australia is for 12 months ended June 30th; figures for New Zealand represent about 87 per cent of total generation. [2] Copper and tin refer to metal production. [3] General trade (including re-exports) except for Canada, which is special trade only. Imports are c.i.f. except for Australia, Canada and S. Africa which are f.o.b.; exports are f.o.b. Trade for India and Pakistan includes that going by land; annual figures for India are for 12 months beginning April 1st of year stated and for Australia and Pakistan 12 months ended June 30th. [4] Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia include holdings of commercial banks. Cost of living for Pakistan is based on 12 months ended March, 1949, as 100; for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. Annual figures for Australia are for year ended June 30th. [5] Including foreign investments. [6] Figures for fourth quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended June 4th there was an "above-line" deficit (after allowing for Sinking Funds) of £24,392,000 compared with a surplus of £666,000 in the previous week and a deficit of £32,802,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £20,014,000, bringing the total cumulative deficit to £147,032,000 (£114,771,000 in 1954-55).

£'000	Estimate, 1955-56	April 1, 1954 to June 5, 1954	April 1, 1955 to June 4, 1955	Week ended June 5, 1954	Week ended June 4, 1955
Ord. Revenue					
Income Tax	1877,400	175,853	168,810	12,163	14,267
Sur-tax	136,000	17,200	15,100	1,400	700
Death Duties	186,000	32,100	34,200	3,400	2,200
Stamps	74,000	12,100	12,400	1,600	1,400
Profits Tax & EPT	180,000	22,700	23,400	2,400	1,600
Excess Profits Levy	25,000	11,500	7,300	1,400	300
Special Contribution and other Inland Revenue	1,000	300	100	...	...
Total Inland Rev.	2478,400	271,753	261,310	22,363	20,467
Customs	1131,700	206,027	199,438	20,298	15,767
Excise	796,050	146,700	155,160	15,740	15,120
Total Customs and Excise	1927,750	352,727	354,598	36,038	30,887
Motor Duties	80,000	7,743	8,849	575	658
PO (Net Receipts)	...	4,250	5,250	550	850
Broadcast Licences	25,000	2,500	3,300	...	...
Sundry Loans	24,000	2,023	2,096	75	...
Miscellaneous	175,000	32,336	9,461	7	419
Total	**4710,150**	**673,332**	**644,884**	**59,808**	**53,281**
Ord. Expenditure					
Debt Interest	600,000	135,039	137,447	33,341	29,742
Payments to N. Ireland Exchequer	53,000	8,737	7,539	1,888	...
Other Cons. Fund	10,000	632	966	...	...
Supply Services	3862,875	594,413	554,412	56,250	47,150
Total	**4525,875**	**738,821**	**700,365**	**91,480**	**76,893**
Sinking Funds	36,000	5,115	4,794	930	780
"Above-line" Surplus or Deficit	—	**70,604**	**60,295**	**32,602**	**24,392**
"Below-line" Net Expenditure*	44,167	86,737	13,832	20,014	
Total Surplus or Deficit*	**114,771**	**147,032**	**46,634**	**44,406**	
Net Receipts from:					
Tax Reserve Certificates	89,994	26,123	34,165	3,958	
Savings Certificates	2,700	7,100	— 200	700	
Defence Bonds	— 6,519	1,271	140	— 442	

* Since end September, 1954, the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at June 4th this item stood at £9,100,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
June 5	3,340·0	1,274·1	278·9	...	4,893·1
1955					
Mar. 5	3,160·0	1,709·4	286·2	...	5,123·9
„ 12	3,170·0	1,710·8	274·6	...	5,155·4
„ 19	3,180·0	1,731·3	297·4	...	5,208·7
„ 26	3,180·0	1,741·5	329·1	...	5,250·6
„ 31	4,931·4		315·2	...	5,246·6
April 9	3,200·0	1,801·9	274·1	...	5,276·0
„ 16	3,220·0	1,830·5	269·8	...	5,320·3
„ 23	3,240·0	1,765·2	315·9	...	5,321·0
„ 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
„ 14	3,270·0	1,760·7	275·8	0·8	5,307·2
„ 21	3,270·0	1,768·8	295·7	...	5,334·5
„ 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4

THE MONEY MARKET

The Treasury bill rate rose at the tender on Friday last, after a month of stability. The discount market cut its bid by 2d. to £99 0s. 3d. per cent, and the average rate of discount on all bills rose by 6½d. to £3 18s. 11.08d. per cent, or over 3⅛ per cent. The rate for three months' bank bills was raised correspondingly by ⅛ per cent to 3⅜ per cent. Applications for the Treasury bill offer of £250 million fell by nearly £20 million to £370.5 million, and the market increased its allotment from 48 to 52 per cent.

Credit was consistently short in Lombard Street in the week to Wednesday last. The market was in the Bank for small amounts on Thursday of last week and again on Tuesday and Wednesday; and on every day of the week except Tuesday the Bank has supplemented market funds by special purchases.

Sterling has fluctuated around $2.79⅜ during the week. Turnover in the gold market has been moderate; the price at the fixing rose from 250s. 10d. a fine ounce on Thursday last to 251s. on Tuesday, but subsequently it fell back to 250s. 10½d.

The Bank return shows an outflow of notes of £13.4 million, and the fiduciary issue has been raised by £50 million to the new peak of £1,825 million. Discounts and advances are up by £9.3 million, reflecting in part the week's frequent borrowing at the Bank.

LONDON MONEY RATES

	%		%
Bank rate (from 5½%, 24/2/55)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	3⅝
Banks	2½	3 months	3⅝
Discount houses	2½*	4 months	3⅝–4
Money Day-to-day	2½–4	6 months	4–4½
Short periods	2½–4½	Fine trade bills:	
Treas. bills 2 months	3⅝	3 months	4⅛–4¼
3 months	3⅝	4 months	4¼–4⅜
		6 months	4⅜–5⅛

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	June 9	June 1	June 8
*Issue Department**:			
Notes in circulation	1,637·2	1,765·3	1,778·7
Notes in banking dept.	38·2	10·1	46·7
Govt. debt and securities*	1,671·3	1,771·2	1,821·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	15·2	15·4	9·7
Treasury special account	4·6	6·9	6·9
Bankers	279·3	239·5	248·4
Others	67·4	66·4	79·5
Total	366·5	328·2	344·5
Securities:			
Government	321·4	309·0	279·2
Discounts and advances	8·8	10·8	20·1
Other	13·8	13·9	14·0
Total	344·0	333·7	313·3
Banking department reserve	40·5	27·2	49·1
"Proportion"	11·0	3·8	14·2

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

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s.	d.	Allotted at Max. Rate* %
1954						
June 4	270·0	414·3	250·0	32	11·61	58
1955						
Mar. 4	260·0	390·7	260·0	75	8·93	50
„ 11	270·0	393·9	270·0	76	0·65	61
„ 18	270·0	385·2	270·0	75	11·64	56
„ 25	280·0	410·2	280·0	75	11·21	51
April 1	270·0	408·5	270·0	75	10·33	48
„ 7	250·0	402·4	250·0	74	6·00	61
„ 15	250·0	420·7	250·0	75	3·09	33
„ 22	230·0	385·2	230·0	77	1·08	39
„ 29	220·0	380·3	220·0	77	11·45	39
May 6	230·0	384·8	230·0	78	3·59	41
„ 13	230·0	382·4	230·0	78	4·69	46
„ 20	240·0	375·6	240·0	78	4·64	50
„ 27	250·0	389·9	250·0	78	4·37	48
June 3	250·0	370·5	250·0	78	11·80	52

On June 3rd tenders for 91 day bills at £99 0s. 3d. secured about 52 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £260 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: June 8	Market Rates: Spot: June 2	June 3	June 4	June 6	June 7	June 8
United States $	2·78–2·82	2·79⅛–2·79⅜	2·79⅛–2·79⅜	2·79⅛–2·79⅜	2·79⅛–2·79⅜	2·89⅜ 2·79⅛	2·79⅛–2·79
Canadian $	...	2·75⅛–2·75⅜	2·75⅛–2·75⅜	2·75–2·75⅛	2·74⅛–2·74⅜	2·74⅛ 2·75	2·74⅛–2·75
French Fr.	972·65–987·35	979–979½	978½–978⅝	978½–978⅝	978⅜–978⅝	979 979½	979½–979
Swiss Fr.	12·15⅛–12·35⅛	12·24–12·24½	12·23½–12·23⅝	12·23½–12·23⅝	12·23½–12·23⅝	12·23½ 12·24	12·24–12·2
Belgian Fr.	138·95–141·05	139·90–139·95	139·87½–139·92½	139·87½–139·92½	139·85–139·90	139·97½–140·02½	139·95–140·
Dutch Gld.	10·56–10·72	10·62–10·62½	10·61½–10·62	10·61½–10·61½	10·61½–10·61½	10·62½–10·62½	10·62½–10·6
W. Ger. D-Mk.	11·67⅛–11·84⅛	11·73¼–11·74¼	11·72¼–11·73¼	11·72¼–11·73¼	11·72¼–11·72⅝	11·73¼ 11·73½	11·73–11·7
Portuguese Esc.	79·90–81·10	80·75–81·00	80·75–81·00	80·75–81·00	80·75–81·00	80·65–80·90	80·30–80·6
Swedish Kr.	14·37½–14·53½	14·48¼–14·49¼	14·48–14·48½	14·47½–14·47¾	14·46½–14·46¾	14·46¼–14·47⅛	14·47¼–14·4
Danish Kr.	19·19½–19·48½	19·40¾–19·41¼	19·41¼–19·41½	19·41½–19·41¾	19·40¾–19·41¼	19·40¼–19·41	19·40¼–19·4
Norwegian Kr.	19·85–20·15	20·01¼–20·01½	20·01¼–20·01½	20·01¼–20·01½	20·01¼–20·01½	20·01¼–20·01½	20·01¼–20·0
One Month Forward Rates							
United States $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm
Canadian $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm
French Fr.		Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis
Swiss Fr.		2⅛–1⅛c. pm	2⅛–1⅛c. pm	2⅛–1⅛c. pm	2⅛–1⅛c. pm	2⅛–1⅛c. pm	2⅛–1⅛c. pm
Belgian Fr.		⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm
Dutch Gld.		2⅛–1⅛c. pm	2⅛–1⅛c. pm	2⅛–1⅛c. pm	2⅛–1⅛c. pm	2⅛–1⅛c. pm	2⅛–1⅛c. pm
W. Ger. D-Mk.		1–½pf. pm	1pf. pm par	1pf. pm–par	1pf. pm–par	1pf. pm–par	1pf. pm–par
Swedish Kr.		½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis
Danish Kr.		Par–2½ dis	Par–2½ dis	Par–2½ dis	Par–2½ dis	Par–2½ dis	Par–2½ dis
Norwegian Kr.		½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/10	250/11	...	251/–	251/–	250/10½

SAFETY-FIRST INVESTMENT

2½%
per annum

Income Tax paid by the Society

Equal to £4.6.11 per cent to investors subject to income tax at the standard rate

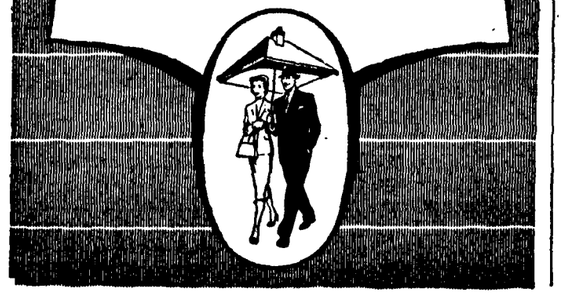
The current rate of interest on share accounts is 2½%, and on ordinary deposit accounts 2%, with income tax paid by the Society in each case. Sums up to a total holding of £5,000 are accepted for investment in Abbey National. For further particulars apply for a copy of the Society's Investment Booklet.

Total Assets exceed £213,461,000.

ABBEY NATIONAL BUILDING SOCIETY

HEAD OFFICE:
ABBEY HOUSE, BAKER STREET,
LONDON, N.W.1

For address of Local Office see Telephone Directory



Perhaps you didn't know that **VEVEY**



on the lovely Lake of Geneva, once every 25 years, celebrates a "Fête des Vignerons." This magnificent Festival, which always attracts visitors in thousands, not only from Switzerland, but from all parts of the world, will take place this year from 1st until 14th August.

But everybody knows

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

The Vevey Branch of the Union Bank of Switzerland will gladly negotiate Travellers Cheques or Letters of Credit, and is at your service for other financial requirements.

UNION BANK OF SWITZERLAND

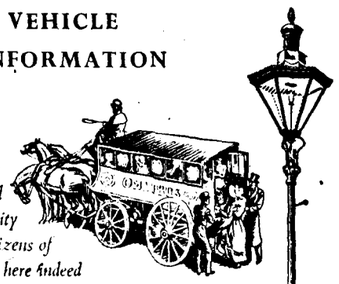
HEAD OFFICE: ZURICH. Bahnhofstrasse 45
UNION DE BANQUES SUISSES
SCHWEIZERISCHE BANKGESELLSCHAFT
OVER 30 BRANCHES THROUGHOUT SWITZERLAND

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

Cable Address for all Offices and Branches:
BANKUNION

THE LONDON OMNIBUS

A VEHICLE OF INFORMATION



WHEN Shillibeer's omnibus first clattered its way through the city streets in 1829 the citizens of London realized that here indeed was a public service worth knowing and using.

Likewise, the London Assurance offer the public another kind of useful service by journeying into print with selections from their own omnibus collection of insurance policies.

Better Terms

When school fees come in, some fathers find themselves wrestling with sums. Others have discovered, however, that the right answer to this particular problem is to take out an Education Policy with us well before schooling begins. It's just a matter of good arithmetic.

"How to be Well Assured"

The many different kinds of Life Assurance we provide deserve a volume to themselves—and they have one. Our booklet "How to be Well Assured" has helped many people to find the Life Policy that suits them exactly. Would it help you?

Valuables Advice

"Rings on her fingers and bells on her toes, she shall have cover wherever she goes" if her jewellery, furs and other valuables are safeguarded by our All-Risks Policy.

There's more to be said . . .

If you would know more about any of the policies outlined here, if we can provide any information about any other particular policies or about insurance problems generally—pray make what use of us you wish. Our address is 1 King William Street, Department X6, London, E.C.4.

THE LONDON ASSURANCE

"Very good people to deal with"

THE

HONGKONG AND SHANGHAI BANKING CORPORATION

(Incorporated in the Colony of Hong Kong)
The Liability of Members is limited to the extent and in manner prescribed in Chapter 70 of the Laws of Hong Kong.

CAPITAL ISSUED AND FULLY PAID UP ...	$25,000,000
RESERVE FUNDS STERLING	£7,687,500
RESERVE LIABILITY OF MEMBERS	$25,000,000

HEAD OFFICE: HONG KONG
Chairman: C. BLAKER, M.C., E.D.
Chief Manager: MICHAEL W. TURNER
London Office: 9, Gracechurch Street, E.C.3.
London Managers: S. A. Gray, M.C., A. M. Duncan Wallace, M. D. Scott.

BRANCHES:

BURMA: Rangoon
CAMBODIA: Phnom-Penh
CEYLON: Colombo
CHINA: *Shanghai
DJAWA (JAVA): Djakarta, Surabaja
EUROPE: Hamburg, Paris
HONG KONG: Hong Kong, Kowloon, Mongkok
INDIA: Bombay, Calcutta
JAPAN: Kobe, Osaka, Tokyo, Yokohama
MALAYA: Cameron Highlands, Ipoh
MALAYA—contd.: Johore Bahru, Kuala Lumpur, Malacca, Muar, Penang, Singapore, Singapore (Orchard Rd.), Sungei Patani, Teluk Anson
NTH. BORNEO: Brunel Town, Jesselton, Kuala Belait, Sandakan, Tawau
PHILIPPINES: Iloilo, Manila
SIAM: Bangkok
UTD. KINGDOM: London
U.S.A.: New York, San Francisco
VIETNAM: Saigon

* Not at present operating.

BANKING BUSINESS OF EVERY KIND TRANSACTED

A comprehensive service as Trustees and Executors is also undertaken by the Bank's Trustee Companies in

HONG KONG LONDON SINGAPORE

COMMONWEALTH BANK OF AUSTRALIA

(AUSTRALIA'S CENTRAL BANK)

COMMONWEALTH TRADING BANK OF AUSTRALIA (undertakes general banking business)

COMMONWEALTH SAVINGS BANK OF AUSTRALIA (the largest Savings Bank in Australia)

Each of these Banks was established by the Australian Parliament and is guaranteed by the Commonwealth of Australia

Combined Assets - £1,980,000,000

All classes of Banking and Exchange business conducted
Branches throughout Australia and territories
Agents and Correspondents throughout the world

HEAD OFFICE—SYDNEY
Governor: H. C. Coombs Deputy-Governor: E. B. Richardson

LONDON OFFICE—8 OLD JEWRY, E.C.2
Manager: L. U. Rusden



KREDITKASSEN

Christiania Bank og Kreditkasse

Established 1848

The oldest Joint Stock Bank in Norway

TELEGRAMS: KREDITKASSEN

OSLO — NORWAY

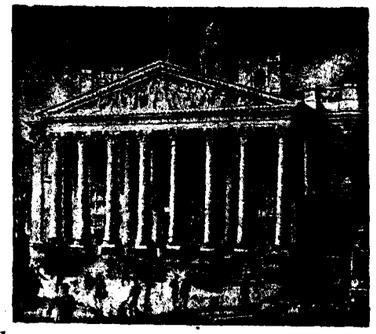
HALIFAX BUILDING SOCIETY

ASSETS £237,000,000
RESERVES £12,000,000

SAVINGS AND INVESTMENTS
The interest rate on Paid-up Shares is now 2½% with income tax paid by the Society.
(Maximum investment £5000)
Apply for Investment Brochure

HEAD OFFICE HALIFAX YORKS
LONDON 51-55 STRAND W.C.2

Branches and Agencies throughout the United Kingdom



A Great Elizabethan . . .

The founder of London's Royal Exchange was the famous Sir Thomas Gresham whose sign of the Grasshopper, so well known in London, is combined with the emblem of Liverpool in the Coat of Arms of Martins Bank Limited.

The Exchange or Bourse established by Gresham was used for the business of the Goldsmiths who were the bankers of the sixteenth century.

Martins Bank Limited, with its agents and correspondents throughout the world, provides an efficient and complete banking service for its customers.

MARTINS BANK LIMITED

London District Office: 68 Lombard St., E.C.3
HEAD OFFICE: WATER ST., LIVERPOOL, 2
Total Assets (as at 31st Dec., 1954) £363,655,940

ALLIANCE

ASSURANCE COMPANY LIMITED

Head Office:
BARTHOLOMEW LANE, LONDON, E.C.2
Established 1824

The Finest Service
for
All Classes of Insurance

REPRESENTATION THROUGHOUT THE UNITED KINGDOM THE BRITISH COMMONWEALTH AND ELSEWHERE ABROAD

The Company undertakes the duties of Executor and Trustee

ROYAL INSURANCE COMPANY LIMITED

for

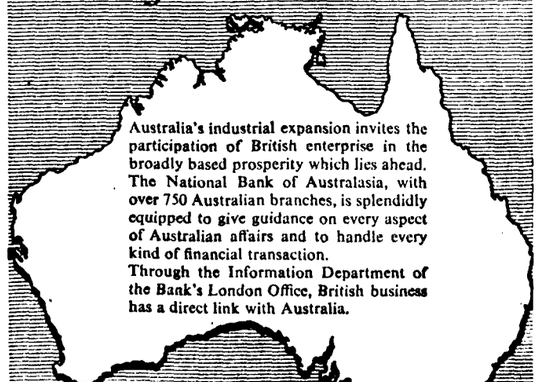
complete insurance protection and service

• • •

Head Offices:

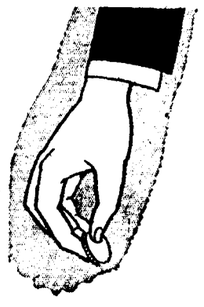
1 North John St. LIVERPOOL 2 | 24/28 Lombard St. LONDON E.C.3

AUSTRALIA
-from the inside



Australia's industrial expansion invites the participation of British enterprise in the broadly based prosperity which lies ahead. The National Bank of Australasia, with over 750 Australian branches, is splendidly equipped to give guidance on every aspect of Australian affairs and to handle every kind of financial transaction.
Through the Information Department of the Bank's London Office, British business has a direct link with Australia.

THE NATIONAL BANK OF AUSTRALASIA LIMITED
(Incorporated in Victoria)
Your best introduction to Australia
Over 750 Branches throughout Australia
Assets £271 Million
Head Office: 271-279 Collins St, Melbourne
London Office: 7 Lothbury, EC2



A Good Return for your money . .

2½% DEPOSIT

2¾% SHARE

Society paying income tax – calculated half-yearly. No expenses on investment or withdrawal.



Write for particulars
GRAYS BUILDING SOCIETY
Established 1880
22 NEW ROAD, GRAYS, ESSEX

Branch Offices:
31 Linton Rd., Barking, Essex, and 4 Wheeler Gate, Nottingham. (Mr. C. O. Day)

Assets : £3,000,000
Reserves : £76,000

If you are exporting to CANADA or the WEST INDIES

or contemplating establishment there

THE BANK OF NOVA SCOTIA
(incorporated in Canada in 1832 with Limited Liability)

with a background of over 120 years' experience would welcome the opportunity of serving you

LONDON OFFICE
108 OLD BROAD STREET, LONDON, E.C.2

COMPANY MEETINGS

BOOKER BROTHERS, McCONNELL & COMPANY

(Colonial Merchants and Traders, Sugar Producers, Shipowners and Rum Merchants)

A YEAR OF CONSOLIDATION AND PROGRESS

IMPROVED PROFIT EARNING CAPACITY AND FINANCIAL STRENGTH

NEED FOR INSPIRED POLITICAL LEADERSHIP IN BRITISH GUIANA

MR J. M. CAMPBELL ON MAJOR DEVELOPMENT PROGRAMME

The fifty-fifth Annual General Meeting of Booker Brothers, McConnell & Company, Limited, will be held in the Library of the West India Committee at 40 Norfolk Street, London, W.C.2, on Wednesday, June 29th, at 12 noon.

The Accounts were posted to Shareholders on June 6th and the following is the Statement of the Chairman, Mr J. M. Campbell, circulated with the Report and Accounts:

For Bookers, 1954 was a year of good progress. The Accounts for the year show further gain in the profit-earning capacity and in the financial strength of the Group.

From the Directors' Report you can see that the Net Trading Profit of the Group after Tax was £580,743, compared with £505,701 in 1953; and that, in addition, there were Capital Profits of £286,003. The Capital and Reserves of the Group, representing the interests of Bookers' Shareholders, have increased by more than £1,300,000 to £8,614,057. Net Current Assets have increased by over £1,100,000; with a drop in Current Liabilities. Despite new investment and higher turnover, we had over £750,000 in the Bank at December 31st. We do not mean to hold large idle cash balances; because we want to put the money to profitable use in furthering our policy of buying new businesses for our Operating Groups. Moreover, we hope that our present Trading Companies can again increase their turnover and earn more profits.

Your Directors are recommending the payment of a final Ordinary Dividend of 1s. 2d. per share, free of Income Tax, bringing the distribution for the year to 1s. 6d. per share —the same rate as for the last two years. In addition, they are recommending a cash distribution of 3d. per share from Distributable Capital Profits not subject to United Kingdom Income Tax. In the words of the Directors' Report, "Provided that future results justify the continuance of the present annual rate of Ordinary Dividend, your Directors intend that the interim Ordinary Dividend payable on January 1, 1956, shall be the equivalent of 6d. per Ordinary Share, free of Income Tax, on the present Issued Ordinary Capital—thus achieving a better balance between the interim and final Dividends. Your Directors also hope to be able to recommend small annual distributions out of Distributable Capital Profits so long as this Revenue Reserve lasts."

The Directors' Report also deals fully with the proposal to increase the Authorised Capital of the Company from £2 million to £5 million; and to double the Issued Ordinary Capital by capitalising £1,272,025 of Reserves, thereafter issuing to Shareholders one new 10s. Ordinary Share for every one existing 10s. Ordinary Share held on May 20, 1955. This capitalisation and issue of "plough-shares" is a first step towards bringing the Issued Capital of the Company more into line with the total investment of over £5 million in Subsidiary Companies; and with the total Fixed Assets of the Group at over £5,500,000. It carries with it no implications about the level of future dividends which must depend upon the success or failure of future trading, and it leaves Shareholders no richer, and no poorer, than they were before.

REVIEW OF OPERATIONS

The Review of Operations tells how the Operating Companies in the Group fared in 1954. Sugar output was down owing to bad weather and the aftermath of 1953 strikes. Prices were down, too, and production costs were higher. In the face of great difficulties Management and Labour worked wonders to achieve results which were, in the light of all the circumstances, much better than might have been expected. The improvement of housing and the development of Social Services and amenities continue vigorously. For the Sugar Factories we have planned a major programme of improvement and consolidation over the next five years, involving capital expenditure of some £2 million and the elimination of two existing factories. It is expected that this money will be found by the Group without recourse to outside borrowing. Great progress is being made in our agricultural techniques and practices. We are establishing a pilot scheme to investigate the possibility of Tenant Farmers producing some of the sugar cane for our factories. All these plans should enable our Sugar Estates to continue to progress in the face of great natural difficulties. I hope you will have time to look at the Supplement to these Accounts which tells and illustrates the story of Bookers Sugar.

Our Shopkeeping, Agency and Export Companies in the Campbell Booker Group made a bigger contribution to profits than in 1953, but profits did not increase commensurately with record turnover. Our Shipowning interests did well, taking into account their valuable service to the Group. United Rum Merchants' sales in the United Kingdom, including Lemon Hart and Lamb's Navy Rum, kept pace with the previous year; and in Canada increased beyond expectations. Our group of small miscellaneous Companies, Carpet wholesaling and Produce dealing in the United Kingdom, Drug manufacture, Balata production, Printing and Produce dealing in British Guiana, had, on the whole, a good year in 1954 and promise well for 1955. These trading and financial results once more pay clear tribute to Managers, Staff and Labour throughout the Booker Group. I know that Shareholders will feel a renewed sense of appreciation and of personal gratitude to each and all the men and women —Producers and Traders, and no less Administrative, Accounting and Secretarial Staffs—upon whose successful endeavours the Group depends.

Wages, Salaries and Other Employment Costs increased by more than £1 million during 1954 to over £4,500,000. £700,000 is attributable to new Subsidiaries; leaving a well-earned increase of £300,000 in previously existing Subsidiary Companies. It is important to Shareholders, Management, and Labour to realise that during 1954 the Trading Profits of the Group, after Tax, were under £600,000; Dividends distributed under £250,000; Tax paid over £850,000; and Wages, Salaries and Other Employment Costs over £4,500,000. Thus Wages, Salaries and Other Employment Costs were nearly eight times the Trading Profits after Tax; and the *increase* therein attributable to existing Subsidiary Companies more than the *total* dividends paid.

POLITICAL SITUATION IN BRITISH GUIANA

The political situation in British Guiana can best be described as quiescent. The people are living their lives and going about their daily work more or less normally. The Report of the Constitution Commission under the Chairmanship of Sir James Robertson upheld the suspension of the Constitution, roundly condemned those ignoble politicians of the People's Progressive Party who had brought it about, lucidly analysed the social, economic and political problems of the country and recommended a period of Constitutional "marking time" with a wholly nominated Interim Government. With this Interim Government, with some emergency regulations still in force preventing open subversion and indiscriminate agitation, and with British troops in the country, there is little fear, at present, of serious disorder. But this is a very unsatisfactory state of affairs and the country cannot exist for long—and certainly not progress—in a political vacuum. Some sound and sensible politicians of ability and goodwill are now striving to establish a responsible, progressive Party; but there is little evidence yet that, if elections were held again in the near future, they would be able to attract the majority of voters from the quite unattainable material promises, the misrepresentations and the intimidation of the past and present leaders of the People's Progressive Party. British Guiana will not prosper until she can produce a leader of the calibre of those other British Caribbean leaders who have held ministerial office with high distinction; a Guianese who can form a clear vision of the good Guiana, strive for it, convey it to the public imagination and, when he has gained election, lead government and people, constructively and progressively towards their goal—with a true sense of responsibility and in terms of the possible.

FUTURE CLOUDED AND UNCERTAIN

It now looks as though Federation of the British West Indies may become a reality within two years. The earlier policy of British Guiana had been to stay out of Federation. Now, however, much informed opinion in British Guiana, but not all, favours a new move towards entering a Federation on terms which properly recognise the contribution which her people, land

and resources would make to the Federation. Despite her potential, British Guiana would have a long and hard struggle to achieve economic viability on her own, nor could she alone attain the Dominion status to which her people naturally aspire. We believe that she has the choice either of ploughing her own difficult furrow alone; or joining the rest of the British Caribbean in *their forward march of social, economic and* political progress.

So the future of British Guiana remains clouded and uncertain. Last year I said to Shareholders: "Our policy must be, so long as politics do not make it economically unjustifiable and downright imprudent, to maintain our businesses in British Guiana as efficiently and profitably as we possibly can. All our Staff will wish to know that Shareholders wholeheartedly support this policy as long as it remains feasible. However this may be, your Board are keenly aware of the need that the Group should continue to build up, in the form of profitable interests elsewhere, 'hedges' against catastrophe in British Guiana should the worst come to the worst. . . . We do not believe that this will happen, but we must guard against it happening." Your Directors continue to carry out that policy to the best of their ability.

HUMAN AND PUBLIC RELATIONS OF FIRST IMPORTANCE

In British Guiana, vital factors are understanding, confidence and a sense of identity between the people of the country and Bookers. All your Directors and Executives regard better human and public relations as being of the first importance. To help our endeavours to this end, during last year we appointed an experienced Director of Public Relations for the Booker Group of Companies in British Guiana in the person of Mr Antony Tasker, and an experienced Chief Personnel Officer for Bookers Sugar Estates in the person of Mr A. J. Wells.

The acquisition late last year of the entire equity Capital of the Motor Car Supply Company of Canada Limited, was a decisive step towards building up the profit-earning capacity of the Group outside British Guiana. Canada, perhaps particularly Western Canada—despite the recent check to the expansion of their economy—seems to offer glowing prospects for the future. We are now looking into further possibilities there.

A PARADOX ANSWERED

Shareholders who have studied the Review of Operations may find it paradoxical in the light of this declared policy that we should, during 1954 have increased our investment in the Sugar Industry of British Guiana by buying control of Port Mourant Limited—a Sugar Estate and factory producing about 20,000 tons of Sugar a year; and sold 49 per cent of the Capital of United Rum Merchants, who trade preponderantly in the United Kingdom and in Canada. The explanation of the former transaction is that Bookers already held 49 per cent of the Capital of Port Mourant and have for many years managed the Estate. When for death-duty reasons the family owning control wished to sell their shares, it was inevitable, and in our interest, that we should buy them. As to the latter, the circumstances of the Rum Trade in the United Kingdom and Canada dictated that we should broaden our common interests with the Hiram Walker-Corby Group, thus gaining a powerful partner by selling to them a 49 per cent interest in the Share Capital of United Rum Merchants.

It is, after all, a change, in emphasis of policy, and in timing, which events have impelled, rather than a change in fundamental policy. For many years the Booker Group have been developing investments outside British Guiana—in Central Africa and in the United Kingdom. Now we have been forced to accelerate this process in order to underwrite the political hazards of British Guiana. Your Board are confident that you would not wish them, by applying this change of emphasis too rigidly, to lose profitable opportunities of purchase or partnership which suit and will strengthen the Booker Group.

CLOSER ASSOCIATION WITH DAVSONS

This brings me to the subject of the following Press announcement issued in British Guiana, with a shorter version in the United Kingdom:

"Closer association is being planned between the Booker Group of Companies and Davsons. This was announced yesterday by Mr J. M. Campbell, Chairman of Booker Brothers, McConnell & Company, Limited, and Lieutenant-Colonel H. M. Davson, CMG, DSO, Chairman of S. Davson and Company, Limited, who said that the closer association would be based largely on an exchange of shares and that the details were being worked out by the Boards of the two Companies. The text of the joint statement is as follows:

"We are glad to announce the planning of closer association, including the co-ordination of management, between the Booker Group and Davsons. The boards of the two companies are now engaged in working out the details of this alliance, which will be based largely on an exchange of shares between Bookers Sugar Estates Limited, and Davsons.

"The name of Davson is as much a part of the history of British Guiana as is that of Booker. Simon Davson arrived in the country in 1814, a year earlier than Josias Booker, and in 1816 founded the firm of S. Davson and Company in New Amsterdam. Today Davsons own Blairmont, producing some 20,000 tons of sugar annually, together with a cattle ranch, a lime grove and a foundry, as well as a general trading business holding valuable agencies. Throughout the years Davsons has remained a private company—a family business in the strictest sense. We need not emphasise the special problems that face such a business today beyond stating that the current level of death duties in the United Kingdom, combined with the difficulties of financing modern industrial developments, have convinced Davsons' directors that it would be in the best interests of the shareholders and employees and indeed of British Guiana for the company to ally itself more closely with a larger group of companies having concurrent but more widely spread interests. Not only are Bookers such a group but there has been close community of interest between our two companies for nearly a century and a half. Our friendly relationship has, in fact, greatly contributed to that spirit of practical co-operation between the three largest producers which is demonstrated daily in the successful working of the Sugar Producers' Association.

"Finally, and of the greatest importance, we wish to emphasise that consideration of the interests of all employees of Davsons has been and will remain an essential factor in all stages of our planning for this closer association."

I can only add that this is a case where, after the fullest discussion and consideration, your board feel that not only should Bookers' shareholders benefit by this alliance with Davsons, but that their interests might well have been imperilled by refusing the opportunity.

As to the future; it has been raining torrents in British Guiana at quite the wrong time of the year, which is bound again to affect sugar output, yields and costs. Barring political upheaval, there is no reason to expect that the rest of our businesses will not do as well in 1955 as in 1954.

"SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

OIL AND ATOMIC ENERGY

SIR FREDERICK GODBER'S STATEMENT

The annual general meeting of this company was held on June 1st in London.

Sir Frederick Godber, chairman, in the course of his speech, said: In my statement I said that the figures of results of the Royal Dutch/Shell Group for the first quarter of 1955 would be available within a few weeks. I am able to tell you that they are now ready, and are being given to the Press today. They disclose a net Group profit of £34.1 million, after the deduction of estimated taxation for the period based on our normal method of accounting. This compares with £33.4 million for the same period in 1954.

It is still early to see in these results a pattern for this year's trading as a whole, but I think I can say that the Group's business has come up to expectations so far, and the results are not unsatisfactory. You will appreciate that no part of this income has yet been distributed to parent companies—your company and Royal Dutch Petroleum Company.

I would like to take this opportunity to say a few words about the important question of atomic power, which is the subject of so much discussion today. While atomic power plants may displace a certain amount of heavy fuel, low-cost electricity spells increased productivity, which in turn will create greater demands for petroleum products. All our studies on this subject have, in fact, led us to the conclusion that in the foreseeable future atomic power will be complementary to, rather than competitive with, energy derived from oil.

EFFECT OF HIGH TAXATION

Low-cost energy will be a vital factor in the raising of our future standard of living, and it is with this in mind that I have made comments in my statement, both of this and previous years, about the ill effects on the economy of the country of excessively high taxation on petrol and diesel fuel used for vehicles. It is therefore encouraging to note that the leaders of the political parties have recently given recognition to the problems created by these taxes; and I sincerely hope that, now the election is over, remedial action in this sphere will be taken at the first opportunity.

Of the large revenue raised from taxes on vehicles and their fuel only a small fraction is devoted to maintenance and improvement of roads. The result is that the roads are quite inadequate to bear the traffic of today in this country, where its density is the highest in the world.

Road development has fallen badly behind the general industrial development of the country. This lag must be made good, and future development should keep pace with future industrial expansion. Only by pursuing this objective will the nation avoid imposing upon itself a grave and unnecessary handicap to its economic welfare; for unless our roads can satisfy the demands made on them by industry and commerce, our economic arteries will be choked, the movement of exports to our sea ports slowed down, and severe loss will be sustained—not only by motorists, but by the whole community, for everyone profits from the lower costs of living which increased transport efficiency will bring.

The report and accounts were adopted.

THE UNITED SUA BETONG RUBBER ESTATES LIMITED

TAXATION AND REPLANTING

GOVERNMENT'S WHITE PAPER CRITICISED

SIR JOHN HAY ON THE ESSENTIAL NEEDS OF THE INDUSTRY

The forty-sixth Annual General Meeting of The United Sua Betong Rubber Estates Limited was held on June 8th at 19 Fenchurch Street, London, E.C.3.

The following is the statement by the Chairman, Sir John Hay:

In a recent statement relating to the affairs of an associated company, I have had occasion to refer to the lawlessness and disorder still existing in many parts of Malaya. In the directors' report of this company we are able to record an improvement in the district in which a considerable part of our property lies, with a consequent relief on two estates from restrictive regulations. In Johore, however, there has been no improvement. Despite the exertions of the Military and the Police, the terrorists are not even confined to the adjoining forests, but roam over estates seemingly at will, intimidating labour into giving food, money and information, doing destruction and murder. At the time of writing our report we were able to record the absence of human casualty. Since then we have been informed that a woman tapper was stabbed to death on Yong Peng Estate. Commenting on this brutal incident, our Agents observe that it is another unpleasant reminder that terrorists are present in large numbers in the district "and are able to strike to a great extent as and when they please." We have two estates in Johore, Melville (2,356 acres) and Yong Peng (8,604 acres). For seven years now those resident there have never been free from danger. The measures enforced by Government, involving restrictions over personal movement, and the consumption of food, and the imposition of curfews, continued now for years, become increasingly irksome, and since the security which it was hoped would follow is not forthcoming labour tends to regard such restrictions as an unjustifiable interference with personal liberty and, as such, to be resented. Police and Military action must be supported by firm and just State administration if disorder and crime are to be effectively checked. The cumulative effect of the dangers and threats inherent in a condition of lawlessness stretching over a long period of years takes a heavy toll of the physical and nervous energies of our staff, obliged not only to perform their normal tasks, but to accept a considerable degree of responsibility for the safety of person and property and to impose upon their labour Government measures which, however well designed, cannot from their very nature be regarded with favour. Nonetheless, our managers and their assistants continue loyally to co-operate with Government in the carrying out of all the orders deemed necessary for security and are ever ready to subordinate other considerations to that end. In that spirit they are fully supported by their Board. That they have been able to keep productive operations going is a creditable performance. On Yong Peng, the more disturbed of our two Johore properties, we have had for some years to suspend all replanting. That we propose to undertake a modest acreage this year is, unhappily, no admission of improvement in conditions. It is rather in the nature of a trial on an estate which perforce had to be left out of our replacement programme and in consequence is in arrears with replanting, which must soon be dealt with if this property is to be preserved as an economic proposition.

REPLANTING

The table on page 4 of the directors' report shows that of the company's total rubber acreage over 70 per cent consists of high-yielding stock. Nearly half of it is immature postwar replantings, a considerable part of which comes into tapping this current year and with each subsequent year further areas will reach maturity. From this strong position we are able to engage ourselves to replace this year over 1,200 acres of old seedling rubber.

Since official attention is now being focused on replanting, albeit somewhat belatedly, it would seem appropriate that I should state briefly what has been the record of this company in that matter. We started planting or replanting with high yielding stock 30 years ago and from that point carried on progressively until the interruption of the war years. Immediately on regaining possession of our estates we resumed these operations and in the postwar period have replanted, in round figures, 10,000 acres. We have further commitments up to the end of 1956 to replace 3,500 acres and our total postwar expenditure in respect of all these areas will amount to nearly $10 million. Other companies in this Group have followed a similar course and the Group as a whole, including this company, has since 1947 replanted or committed itself to replant nearly 50,000 acres, involving a total expenditure of about $40 million. This policy is not based on any position of special advantage or privilege. We share in common with others in the fortunes and misfortunes of the industry. The cost of such operations has been met out of our own resources, provision being made by means of an annual charge against revenue. But whatever may have been our achievements up to this point, we recognise there can be no halt. Replanting is a continuing and never ending process. The stock used in our first replants is now outmoded and in a few years will be ripe for replacement, but from the figures I have given you will understand that we have still a considerable area of old seedling rubber to be dealt with before we can advance to the stage of replanting to the second generation. Our estates on the whole have been well maintained, although it should be appreciated from what I have already written that it has not been practicable in all respects to enforce on our Johore properties the high standards at which we aim.

PROFITS

The main factor in our substantially increased profits was the higher price obtained for our larger outputs. The greater part of our rubber was processed and sold in the form of concentrated latex which again realised a significant premium over the more conventional forms. This was supplemented by other specialised rubbers for which, however, there is only a limited demand. There was a slight reduction in estate cost per pound. But this saving is not likely to be repeated. At the higher level of price now prevailing, labour by agreement is receiving an increase in wages. We are glad that those who work for us should thus participate in the better fortunes of the industry.

TEA

Although from rubber we derived much the greater part of our profits, tea made on this occasion a valuable contribution. We, of course, have no control over the price of tea. We send our product to the open market to be sold at whatever price may prevail. Our experience in production and sale of tea is not dissimilar from that gained in the course of dealing with other products of tropical agriculture. After enemy occupation we had to incur heavy expenditure in rehabilitating our tea areas with little or no revenue coming in. By 1952, when our work of recovery was complete and we were back to full production, the price of tea had declined so steeply that in that year we suffered a loss of nearly £40,000. Such are the vicissitudes of enterprises in tropical agriculture. No assessment of its profitability or otherwise can be made by reference to one particular year.

DISTRIBUTION OF PROFITS

The table that follows shows the distribution of profits earned by this company over the four years 1951/54:

	Profits £	Percentage
Taxation—including Export Duty and Malayan and UK Taxes.....	2,777,420	65·89
Ploughed back into business	794,738	18·85
Cash to Stockholders....	643,500	15·26
	4,215,658	100·00

A fuller appreciation of the significance of these figures may be gained if I put it another way. Out of every £1 of profits, the Governments of Malaya and the United Kingdom appropriate in taxes 13s., for the improvement of the business we plough back nearly 4s., and the shareholder receives 3s. Over this period of four years the average return to the stockholder after deduction of income tax was no more than 4.92 per cent on the capital employed in the business. Those who indulge in pronouncements on profits and their distribution might perhaps with advantage acquaint themselves with the facts as set out here.

GOVERNMENT PROPOSALS ON TAXATION AND REPLANTING

I had occasion last autumn to issue a statement reviewing the Mudie Report. The Government of the Federation of Malaya has now issued a White Paper, under date of April 20th last, in the course of which it examines that report and announces its own findings, which are shortly to be made the subject of new legislation. The title of the White Paper, "Taxation and Replanting in the Rubber Industry," implies, quite rightly, that the two subjects are closely interrelated. Complaints against high taxation are wide-

spread and it is quite human to suppose that the industry in which one is engaged is a special victim, but making every allowance for that tendency it is difficult to dispute the contention that the rubber plantation industry operating in Malaya is harshly treated. Those producers domiciled here, and they represent the major part of estate rubber production, have to bear all the taxes levied on industry in this country, namely, income tax (calculated on profits from which no adequate deduction is allowed for the high cost of replacement of buildings and equipment), profits tax and distribution tax. But in addition they have to suffer a levy on out-turn in the form of an export duty. This is a tax which is easy of collection and there is no time lag. It is free from all the special administrative difficulties and complexities of assessing and collecting income tax in an eastern territory. It is consequently a constant temptation to governments hard pressed for revenue to resort to the easy method of screwing up export duty. But the pursuance of such a policy is not only inequitable ; it is also shortsighted. Malaya has no monopoly in rubber. It has to compete not only against the production of other countries but also to meet the formidable competition of synthetics which in the United States have hitherto enjoyed complete freedom from all taxation and, under private enterprise, will certainly not have to carry the burden of taxation to which producers of natural rubber in Malaya are now subjected. Rubber is a world commodity sold in world markets. Producers cannot pass on export duty to their buyers ; it ranks as a charge on cost and to that extent impairs Malaya's competitive power.

INCREASED EXPORT DUTY

Prior to 1951 export duty was for the most part levied at rates varying from 2½ per cent to 5 per cent, and as this was calculated *ad valorem* Government profited from any increase in price. It was never accepted as a good form of taxation, but it was tolerated as being well within the administrative capacity of the Government machine as it then existed in Malaya and in the belief, encouraged from official quarters, that when income tax was imposed and enforced export duty, if not abolished, would at least be reduced. But in 1951 Government adopted a course sadly defeating all such expectations and introduced a system of export duty, scaled according to price, beginning at 5 per cent and rising as high as nearly 13 per cent. Against that action the industry protested, maintaining that such a scale was intolerably burdensome, calculated to discourage replanting and other improvement works, and a serious hindrance to competition against a growing and favoured synthetic industry.

GOVERNMENT PROPOSALS

Government's proposals as now published are to reduce the existing scale of duty to a fractional extent up to a price of 75 cents per lb. (21 pence), at 80 cents to maintain the existing rate, at 90 cents—which happens to be below the current price—to increase the rate by over 21 per cent, and to step it up still further at prices above that level. Government will also undertake to pay $400 per acre (i.e., half the average cost) towards the cost of replanting up to 21 per cent of an estate's planted acreage, provided replanting is done within seven years from the date when this provision becomes effective, which is expected to be July 1st next.

COST TO GOVERNMENT

After providing for assistance to smallholders, calculated on a different basis, it is stated that the maximum cost of this replanting scheme is $280 million. This figure, however, is the product of an arithmetical calculation which omits to take into account other offsetting factors. The $112 million set aside for smallholders is most unlikely to be spent within the stipulated period, nor is it at all likely that all estate owners will apply and qualify for grants whilst those who do will be subject to income tax on any such payments as they may receive except in the sad event of trading at no profit. These proposed grants have been wrongly described on occasions as "subsidies" or "free gifts." They are in fact recoverable. Recovery, it is true, is contingent on price, a contingency that cannot now be dismissed as remote since the present price is at the point of substantial recovery with a distinct prospect of its continuance for some time. On its crop as estimated for this year and at the present price of rubber, this company will be called upon to pay additional export duty amounting to $380,000. A gift horse possessing such a nasty bite may well be looked in the mouth. No one could claim to make any reliable prediction regarding the probable price of rubber over the next eleven years, the full period of the scheme, but if the history of price over the last eight years should repeat itself, Government would recover over the next eight years even more than their unrealistically calculated maximum outlay.

THE SCHEME'S INEQUITIES

Although grants are to be made to estates at the uniform rate of $400 per acre there is to be no corresponding uniformity in repayment. Recovery is to be based on output with no adjustment as between one estate and another. The effect of this must be that estates which have a high rate of output consequent on earlier replanting will pay back three or even four times as much per acre as estates which have done little or no replanting. The teaching of the parable of the talents is thus put into reverse. From him who has used his talents profitably much is to be taken away and the reward is to go to him who has wrapped his talents in the napkin of obsolete seedling rubber.

ITS ECONOMIC CONSEQUENCES

The scheme is specially designed to assist those producers who have hitherto done little or no replanting. There can be little expectation that that class, in so far as they replant at all, will do other than confine their activities to the limits of the scheme—21 per cent of their areas. The probable result will be that by the distant 1970's such producers will have reached the stage of having only one-fifth to one-quarter of their areas producing from modern stock, by which time the greater part of such estates will have reached an advanced stage of deterioration. This attempt to fix the existing pattern of estates and to check the trend to more consolidated economic units seems singularly ill-judged. The White Paper states that the "industry faces a crisis without precedent in its own chequered history." The treatment prescribed would seem to belie this serious diagnosis. Government's proposals are no doubt well intentioned but economic ills cannot be cured by discarding sound principles in favour of political expediency. Internal law and order and an equitable system of taxation are the essential needs of the industry. Only in so far as these are met will confidence be renewed and the energies of the industry set free to deal effectively with its problems.

STAFF

From what I have written earlier in this statement stockholders will appreciate how greatly indebted they are to the company's staff and all who serve under them, especially those in dangerous places.

THE CHLORIDE ELECTRICAL STORAGE

EXPANDING MARKET FOR PRODUCTS

The sixty-fourth ordinary general meeting of The Chloride Electrical Storage Company Limited was held on June 8th at Clifton Junction, Nr. Manchester, Mr A. W. Browne, OBE, MIEE (the chairman), presiding.

The following is an extract from his circulated statement: Probably the most important development during the year was the repatriation of a block of £1,573,688 "A" Ordinary Stock which in September was purchased by Lazard Brothers & Company Limited from The Electric Storage Battery Company of Philadelphia and offered to the public, with preferential consideration to existing Stockholders. As a direct result of this successful operation, the number of our Stockholders rose from 2,500 to approximately 4,800 and the market for our "A" Ordinary Stock has been broadened considerably. The increasing interest and confidence in your Company is reflected by the amount of stock held in small units. The number of members at this date holding stock of £300 or less is approximately 2,600.

The main business of our Group is the manufacture and sale of storage batteries for all purposes under various trade names, the best known of which are Exide, Drydex, Pertrix, Tudor, Chloride, Exide-Ironclad, Dagenite, Kathanode, Silver-Exide, Nife and Alklum. In addition, we are interested in plastics, pneumatic equipment, precision tools, various products in the sanitary industry and a range of barrier creams for protection against dermatitis.

Our activity overseas includes manufacture and assembly of storage batteries in Australia, Belgium, Canada, Denmark, India, New Zealand, Pakistan and South Africa, with representation in nearly every other country in the world.

SATISFACTORY RESULTS

Turning to the year's accounts, it will be seen that the Group has again achieved satisfactory results. Although the cost of lead, our principal raw material, rose towards the end of the year, the average cost over the year was not much greater than during the previous year. Increased costs were experienced, however, in labour, materials and charges such as fuel and transport. As a result of continuous efforts to increase efficiency by judicious capital expenditure and improvements in methods of manufacture and distribution, it has been possible to absorb these increased costs without any general increase in prices.

Your Directors declared a dividend of 12½ per cent on the "A" and "B" Ordinary Stock, which, together with the 5 per cent paid last October, makes 17½ per cent for the year, against 12½ per cent paid last year on present capital.

Throughout the year competition has continued to increase and we have maintained our policy of improving production technique wherever practicable for the purpose of increasing production at lower cost. At the same time the work on general research and development has gone forward, as no economy can be accepted unless the policy of producing only the highest quality products can be fully maintained.

It is difficult to foresee more than the immediate future, particularly as our affairs are so much bound up with the economic life of this and other countries. I can conclude, however, with some confidence, based on an expanding market for our products and increasing efficiency in our organisation.

The report was adopted.

UNION CORPORATION LIMITED

LORD BRACKEN'S TRIBUTE TO THE LATE MR P. M. ANDERSON

GOLD MINING INDUSTRY AND OTHER INTERESTS REVIEWED

The annual general meeting was held in Johannesburg on May 24, 1955, Viscount Bracken presiding. The chairman, in moving the adoption of the report and accounts for the past financial year, said:

Gentlemen,—Before dealing with the formal business which we meet to transact, I should like to say something, however inadequate, about the eminent services rendered to this corporation by the late Mr P. M. Anderson. Much of our present prosperity is due to the wisdom, knowledge and steadfastness which he showed as chief executive director of this corporation.

He well knew that enterprise and boldness are among the first qualities required of a large mining group. He also knew that these essential qualities must be tempered by persevering prudence in matters of finance.

Rare are the men who can successfully combine the qualities of daring and caution: Peter Anderson was one of them.

We have indeed every reason to be grateful for all that Mr Anderson did for this corporation. Outstanding among his later achievements was the care he took in providing for his successor. It was a happy day for this corporation when he brought our new managing director into its service. We wish Mr T. P. Stratten all good fortune in fulfilling the heavy responsibilities that now rest upon his shoulders.

If Mr Anderson was a most wise and careful steward of our affairs, he was also one of the most public spirited men of his generation. No one can overestimate the work he did for the University of the Witwatersrand during the many years he served as chairman of its council. During his long period of office the University became widely known at home and abroad as a place of liberal and humane learning and of sound teaching.

Mr Anderson, who was the most modest of men, would be the last to claim credit for this, but the many distinguished people who worked under his chairmanship would stake that claim for him.

YEAR'S RESULTS

I now have to submit the accounts of the corporation for the year 1954 together with the directors' report.

The gross profit for the year was £1,749,000.

After providing £502,000 as against £433,000 in 1953 for taxation, the net profit was £1,081,000.

In 1953 your directors deemed it desirable—in view of the corporation's heavy exploration programme—to increase substantially the exploration reserve account and they therefore appropriated £600,000 out of the profits of that year. Your directors consider this level of the exploration reserve account, namely about £970,000, to be reasonably sufficient for our present needs and accordingly last year they only appropriated £275,000 out of the current profits to maintain the reserve at about the same level.

The board are of opinion that the staff pension funds in London and Johannesburg are hardly adequate and so they have allotted £81,000 from this year's profits to pension fund account. I feel that shareholders will approve the appropriation.

You will see from the directors' report that we believe that our custom of declaring dividends "free-of-tax" has caused some confusion in the calculation of yields. The board therefore decided, commencing with the final dividend declared in respect of last year, to declare dividends gross but subject to deduction of United Kingdom income tax at the standard rate. As a result of this change of policy, the benefit of the recent reduction in the standard rate of UK income tax by sixpence in the £ will accrue direct to shareholders and not be retained in the business—as would have been the case if the dividend had been declared on a "free-of-tax" basis.

The dividends declared for the year were equivalent to 2s. 8.909d. gross per share as compared with 2s. 5.091d. for the previous year calculated on a similar basis. They absorb £701,000 and leave £382,000 to be carried forward to new account against £358,000 brought forward.

GOLD MINING INDUSTRY

Before reviewing the affairs of the companies under our administration I should like to review briefly the position of the South African gold mining industry as a whole, in which we continue to be chiefly interested.

While the average price received by the industry for its gold in 1954 was slightly higher than the official price for the previous year, the virtual disappearance of the premium on gold sold for artistic and industrial purposes resulted in a slight overall decline in the average price received by the industry for its output.

A satisfactory feature of the past year was the continued improvement in the supply of Native labour. As a result of this, as well as the substantial increase in production by the new mines in the Orange Free State and Far West Rand, the tonnage milled by the industry in 1954 increased by over 6 per cent to 62,354,500 tons.

The overall yield increased from 3.893 dwt to 4.068 dwt per ton so that the total gold output rose by 1,241,498 ounces fine to 12,682,328 ounces fine.

Thus, notwithstanding the lower price received for gold, the working revenue, excluding that from uranium reached £158,643,786, which is some £14,500,000 higher than the previous year and is the highest figure on record. Working costs absorbed £120,435,001, so that the working profit was £38,208,785, or approximately £1,400,000 more than for the previous year.

To the working profit must be added the estimated profits from uranium production totalling just over £8,100,000, or nearly four and a half times that for 1953. The total working profits for the industry therefore, including uranium, amounted in round figures to £46,300,000, or £7,700,000 more than in 1953.

From this profit nearly £13 million was appropriated for capital expenditure, loan redemption and other items.

Provision for taxation and Government's share of profits is estimated at £14,275,000, being an increase of nearly £2 million. Net dividends distributed to shareholders increased by just under £920,000 to £19,127,166.

Working costs for the whole industry in 1954 rose by 2s. 2d. per ton milled and averaged 38s. 8d. per ton milled. In part this increase results from the tonnage contributed by the new producers, whose average working costs are at present much above that for the whole industry. But working costs were also inflated by increases in the earnings of European and Native employees and by further increases in the cost of commodities and stores, the latter resulting largely from the higher railage rates introduced in recent years.

However, in spite of the consequent increase in the pay limit, the development footage accomplished by the industry in 1954 enabled the 1953 level of ore reserves to be increased fractionally to 168,280,265 tons. This is the first increase in the industry's total ore reserves since the devaluation of sterling in 1949. In conformity with the higher pay limit the average grade of ore reserves was 0.28 dwt higher at 5.40 dwt.

In reviewing the results of the gold mining industry for 1954 it is gratifying to note the increasing contribution to the industry's output and profits of the new producers of the Orange Free State and Far West Rand, that is to say, those mines which have reached production since 1951. Last year the eight new producers in the Orange Free State and the four on the Far West Rand between them produced just under 2,200,000 fine ounces of gold, equivalent to 17.3 per cent of the whole industry's output and accounted for nearly one-quarter of the industry's working profits from gold.

As the scale of operations of the newer and higher grade mines expands, and with the expected further expansion of uranium production, the industry's already substantial contribution to the balance of payments of the Union of South Africa will increase materially.

It is pleasing to note that the improvement in the supply of Native labour, which I mentioned last year, has continued into this year, though one cannot predict what further improvement may take place or for how long the present increase in the labour force will continue, as many factors influence the flow of Native labourers to the mines.

Unfortunately the shortage of European underground personnel has so far prevented the mines from benefiting fully from the improved Native labour supply.

This problem remains a serious one and much depends on the results of the present recruiting campaigns being carried out both in the Union and in Europe by the industry.

GROUP INTERESTS

I should now like to turn to the results of operations of the gold mining companies under our administration and of some of the other companies in which we are interested.

GOLD

East Geduld Mines, Limited.—The tonnage milled in 1954 was 1,663,000 tons and the net profit was £1,771,529. Dividends totalling 3s. 9d. per unit of stock were declared and the balance carried forward was £608,645.

Geduld Proprietary Mines, Limited.—The ore milled was 1,122,000 tons and the working profit was £386,389. Income from investments comprising principally holdings in East Geduld Mines and The Grootvlei Proprietary Mines amounted to £661,036 and the total profit for the year was £935,167. Dividends totalling 12s. 3d. per share were declared and £366,853 was carried forward.

The Grootvlei Proprietary Mines, Limited.—The ore milled was 2,185,000 tons and the net profit was £1,274,287. Dividends totalling 2s. 1d. per unit of stock were declared, and £646,391 was carried forward.

Marievale Consolidated Mines, Limited.—The tonnage milled increased to the record figure of 800,000 tons and the net profit was £487,148. Dividends declared totalled 2s. per share and the balance unappropriated was £488,763.

St. Helena Gold Mines, Limited.—The tonnage milled increased to 1,041,000 tons and the working profit was substantially higher at £757,917. A new vertical shaft is being sunk to open up the north-eastern portion of the property and the capacity of the reduction plant is being extended. The cost of the new shaft and extensions to the reduction plant will be financed out of profits which the mine should be able comfortably to provide over the period.

Van Dyk Consolidated Mines, Limited.—The tonnage milled was 940,000 tons and the net profit was £22,653. Development work was continued in the No. 5 shaft area, disclosing a small amount of further payable ore.

OTHER INTERESTS

San Francisco Mines of Mexico, Limited.—During the company's financial year ended September 30, 1954, the mill treated a record tonnage of 738,800 tons of ore. The accounts of the year's operations have not yet been published.

Bay Hall Trust, Limited declared a dividend of 15 per cent less tax in respect of the year 1954 compared with 13.64 per cent for the previous year. At the end of 1954 the appreciation of its holdings over book cost amounted to £922,042.

British Enka, Limited.—After providing £274,000 for depreciation and £303,000 for United Kingdom taxation, the consolidated net profit of this company and its subsidiaries for the year ended December 31, 1954, was £306,000, compared with £351,000 for the previous year. After crediting £82,000 taxation adjustment relating to previous years, transferring £275,000 to general reserve and debiting £108,000 in respect of a dividend of 10 per cent recommended by the directors, the carry forward was increased by £5,000 to £189,000.

South African Pulp and Paper Industries, Limited.—Initial paper production at the Tugela mill started in July, 1954, and paper of acceptable quality was being produced regularly by the year-end. Operations at both the Enstra and Tugela mills resulted in a trading profit of £730,791, the net profit being £324,557. An interim dividend of 1s. per share was declared.

Owing to the deterioration of trading conditions in this unprotected industry and the need therefore for strengthening the cash position the directors did not feel justified in distributing a further dividend.

EXPLORATION

You will have seen from the directors' report that drilling operations by Capital Mining Areas, Limited, during 1954 have indicated that the area underlain by payable Kimberley Reef is larger than we visualised this time last year. Drilling operations are still in progress but I am pleased to be able to say that the company hopes shortly to apply to the Government for a mining lease over part of the area.

Some values in the Kimberley Reef sufficiently encouraging to warrant further work have been obtained in boreholes drilled by one of the corporation's subsidiary exploratory companies operating adjacent to Capital Mining Areas. None of the other subsidiary companies in the Bethal and adjoining districts has so far encountered anything of economic interest. Options over large areas have been abandoned.

Mineral prospecting is a most difficult undertaking and as work proceeds tentative interpretations of the geology are accepted and frequently later amended or discarded, resulting often in option areas being taken up and later abandoned. For these reasons it has been our custom not to publish the results of our prospecting work or that of our subsidiaries until a project is considered suitable for presentation to the public.

Your directors are satisfied that this policy is in the best interests of shareholders.

In concluding my review of the past year, I should like to take the opportunity of expressing our thanks to the staff of the corporation both in South Africa and London and to the managers, staff and employees of the companies under our administration for their loyal and efficient services during the year.

In reply to a member's question the chairman said that he could not at this stage add anything more to what had already been said in his address about the developments in the Bethal area.

The report and accounts were adopted and the retiring directors re-elected.

ALBRIGHT & WILSON LIMITED

(Manufacturers of Industrial Chemicals)

SATISFACTORY TRADING YEAR

MR KENNETH WILSON'S STATEMENT

The sixty-third Annual General Meeting of Albright & Wilson Limited was held on June 2nd at the Registered Office of the Company, Oldbury, Birmingham. Mr Kenneth H. Wilson, OBE, JP, presided. The following is the Chairman's statement:

The year 1954 was a satisfactory trading year throughout our Group of companies. Turnover increased in each of the countries in which we operate, and three new manufacturing units of much importance to us were completed during the year and are now operating.

THE ACCOUNTS

The expansion in gross profit during 1954 has partially been offset by the substantial depreciation charges which have risen by £606,000 to a total of £1,276,000. This is due to the heavy capital outlays we have made, not only in this country but also very notably in the USA and Canada. Even so, the net profit, after deducting tax and the minority interest in subsidiary companies, has increased by £153,000 over the previous year's total of £710,000.

The total Ordinary Dividends for the year 1954 amount to 22½ per cent as against 17½ per cent for 1953. The distribution remains at somewhat less than one third of the net earnings after providing for the Preference Dividend, and corresponds to approximately 6 per cent (before tax) on the net worth of the Group as attributable to the Ordinary Share Capital.

The figure at which the investments in Subsidiaries have stood in the books of the parent company is substantially lower than even the most conservative estimate of their true value. It is felt that at least some of the growth of our overseas investment should be recognised and accordingly it has been decided to adjust the value of the principal companies in the Albright & Wilson balance sheet to accord with their nominal capital. This results in a net increase of £1,119,206 in the book value of shares in subsidiary companies.

It will be seen that the increase has been put to a reserve entitled "Surplus on Revaluation of Shares in Subsidiaries" and your directors recently announced that Treasury approval had been received to the capitalisation of the major part of this reserve by the issue of one new Ordinary Share for every two Ordinary Stock Units held. The appropriate resolutions to carry this issue into effect will be put to an Extraordinary General Meeting to be held immediately after the close of the ordinary business of this meeting.

REVIEW OF COMPANY AFFAIRS—UNITED KINGDOM

Albright & Wilson Limited.—The most important development of the year was the completion of our new factories at Portishead and Kirkby. The output of phosphorus from Portishead and of sodium tripolyphosphate from Kirkby gradually increased during the second half of 1954 so that supplies of both products are now ample for present requirements and to cover market forecasts for several years ahead.

We are pleased to announce that a new company has been formed in which the Bradford Dyers' Association Limited and Albright & Wilson Limited are equal partners. Its purpose is the development and promotion of processes by which certain textiles may be made fire-retardant.

Midland Silicones Limited.—In the course of the past year a new agreement has been made between Dow Corning Corporation and ourselves, and as a result the plant at Barry in South Wales has been transferred from our ownership to that of Midland Silicones Limited, which company now manufactures as well as distributes silicones. The shares of the reorganised Midland Silicones Limited are held as to 60 per cent by Albright & Wilson Limited and 40 per cent by Dow Corning Corporation.

OVERSEAS COMPANIES

Oldbury Electric-Chemical Company (USA).—The development of the Oldbury Electro-Chemical Company's new site at Colombus, Mississippi, is proceeding. Sodium chlorate manufacture began there in July, 1954, and a plant for the manufacture of phosphorus pentasulphide has now been completed at the Colombus site to supply the requirements of the Southern and South-Western States for this chemical.

Electric Reduction Company of Canada Limited.—The growth of the Canadian markets for phosphates and chlorates, although not so rapid as was generally predicted several years ago, has supported a satisfactory increase in the turnover of this company. The installation of the new phosphorus plant at Varennes has been completed.

Albright & Wilson (Australia) Proprietary Limited.—This company is jointly owned by Imperial Chemical Industries of Australia and New Zealand Limited and ourselves. Ever since its establishment fifteen years ago, the products of the joint company have been sold through the extensive sales organisation of ICIANZ. This arrangement has been of great importance to the young company and has certainly speeded its growth. In the course of the year, it was agreed by ICIANZ and ourselves that the scale of operation of Albright & Wilson (Australia) is now sufficient to warrant a separate sales organisation and this was accordingly established in October, 1954.

The Report and Accounts were adopted and the retiring directors re-elected. At a subsequent Extraordinary General Meeting resolutions were passed effecting the bonus issue of one Ordinary Share of 5s. for every two Ordinary Stock Units of 5s. held.

CAMMELL LAIRD & COMPANY LIMITED

INCREASED EFFICIENCY—OUTCOME OF NEW SUBSIDIARY

PLANS FOR DEVELOPMENT AND EXPANSION OF INTERESTS

ORDERS ENSURE BUSY YARDS UNTIL 1957

GROWING CONTINENTAL COMPETITION

MR J. C. MATHER ON PROBLEMS CONFRONTING THE SHIPBUILDING INDUSTRY

The ninety-first annual general meeting of Cammell Laird & Company Limited was held on June 7th at Birkenhead, Mr J. C. Mather, JP (the Chairman), presiding.

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

On January 1, 1954, the shipbuilding, engineering and ship-repairing activities of the Company at Birkenhead were transferred to a wholly-owned subsidiary, Cammell Laird & Company (Shipbuilders and Engineers) Limited. Your Board is satisfied that this has resulted in more efficient management and operation of those activities.

On June 21, 1954, the Company reacquired an interest of 25 per cent in the equity capital of English Steel Corporation Limited, approximately the same interest as was held before nationalisation of the Steel Industry.

On January 1, 1955, Mr P. Sydie, Assistant Managing Director of the Subsidiary Company, was appointed to the Board and will come before you for re-election.

ACCOUNTS

In consequence of the formation of Cammell Laird & Company (Shipbuilders & Engineers) Limited, the Accounts now include a Consolidated Balance Sheet and Consolidated Profit and Loss Account.

The Parent Company's Balance Sheet reflects the exchange of the Shipyard's net assets for shares in the Subsidiary Company; the Scrip Bonus Issue made by the Metropolitan-Cammell Carriage and Wagon Company, Limited; and the transfer of part of the quoted securities into the investment in English Steel Corporation. Quoted securities have also been reduced by the payment of the Capital Dividend approved at the last Annual General Meeting. The increase of £75,896 in Debtors represents mainly additional dividends due from Associated Companies. On the liability side of the Balance Sheet, the 50 per cent increase in the Issued Capital gives effect to the Scrip Bonus Issue approved last year; the Reserves position is explained in the Notes on the Accounts and is dealt with later in this Statement.

CONSOLIDATED BALANCE SHEET

Dealing first with those Assets which have not been mentioned in the previous paragraph, you will note that Fixed Assets, after depreciation, have been increased by £82,406. Stock-in-Trade and Work in Progress again show a considerable increase, amounting to £4,814,882, but Instalments received show an even greater increase, and the net figure is reduced by £641,245. Liquid resources represented by Cash, Bills Receivable and Funds at Short Notice are increased by £770,773.

Reserves. Total Reserves amount to £7,169,352, of which £1,567,160 is retained in Revenue Reserves to meet specific and general contingencies, £240,554 in the Debenture Stock Sinking Fund and £5,361,638 in Capital Reserves. This latter figure represents approximately the book value of the Company's quoted securities and the estimated sum required to meet the commitments which your board has under consideration for the development and expansion of the Company's interests. These include the construction by the subsidiary of a new drydock at Birkenhead to which I referred last year. The cost of this will be considerable, but without it the larger ships now being built cannot be docked for maintenance and repair and this work will go elsewhere. Further plans for the modernisation of the yard at Birkenhead include the extension and improvement of existing shops, the construction of new drawing and general offices to replace the inadequate and unsuitable accommodation at present available, and the possibility of having to provide for the gas freeing of oil tankers. Your board is convinced that these and other plans now under active consideration are essential to maintain the earning capacity of the Company.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Trading profit, after again taking into account a proportion of profit on work-in-progress, is reduced by £105,756, due to fewer vessels being actually completed and delivered during the year. The increase of £53,860 in dividends and interest reflects the investment in English Steel Corporation and a small increase in the dividend received from Metro-Cammell. Charges are £46,854 higher, due to an increase in depreciation and expenses in connection with the increase in share capital and formation of the subsidiary, but taxation is £94,200 lower, leaving the net profit available only slightly less than last year. There are no profits from previous years to be brought in, but a provision of £90,000 is no longer required and has been brought into account. The net profit available to the shareholders of Cammell Laird & Company, Limited, after retention of £295,970 by the subsidiary company, is £448,746. Your board recommends a final dividend of 10% per cent, making the total distribution for the year £424,225, leaving £24,521 to be added to the carry forward.

CAMMELL LAIRD & COMPANY (SHIPBUILDERS & ENGINEERS) LIMITED

Ship Construction.—During the year eight ships were launched totalling 72,080 gross tons which, compared with the previous year's tonnage of 61,750, shows an increase of 10,330 gross tons. I am pleased to report this improvement which reflects the benefit we are getting from our new welding bay which came into production at the end of 1953 and to which I referred in my report last year. The eight ships launched were as follows:—ss *Hubert*, cargo-passenger liner for The Booth Steamship Company, Limited; ss *Hemiglypta*, tanker for the Shell Tankers, Limited; ss *Esso Cambridge*, tanker for the Esso Petroleum Company, Limited; ss *Stanvac India*, tanker for the Standard-Vacuum Transportation Company, Limited; HMS *Whitby*, Anti-Submarine Frigate for the Royal Navy; mv *Doris*, cargo ship for Doris Compania Naviera SA; ss *Manchester Mariner*, cargo liner for Manchester Liners, Limited; and the mv *Cheshire Coast*, cargo vessel for Coast Lines Limited. Seven ships, including four of those launched, have been fitted out and delivered to their Owners. It is matter for satisfaction that the aircraft-carrier *Ark Royal* completed her contractors' trials satisfactorily in September last year and was subsequently commissioned and handed over on February 26th this year.

MARINE ENGINEERING

During the year seven sets of steam double-reduction geared turbine machinery, totalling 79,125 SHP were built and tested in our main Engine Shop. Work is also going ahead on the construction of 14 diesel engines for the Royal Navy whilst our Boiler Shop, in addition to executing a great deal of fabrication work for the Engine Shop, produced 14 boilers of different types giving a total evaporation of 743,000 lb of steam per hour.

SHIP REPAIRING

Our Shiprepairing Department has carried out repairs to 173 ships during the period under review, including several refit jobs for the Royal Navy.

THE OUTLOOK

As far as the future is concerned, we have orders on hand which will keep us busy until the end of 1957. During the year a number of orders have been lost due to our extended delivery position, but, in spite of this, I am pleased to report that we have been successful in obtaining contracts for the construction of four ships. Although inquiries for new tonnage were not very numerous there was a general tendency towards the end of the year for shipowners to place orders, and quite a number of these orders, as well as some shiprepairing contracts, found their way to Continental yards. The reason for losing this business was due to the quicker delivery, with the resultant saving in cost, quoted by Continental yards, which have the advantage of an adequate labour force to draw from and no demarcation problems such as we are experiencing in this country.

If we are to improve our position and maintain full employment in our industry we must be critical of our own shortcomings and do our utmost to put them right. I will refer briefly to some of them. We have a 44-hour working week and whilst many of our employees observe this condition conscien-

tiously there are many who do not. We also experience a high percentage of absenteeism, and much of this is not justifiable. Production is also affected by inter-union disputes over the demarcation of jobs, and we consider that this matter should be tackled by the trade unions at a national level. Bans on overtime are now prevalent in our industry and these have a serious and crippling effect on production. If these problems could be overcome our industry would be in a much stronger position to attract the additional business necessary to ensure the prosperity of the industry and all engaged in it.

THE METROPOLITAN-CAMMELL CARRIAGE AND WAGON COMPANY, LIMITED

The Metropolitan-Cammell Carriage and Wagon Company, Limited, attained a new record value of output of railway rolling stock last year. Deliveries of passenger coaches for overseas included a number of light-weight vehicles of aluminium alloy construction specially designed by the company for the East African Railways, and steel coaches for South Africa, Nigeria and Egypt. Large numbers of wagons also were shipped to Rhodesia, East and West Africa, India, Pakistan, Egypt, and the Sudan. For British Railways the company continued deliveries of standard steel coaches and completed nearly 4,600 wagons.

Valuable new export contracts included 200 coaches, and parts for 100 more, for the electrified services of the Central Railway of Brazil, 94 mechanical structures for diesel electric locomotives for Coras Iompair Eireann, and a 3-million dollar contract placed under the USA Foreign Aid Programme for 2,000 wagons for the Indian Government Railways. An order received for 72 diesel railcars was the first for vehicles of this type to be placed with a private contractor by British Railways under their new diesel programme.

These and other overseas and home orders included in the company's production programme for the present year were secured under severe competitive conditions. There is no doubt that such conditions will continue and that efforts to reduce costs and increase productivity must be intensified. With this object in view, extensive re-equipment and improved layout of some of the company's workshops was sanctioned and partly carried out last year.

A decrease in the demand for new public transport vehicles, due to the completion of the postwar renewal programmes of many of the larger operators in the United Kingdom, resulted in a reduced output from the Company's 'bus body building factory. Orders for smaller numbers of vehicles were taken against keen competition, but towards the end of the year some larger orders were received, including a number of 'buses of the Company's lightweight design which provide substantial savings in operating costs. Further "Olympic" integral 'buses also were ordered by overseas customers, and efforts are continuing to secure more export business.

THE ENGLISH STEEL CORPORATION LIMITED

In June, 1954, Cammell Laird & Company, Limited, resumed its interest in English Steel Corporation, Limited, when it acquired from the Iron and Steel Holding and Realisation Agency 25 per cent of the Equity share capital. The remainder of the Ordinary Shares are held by Vickers, Limited, with whom the Company became associated in 1929 when the steel interests of the two companies were merged in English Steel Corporation Limited

Despite a falling off in demand in the early part of the year, English Steel Corporation had a very successful year and the results were in excess of expectations at the time of the purchase. In the latter part of the year there was a large increase in the volume of orders for all of the Company's products and the year 1955 commenced with a very satisfactory order book.

All departments maintained a high level of production during the year and there was a record output of 567,000 tons of special steels. Taylor Brothers & Company, Limited—which is a wholly-owned subsidiary—celebrated the centenary of its foundation with a record year in production of railway wheels and axles and tyres, of which 45 per cent was for direct or indirect export.

Firth-Vickers Stainless Steels Limited—in which English Steel Corporation has a 50 per cent interest—has had a successful year and the demand for its products is far greater than the capacity to produce.

During their visit to Sheffield in October, Her Majesty the Queen and HRH the Duke of Edinburgh visited the Works and witnessed production in several departments.

STAFF

In conclusion I am sure that all shareholders will wish me to thank the management, staff and workpeople in our Subsidiary and Associated Companies for all they have done to produce the year's results

The report and accounts were adopted and the dividends, as recommended, were approved.

The retiring directors, Mr P. Sydie, Mr P J. D. Toosey, Mr J. H Bromfield and Mr P. B. Hunter, were re-elected; the remuneration of the Auditors, Messrs Cooper Brothers & Company, having been fixed, the proceedings terminated

EXPERT TOOL AND CASE HARDENING COMPANY

FACTORS AFFECTING RESULTS

The thirty-fourth ordinary general meeting was held on June 8th in London, Mr A. H. Redfern (the Chairman) presiding.

The following is an extract from his circulated statement: I must say at the outset that the results are disappointing, but the reduction in profits was caused to a large extent through unforeseen circumstances of a non-recurring nature. Firstly, extensive structural repairs had to be carried out at the Factory of one of your Subsidiary Companies. This meant that there was no effective production for the best part of the year, resulting in a net loss. Secondly, the reorganisation of two of your Factories to increase output has taken very much longer than was anticipated.

The net profit before taxation amounts to £67,506, compared with £127,261 for the previous year. Taxation absorbs £41,204, leaving a net balance of £26,302.

The new selling organisation, Adams Ashmore and Company Limited, which commenced operations at 205/207, Great Portland Street, London, W.1, on March 1, 1954, has more than justified your Board's expectations. During the year a Branch was opened at 20, Princess Street, Manchester, 1, which also shows healthy signs of expansion.

With regard to the current year, the position has started to improve as regards both sales and profits, and the Directors feel that the effort put in during 1954 is bearing fruit.

The report was adopted and a total dividend of 17½ per cent was approved.



PHILLIPS RUBBER SOLES LTD.

The 28th Annual General Meeting was held in London on 9th June, 1955, the Chairman—Mr. Peter Pettit, D.S.O., presiding.

THE ACCOUNTS for the year ended 28th February 1955, showed:

PROFIT for the year	£218,606
(compared with £183,492 for the previous year).	
APPROPRIATIONS:	
Income Tax and Profits Tax	£120,000
Transfers and Reserves	40,000
Dividends (Net)	50,962
Added to amount carried forward	7,644
	£218,606

The following is a summary of the Chairman's Review which was circulated with the Annual Accounts:—

- The Company's liquid position at 28th February was good and Current Assets were over 3½ times Current Liabilities.
- Sales of PHILLIPS Soles and Heels again reached a new high record, and the highest standards of quality were maintained in accordance with PHILLIPS long-established policy.
- Prices to the Trade had not been increased during the year, despite a further increase in wage rates and a substantial rise in the price of raw rubber
- Exports had gone up by over 10% to a new record total, despite quotas and exchange restrictions
- Plans were going ahead for the extension of the main Works in Manchester, and since the end of the year under review the 75-year-old business of Kempner & Brandon Ltd., makers of nursery and children's shoes, had been purchased.

The Report was adopted and the dividend (15%—making 20% for the year) was approved.

NATIONAL BANK OF NEW ZEALAND

SATISFACTORY EXPANSION OF BUSINESS

MR ARTHUR H. ENSOR ON TRADING AND INDUSTRIAL CONDITIONS

The annual general meeting of The National Bank of New Zealand Limited will be held on July 7th in London.

The following are extracts from the circulated statement of the Chairman, Mr Arthur H. Ensor:

Turning to the accounts for the year ended March 31, 1955, Deposit and Current Accounts at £60,024,000 show an increase of £5,452,000. There is little change in the item Bills Payable and Other Liabilities. On the Assets side of the Balance Sheet the principal change is shown in our Advances which stand at £39,786,000, showing an increase of £10,371,000 over last year. Part of this increase is accounted for by the return to private enterprise of the financing of meat exports. Other factors, however, affecting the demand for bank credit have been operating in New Zealand to which I will refer later.

The net profit brought in after providing for taxation is £265,430, which is an increase of £52,000 over the figure for last year and reflects the higher average level of our profit-earning assets. The results are particularly satisfactory when viewed against the background of the continued increase in our running expenses.

From the net profit we have allocated £100,000 to Contingency Account and in January last we paid an interim dividend of 4 per cent actual, less United Kingdom Income Tax at 9s. in the £. The Directors now recommend a final dividend of 6 per cent actual, less United Kingdom Income Tax at 8s. 6d. in the £, making a total distribution of 10 per cent for the year. This leaves a balance to be carried forward to the current year of £188,050.

SHARE CAPITAL

It may not have been generally realised that under the National Bank of New Zealand Limited Act, 1873, incorporating the Company in New Zealand, each share carried a reserve liability of £7 10s in addition to the uncalled amount of each share.

This position has long been recognised as unrealistic, and I am very pleased to say that the New Zealand Government have fully appreciated that the relative clause in the Act was not in accord with present-day practice and the necessary amending legislation has now been passed removing the reserve requirement.

The Directors have had under consideration the question of improving the capital structure and recommend for your approval the capitalisation of £400,000 from General Reserve to be applied in paying up 10s. of the uncalled liability on each of the 800,000 issued shares of £7 10s. each, making them £3 paid.

It is further recommended that each of these shares should then be sub-divided into three shares of £2 10s. each, £1 paid.

In connection with this recommendation the Directors have transferred £400,000 from Contingency Account to General Reserve.

BUSINESS DEVELOPMENT

It is satisfactory to record that the number of our customers continues to show a steady increase. We have opened new branches at Mount Roskill (Auckland) and at Huntly, and our agency at Colombo Street (Christchurch) has been converted into a full branch. We are now in occupation of our new premises at Upper Hutt, Otorohanga, Putaruru and Colombo Street (Christchurch); a new building is in course of erection at Tokoroa, and major extension and reconstruction work is being carried out at Nelson and Te Awamutu. A site for a new branch has been purchased at Feilding and it is hoped to build there shortly. We have a total of 136 branches and agencies throughout New Zealand, and although this gives us a good network of branches in the more important districts we are always mindful of the necessity of extending our representation in other developing areas.

PRIMARY PRODUCTION

The season has, in general, been dry, although rains fell in most parts of the country in time to save the farming industry from the worst effects of drought conditions. Production has been maintained surprisingly well and the volume of output of all primary products must be regarded as satisfactory.

The quantity of butter and cheese purchased for export for the eight months to March, 1955, was 226,000 tons, an increase of 9,000 tons on the same period last year. The depressed market for milk powder has, however, resulted in a fall in milk powder production. Export killings of meat from October to March totalled 269,000 tons as against 234,000 tons for the same period last year. The heavy killings of the early part of the season have been well maintained and output for the full season will be high.

The bulk purchase contract with the United Kingdom for butter and cheese was cancelled as from August 1st last and the contract for meat as from October 1st. These products have now to be sold in the United Kingdom on the open market in competition with the produce from other countries and remaining Ministry of Food stocks. In the months since the bulk purchase contracts were ended inevitable difficulties have arisen caused by the transition from a long period of Government control to a free market. Amongst these may be mentioned the carry-over of a considerable stock of cheese belonging to the Ministry of Food. There have also been changes in consumer preferences which have adversely affected, for example, the demand for frozen beef. Disposal of the Ministry of Food's stocks of meat has, during this transition period, caused some embarrassment to the market, particularly at a time when production in the United Kingdom of home-killed meat has been higher than expected. On the whole, however, apart perhaps from some descriptions of frozen beef, the free market has not so far been unsatisfactory.

The season for wool production has been a very good one and the volume of wool sold is expected to be about 2 per cent up on last season. Prices declined from the opening of the season until December, but since then there has been a rising tendency. Prices until the end of January were lower by 2½ per cent than for the same period the previous year, but the firmer market since then will bring the season's average price up to approximately last season's level. The outstanding feature in the wool market this year has been the relatively favourable price movement of crossbred wools—which make up the bulk of the New Zealand output—compared with the finer merino types. The demand from the United Kingdom and the Continent of Europe has so far been strong, with Germany buying more than in previous years.

GENERAL TRADING AND INDUSTRIAL CONDITIONS

During the year the Government introduced several measures designed to give greater economic freedom. The system of exchange allocation for imports which was imposed as a special measure in 1952 to curb the excessive rate of imports, was terminated as from January 1st last. There has been, in addition, a progressive liberalisation of import controls, whilst a large number of goods has been removed from price control.

At the end of March the Dominion's net overseas assets totalled £94 million compared with £129 million a year earlier. The total reached a peak of £139 million in June last but thereafter commenced to fall as a result of heavy importations which arrived in late 1954 and early 1955. There has not this year been the seasonal growth in the balances which we have been accustomed to expect from December onwards and this is to some extent accounted for by the change to the free marketing of meat and dairy produce. Payment is not now received until these products have arrived in the United Kingdom and have been sold through trade channels, whereas under the bulk buying contracts payment was received when the produce was put on board the overseas ships in New Zealand ports.

Retail trade has been buoyant; turnover has been higher and stocks have been in adequate supply. There were no major strikes or labour troubles during the year. There are strong indications—although figures are not available to support this—that a factor contributing to the growth of demand for consumer goods has been the increase in the use of hire purchase finance, and there can be little doubt that a further growth in the total of hire purchase loans would at this stage be harmful to the economy.

Secondary industries continue to expand under the stimulus of a high demand for almost all types of goods. The general picture is one of prosperity but is cannot be too often emphasised that with its high volume of overseas trade and its high and rigid internal cost structure, New Zealand is very vulnerable to changes in the value of its exports upon which the standard of living depends. The Reserve Bank has recently emphasised that the Dominion must concentrate increasingly on improving its competitive position, which entails research into new methods of efficient production, more attention to quality, packaging and advertising, adaptability in production to meet any changes in market conditions and consumers' preferences; but it is also vital that the country's competitive position should not be undermined by inflation. Unfortunately, signs of inflation are still present, one indication of an overloaded economy being the continued shortage of labour, to which my predecessor referred last year. Moreover, retail prices have continued to rise in the absence of any rise in the price index for imported goods, and the pressure on the Dominion's overseas reserves is considerable.

CREDIT RESTRAINT

The Reserve Bank has used the monetary weapon under its control in order to prevent undue expansion of bank credit and the reserve ratio applicable to the trading banks has been adjusted from time to time in order

to keep their free cash at a low level. In addition, the Reserve Bank's discount rate was increased on November 26th last from 3½ per cent to 4 per cent, and although there is no organised discount market through which this rate can make itself felt, the banks now have to pay the higher rate should they borrow temporarily from the Reserve Bank.

These measures necessitate the banks following a cautious and conservative lending policy but will not reduce the pressure from the public for bank advances. For a policy of credit restraint to be properly effective throughout the economy it is necessary for it to be brought home firmly to the borrowing public and this is best achieved by an appropriate increase in the cost of borrowing. The present level of bank interest rates is, however, unlikely to act as a deterrent to the borrower and seems out of line with the general pattern of interest rates in other sectors of the economy.

In existing circumstances it is important that development plans should not be forced ahead too rapidly, that the strain on domestic savings should be relieved in appropriate cases by external borrowing, and that a realistic interest rate structure be maintained.

The Capital Issues Committee dealt with an increased number of applications this year from companies desiring either to increase their capital or borrow on mortgage. Applications for the year ended March 31, 1955, amounting to £41 million were approved, an increase of £17 million over the previous year, and the pressure which this has put on available funds has tended to tighten conditions in the capital market.

Local bodies have had difficulty in obtaining their loan requirements, but this appears to have been caused by an increase in the demands of this sector rather than by a reduction in the amount of money being invested in this type of loan. The Government loan of £30 million which was placed on the market in June last was oversubscribed. In addition to that loan two Government loans totalling just over £20 million were offered in September to the public for conversion of maturing issues. About 80 per cent of the amount was successfully converted and the balance redeemed in cash. A £10 million loan with a 30 year term and interest at 3½ per cent was also successfully floated in London at an issue price of £98.

IMPORTANT PROJECTS

Further substantial progress has been made in the utilisation of the Dominion's resources of exotic forests. The large new Kraft pulp and paper mill of New Zealand Forest Products Limited, has been in production for the full year and 42,500 tons of pulp and 17,500 tons of paper have been produced. The Company has also produced during the same period an immense quantity of timber and timber products including 55 million board feet of sawn timber and 65 million square feet of wall board. The new construction programme of Whakatane Board Mills Limited is proceeding well. Remarkable progress has also been made with the erection of the large newsprint and pulp mill at Kawerau for the Tasman Pulp and Paper Company, Limited, and with the building of the new town to house the staff and workers of the mill. This reflects great credit on the State Departments responsible for the various associated works and upon the contractors who have carried out the construction work with energy and efficiency. The plant is expected to be in operation shortly. The announcement that the Commonwealth Development Finance Company Limited has acquired a share interest and has provided £2,500,000 of debenture capital underlines the importance of the project to the economy both of New Zealand and the Commonwealth.

BRITISH TIMKEN LIMITED

MR JOHN PASCOE'S SPEECH

Mr John Pascoe, Chairman and Managing Director, at the Annual General Meeting of British Timken Limited in Birmingham, after dealing with the published accounts, said: In the balance sheet of British Timken Limited the value of freehold properties shows an increase of £976,443, mainly accounted for by the amount expended at the Daventry factory during the year of approximately £340,000, and the purchase of the freehold of the Duston factory site involving the transfer of £498,000.

The Group's capital commitments at the date of the balance sheet amounted to £823,000. This large figure is an indication of your Board's determination to maintain our manufacturing facilities at the highest level of efficiency and to press on with the development of our new factory at Daventry.

Group turnover showed a satisfactory increase over the previous year, all our factories having been fully employed on a two-shift basis. As manufacturers of anti-friction bearings, our products reach all branches of industry, consequently our fortunes are bound up with those of industry as a whole, and not with any particular section. The sources from which we receive our orders are world-wide in geographical distribution as well as diverse in type.

EXPORTS

The Group's total direct exports have now risen to 23½ per cent of our sales, and in addition we estimate that well over 50 per cent of the balance of our home sales finds its way to export markets.

In the field of transport, British Timken Limited has not only continued to be suppliers on a large scale to British Railways but has also secured large orders from territories as far apart as Europe, Australia, India, South Africa and Canada. Orders received both direct from Canada and for equipment destined for that country constitute a very pleasant feature of this business.

Moving from one of the oldest to one of the newest forms of transport, we are proud that the "Viscount," of world renown, has its Rotol propellers mounted on Timken tapered roller bearings, has Timken-equipped landing wheelers, and ball and roller bearings manufactured by Fischer Bearings Company Limited in the Rolls-Royce "Dart" turbine engines.

During 1954 we received large orders for mill bearings of the heaviest types for home and Continental steel mill builders. For many years British Timken Limited has been recognised as one of the world's leading manufacturers of the largest types of tapered roller bearings, and in the past year we have seen a very considerable increase in our output of this type of bearing.

It is for manufacture of these large bearings that the factory at Daventry is being built, and it has already begun to contribute to our output. With these increased production facilities, we shall have greater competitive power in the field of large bearings.

It is only by maintenance of our profits that we can have the means to avail ourselves of the almost incredibly rapid development not only in machine tools, but in what is known in America as "automation," which can be described as the automatic control of industrial process and movement.

In an undertaking such as ours it is difficult to compare one year's output with another, and still more difficult to compare today's output with that of some years ago. Clearly, money values are not an accurate indication, nor, owing to the diversity of sizes, is the number of bearings, but by calculation embodying all the factors, we estimate that our physical output today at British Timken Limited is five times as large as it was in 1938 with a labour force just three times as great.

Such increase in productivity throughout industry, made possible by the development of machine tools and manufacturing techniques enabling the operator to produce more work in the same time with no extra effort, has made possible the rapid increase in the standard of living.

As well as participating in the continual advances of mechanical techniques on the factory floor, we are also using more scientific management tools, such as statistical methods, to control everyday manufacturing functions of quality, inventory and time study.

These mechanical and scientifical advances, which are, no doubt, leading us into the second industrial revolution with all its social and economic implications, will not only change the duties of the factory worker, but also, with the extension of the use of digital and analogous computers to assist in the solutions of these problems of industrial design and general administration, will revolutionise the daily routine of the office worker.

RESEARCH AND DEVELOPMENT

To meet this great challenge, we have found it necessary substantially to increase our effort in research and development, as we mean by the rapid adoption of new techniques to play our part in the effort which industry must, and undoubtedly will, make to fulfil the Chancellor's prophecy of a doubled standard of living within twenty-five years.

In a time of full employment it is a problem to increase one's labour strength. We must, and indeed do, work at least two shifts in every shop, and we suffer somewhat from other firms advertising day work only. We cannot remain competitive either in our group or even in the country, if modern machine tools are only operated for some forty-four hours per week.

Our raw material, all purchased from British sources, has been adequate in quality and quantity in the past to meet our demands, although in certain directions there are signs that we are entering a more difficult period.

These difficulties have not reached large proportions, but they exist in all our factories.

As to the future, sales for the year to date for the Group show a considerable increase over those of the previous year, and there is every prospect of our factories—and, indeed, of the increased facilities which will come into operation—being fully occupied at least for all of 1955.

At the moment we view the future with confidence and look to expanding sales, but it must be borne in mind that competition, especially for exports, is particularly keen from other great manufacturing countries of the world. However, with full order books, modernised and expanding facilities and with the efficiency and skill of our staff of employees, large numbers of whom, I am happy to say, have been with us a great number of years, we face the future with the determination to maintain our position in the forefront of anti-friction bearing manufacturers of the world.

The Report was adopted.

ASSOCIATED NEWSPAPERS LIMITED

LORD ROTHERMERE'S STATEMENT

The Fiftieth Annual General Meeting of Associated Newspapers Limited will be held on Thursday, June 30, 1955, in the Memorial Hall, Farringdon Street, London, E.C.4. The following is from the statement by the Chairman:

This year's Balance Sheet and Accounts mark the 50th anniversary of the formation of the Company. Associated Newspapers Limited was formed in the year 1905, just nine years after the first issue of the *Daily Mail* had appeared on May 4, 1896. Our fortunes have greatly improved and the Company has expanded since those days. The first Report published in 1906 gives a profit figure, after depreciation, of £158,000; this compares with over £2,500,000 shown in the current Accounts. Our wage bill in that year amounted to £160,000; in 1954-5 for the Group it amounted to a sum in excess of £11 million. As a matter of interest the Directors in their first Report referred to the completion of successful negotiations with the Newfoundland Government under which the Company acquired 2,300 square miles of richly wooded area in the upper valley of the Exploits River. This was the beginning and still forms the backbone of our huge Canadian subsidiary, Anglo-Newfoundland Development Company.

Turning to the year that has passed, I am glad to be able to report again a satisfactory year's trading. The consolidated trading profit, after charging depreciation and Loan Stock Interest, amounts to £2,240,923. Although this profit has been earned as a result of entirely normal trading, the year has been one of tremendous activity for your Company, the implications and results of which are only just beginning to be felt.

During recent months all newspapers who are members of the Newspaper Proprietors Association experienced the only serious strike, apart from the General Strike, in the history of the Industry, and the country was without London national Morning, Evening and Sunday newspapers for 26 days. The strike has now been settled and all the newspapers affected are again in production. The accounts that are before you allow for losses sustained during the first seven days of the strike amounting to £150,000, and the Industry is calculated to have lost altogether more than £3 million. The real damage, however, cannot yet be assessed.

As a direct result of the strike it has been necessary for all London Evening papers to increase their selling price to 2d., an event which has had a serious effect on circulations. Although the position is still fluid, the overall average loss in sales of the three Evening newspapers affected is calculated to be in excess of 12 per cent. Similarly, the sale of all the other newspapers, the Dailies and the Sundays, show a marked decline since the strike. This may be due to some extent, to the fact that all newspapers are now using reserves of newsprint, accumulated during the stoppage, in the production of larger papers. It is my opinion, however, that the principal reason for the contraction in overall sales is that during the 26 days of the strike many readers lost or were beginning to lose the newspaper reading habit.

It would be stupid to suggest that a strike in any industry does not damage the shareholders—of course it does, but it is my duty to say that I know of no industry where a prolonged stoppage could do more damage, more quickly and more permanently to the employees than our own, and I sincerely hope that, as long as it is my privilege to be Chairman of this Company, any difficulties which may arise in the future between employer and employed, will be resolved by the modern methods of arbitration and negotiation.

ACCOUNTS

You will see from the Profit and Loss Account that the total profits of the Group are larger than last year. This improvement is in part due to the inclusion for the first time of the profits of the News Holdings Group, the Companies which became full subsidiaries at the beginning of the financial year.

The tax charge this year benefits from two factors; firstly, the unlamented disappearance of the Excess Profits Levy and secondly, the welcome reduction in the standard rate of Income Tax from 9s. to 8s. 6d. Both will have a healthy effect on industry as a whole and will provide an incentive to managements to earn profits by careful housekeeping.

When I spoke last year our stocks of newsprint were much lower than normal and it was expected that this situation would be temporary. However, the value and tonnage of newsprint held at the end of this financial year was practically unchanged. As a result and in the hope that this position will improve considerable cash resources are being held available in easily realisable securities.

The consolidated Balance Sheet indicates the great strength and resources of our Group; this strength can be the more appreciated by realising that the investment of £1,358,977 in Anglo-Newfoundland Development Company Limited is represented by Canadian assets of $23,500,000 and is therefore worth on book values alone some £8,400,000—or 10s. per Deferred share. These factors allow your Company to strike out into new ventures in the knowledge that its main activity of newspaper production will not in any way be weakened financially and will continue to provide a large proportion of your Company's revenue.

COMMERCIAL TELEVISION

During the year the Independent Television Authority granted Associated-Rediffusion Limited, the company in which we have a 50 per cent holding, the licence to run the London Television Station from Monday to Friday. In addition, we are taking a minority holding in commercial television operations in both Sydney and Melbourne. Since the London operation is a new industry and the Sydney and Melbourne stations have yet to be founded, we cannot be certain of our financial commitments until we have had some operating experience.

THE DAILY MAIL

The influence and strength of the *Daily Mail* has been more than maintained in the past year. This newspaper bows to none in the authority with which it speaks in its leading articles. On many occasions it has been the first newspaper to indicate to its readers the importance of major events in the national and international field and it can rightly claim great credit for the balance with which it has highlighted their significance. For instance, the *Daily Mail* was the only newspaper to underline the importance of the statement by the Chancellor of the Exchequer that the standard of living of our people could be doubled in the next 25 years; it was the only newspaper to tell the first full story of the recent dramatic changes in the Kremlin; it was the first newspaper to forecast that Britain would make the Hydrogen Bomb, which forecast it followed up with articles explaining the significance of the American Strategic Air Force in this age of power politics.

THE EVENING NEWS

Although the sales of all London Evening newspapers have fallen *The Evening News* has continued to maintain its very substantial lead over its nearest competitor. Its slogan, "First With The News," continues to be upheld by the paper's reputation for news, pictures, features and sport. Its high standard of journalism, combined with its accuracy and speed, have all played their part in obtaining this result.

SUNDAY DISPATCH

Competition in the Sunday field has continued unabated and although the sale of the *Sunday Dispatch* shows a decline for the first time for 17 years, its reputation for exclusive news, complete sports coverage and topical articles by leading writers, stands as high as ever; its City Notes make the paper greatly sought after by investors.

DAILY SKETCH

I am happy to tell you that the *Daily Sketch* has continued to make considerable headway both in the matter of sales and in the improvement of its finances. In the 28 months since we acquired this newspaper it has gained nearly 400,000 new readers. During the month of April the sale passed the million mark. This is a considerable performance, especially when it is borne in mind that the price has remained at 2d.

WEEKEND MAIL

During the year colour printing was introduced on the front page of the *Weekend Mail* and the size of the paper has been increased to 24 pages. A sister paper to the *Weekend Mail* is now being published in Australia and in a little over six months it has become the second largest national newspaper on that Continent. Your Company has a half-share in this venture.

PROVINCIAL NEWSPAPERS

Once again I am able to record a successful year's trading by our provincial newspapers. In every centre where they operate alone, circulations have increased, and this factor is a most encouraging sign of the success with which each newspaper operates in fostering local loyalties, interests and functions.

STAFF

It is my custom and practice each year to give your thanks and those of the Board to all members of the staffs of our Companies. In doing so this year I would like to express my earnest regret to many faithful and old servants to whom, owing to the strike, we were reluctantly obliged to give notice. I thank them again this year and at the same time express the hope that never again will the Industry allow itself to experience such a tragic occurrence.

THE ORION INSURANCE COMPANY, LIMITED

POLICY OF DEVELOPMENT AND EXPANSION

SIR STRATI RALLI'S STATEMENT

The twenty-fifth annual general meeting of The Orion Insurance Company, Limited, will be held on June 23rd in London.

The following is an extract from the circulated statement of the chairman, Sir Strati Ralli, Bart, MC:

The year under review has seen two important changes in the constitution of your Company.

Firstly, the Issued and Paid-up Capital of the Company was increased in August last up to the full amount of the present Authorised Capital, namely £500,000.

Secondly, in December, 1954, an official quotation for, and permission to deal in, the whole of the Issued Share Capital of the Company was granted by the London Stock Exchange.

Whilst continuing the policy of consolidation and development in the Marine and Aviation Departments, your Board is endeavouring to build up an equally strong position in the Fire and Accident Department in order that, both geographically and by classes, the business of the Company will rest on a broader basis.

It is well to bear in mind, however, that the development of an Insurance Company is very much a matter of patient long-term planning and controlled expansion. The heavy establishment expenses and the necessity of building up Underwriting Reserves are very material factors in the early operational years of any new development. In consequence, the results of new endeavours may not become apparent for some time.

The serious Insurance losses caused by the three windstorms on the Eastern Seaboard of the United States and Canada in the latter part of last year were naturally felt in all Departments of the Company, but I am glad to say that as a result of the various measures adopted by us during the past few years our aggregate net loss from these occurrences has been relatively light.

MARINE DEPARTMENT

In the Marine Department the net Premium Income for 1954 amounted to £1,047,744 compared with £1,008,355 for 1953.

The ratio of total Claims paid in respect of all Underwriting Accounts was 78 per cent compared with 94 per cent in 1953. Expenses of Management amounted to 6.3 per cent compared with 7 per cent last year.

Conditions in the Marine Market have become very unsatisfactory, particularly in the case of Cargo business for which competition has become intense and many rates have fallen to what may eventually prove to be uneconomic levels. With regard to Hull business, however, there is some indication that the very long run-off we have experienced on this business over a number of years is becoming slightly less protracted.

The 1952 Underwriting Account has closed with a satisfactory Profit out of which the sum of £100,000 has been transferred to Profit and Loss Account. The result reflects credit on our Underwriter who has had to deal with a constantly deteriorating background.

The Marine Fund now stands at £1,408,679 (134 per cent) compared with £1,342,704 (133 per cent) at the end of 1953.

The 1953 Underwriting Account, to date, compares favourably with the 1952 Account at a similar stage.

Although the broad trends so far revealed by the 1954 figures are not quite so satisfactory, it is still too early to forecast what the ultimate result of this Account will be.

With regard to our Aviation business, the figures for which are included in the Marine Account, the underwriting results, owing to the skill and judgment of our Aviation Underwriter, have also been good.

FIRE, ACCIDENT AND MISCELLANEOUS DEPARTMENT

The Net Premium Income in this Account amounted to £809,872 compared with £891,858 for 1953.

The fall in Premium Income is attributable to our policy of reducing certain sections of business in order to achieve a better overall balance.

Our Direct Fire and Accident business from Home and Overseas has steadily increased and, for the first time, constitutes the major proportion of this Account. The Fire Premium Income, which is included in the total figures, has increased by £25,460 to £178,251 and this section has produced a Profit of 6½ per cent.

The total figures of all Classes combined show Claims Incurred 71 per cent on Earned Premiums, and Commission and Expenses 23 per cent, thus enabling us to transfer the sum of £48,335, equivalent to 6 per cent, to Profit and Loss Account.

PROFIT AND LOSS ACCOUNT AND BALANCE SHEET

After bringing in Gross Interest and Dividends of £145,618 (£153,048) and the Transfer from Revenue Accounts of £148,335 (£64,450), and deducting Directors' Fees £3,000 (£2,871), Other Expenses and Outgoings £34,529 (£38,817), and provision for United Kingdom Taxation £190,000 (£110,000), the Net Balance for the year amounts to £66,424 (£65,810). To this has been added the sum of £142,542 brought forward from 1953 making a total of £208,966 available for appropriation.

Your Directors have decided, this year, to augment the General Reserve by £25,000 using for this purpose the £16,810 available from Excess Profits Tax Post-War Refund and transferring £8,190 out of Profit and Loss Account. In addition a further transfer of £2,000 has been made to Provision for Staff Contingencies.

Your Directors recommend the payment of a Dividend of 12½ per cent (less Income Tax) for the Year 1954, being an increase of 2½ per cent over the Dividend paid for the Year 1953. This requires a net sum of £35,938 leaving a balance of £162,838 to be carried forward to the next Account.

Total Assets continue their steady growth and now amount to £5,229,708. The Market Value, or, where there is no quotation, the estimated value, of our Investments at December 31, 1954, was in excess of the Balance Sheet figure.

THE ANGLO-EGYPTIAN OILFIELDS LIMITED

AGREEMENT WITH GOVERNMENT

The Annual General Meeting of The Anglo-Egyptian Oilfields Limited was held on June 2nd in Cairo.

Mr H. M. Jones, the Chairman, in the course of his statement said: At the last Annual General Meeting I sounded a note of high optimism in the conviction that the signature of the Price Agreement in June, 1954, would resolve all the outstanding problems between the Government and the Company as regards prices and related subjects, and in the belief that it would not be long before the unexpected difficulties which had arisen over the terms of the exploration licences—and which at the time of our Annual General Meeting had been reduced to one point—would be resolved. At that time I ventured to contrast the prevailing atmosphere of confidence with the conditions of uncertainty and insecurity that had hitherto disturbed the Company's operations.

As evidence of this confidence the Company has so far planned Capital Expenditure of approximately £6 million during the years 1955-1957. This expenditure is to be directed to two main objectives—firstly, the extension and modernisation of the Suez Refinery (including a "platformer" to improve the quality of the motor benzine costing approximately £1.6 million) and, secondly, exploration work on the areas authorised by Law 205 for allocation to Socony-Vacuum Oil Company of Egypt and Anglo-Egyptian Oilfields and, where exploration is successful, the development of these areas. The work on the Refinery has begun and I am pleased to state that as a result of negotiations between the Government and the Company an understanding regarding a 50-50 Agreement has been reached.

EXTENSION OF ACTIVITIES

This, I hope, will lead to a final Agreement which will enable the Government to issue the sixty-one licences to Anglo-Egyptian Oilfields and Socony-Vacuum Oil Company of Egypt as authorised by Law No. 205-54. Some formalities remain to be settled and it is confidently hoped that the signature will take place within the next few days. It is hoped that the short fall between the production of indigenous crude and our Suez Refinery's capacity will be made good from the extra production which—and this is subject to all the limitations of what, after all, can only be regarded as a risk venture—may result from the new exploration if the latter is successful. By applying in February of this year for a further 160 exploration licences—138 in the Delta area and 22 in the Gulf of Suez, your Company further confirmed its intention to maintain and to extend its activities, both in its own interests and in the interests of Egypt.

As was stated in the preliminary announcement, differences of interpretation of the 1954 Price Agreement had arisen between the Department of Fuel and the Company. The amount of money involved was substantial. However, I am pleased to announce that an understanding has been reached with the Government on the main outstanding problem which involves the largest sum of money. Negotiations are continuing.

The net revenue for the year 1954, after providing £422,000 for Egyptian Taxation was £1,800,000 as against £2,269,000 for 1953. The increase in expenditure is largely accounted for by the necessity for purchasing and importing crude oil to the value of £206,000.

The report and accounts were adopted.

WORTHINGTON-SIMPSON LIMITED

A SATISFACTORY REPORT

The sixty-fourth annual general meeting of Worthington-Simpson Limited was held on June 9th in London, Sir Samuel R. Beale, KBE, chairman of the company, presiding.

The following is an extract from his circulated statement for 1954:

I am very pleased to be able to submit to you again a most satisfactory report and statement of accounts. Our trade pump business has kept up very well during the year and is increasing at a steady rate. New developments augmenting our existing lines are well under way and should, over the next few years, contribute to a greater turnover.

The trading profit at £652,202 compares with £642,689 for the previous year.

After making full provision for all charges, including taxation, a net profit on the year of £296,112 is shown, against £224,996.

Our order book still stands at about the same level as last year, and incoming business for the first quarter of this year again is higher than the corresponding period last year.

In the opinion of the directors, the financial position of the company is so stable that the time has arrived when the issued capital of the company should again be adjusted so as to reflect more accurately the actual amount of money invested in the business. It is accordingly proposed that a free issue of fully paid shares shall be made to the company's ordinary shareholders in the proportion of one new 10s. ordinary share for every two ordinary shares held.

The report was adopted and the proposed final dividend of 10 per cent, making 20 per cent for the year, was approved.

At a subsequent extraordinary general meeting, resolutions were passed, approving the board's proposal of a free issue of fully paid shares to ordinary shareholders.

LISBON ELECTRIC TRAMWAYS

The Annual General Meeting of Lisbon Electric Tramways Limited will be held on June 29th in London.

The following is an extract from the circulated statement of the chairman, The Right Honourable The Lord Rathcavan:

The figures for passengers carried, and mileage run, are as follows:

Passengers 344,176,597, an increase of 8,135,315 or 2.4 per cent; mileage 27,363,906, an increase of 1,119,671 or 4.3 per cent.

Thirteen open tram cars were substituted during the year by our latest type of closed car and trailer. Eight new double-deck buses were put into service during 1954, bringing our total bus fleet to 129 single-deck and 56 double-deck vehicles.

Although the additional passengers carried have produced more revenue, the cost of operation has increased so that the net result is more or less the same as last year.

The sum contributed to the state revenue of Portugal and the Lisbon municipal revenue amounted to £365,948. If the estimated cost of free travel for uniformed officials is added this figure increases by £100,000.

After providing for all charges, the net profit for the year is £79,190. The Preference dividend and Ordinary dividend of 6½ per cent net for the year absorb £75,861, leaving £68,054 to carry forward.

POSITION IN PORTUGAL

In 1954 we took 57 per cent of our current requirements from the hydro-electric grid. When hydro-electric power was not available we were able to co-operate with the authorities by running our thermal power station at full load and making the excess production available for general use in Lisbon.

New wages agreements, which operated from January 1, 1955, improve working conditions both regarding hours of work and monetary benefits and the estimated cost to the company will be £45,000 per annum.

The total cost to the company of all social services, including pension fund and unemployment fund contributions, was in the region of £380,000.

LIMMER & TRINIDAD LAKE ASPHALT

EXCELLENT TRADING RESULTS

The eighty-third annual general meeting of The Limmer & Trinidad Lake Asphalt Company, Limited, will be held on June 30th in London.

The following is an extract from the circulated statement by the Chairman, Sir John Hathorn Hall, GCMG, DSO, MC:

The principal aim of The Limmer & Trinidad Group is to foster by every practicable means the provision for the public of safe, sound, durable, traffic-worthy roads as economically as possible. My visits to the various Branches of your Company throughout the country since I assumed the office of Chairman have satisfied me that everywhere they are pursuing this aim with outstanding success and ever higher reputation.

The recent public announcement of road policy, however, shows that the Government have at long last decided to embark upon a reasonably comprehensive programme to improve and extend the road system in this country. It is important that when this programme materialises Limmer & Trinidad should play its full part.

During 1954 your Company's business made excellent progress. With the income from Trade Investments and Government Securities the Trading Profit for the Group, including the Subsidiary acquired during the year, was £649,235, an increase of nearly £100,000 over the previous year. Thus, for the third successive year, the Trading Profit creates a new record. Interim Dividends of 4½ per cent and 10½ per cent were paid in October 1954, and April, 1955, making a total distribution of 15 per cent for the year; paid once again on a capital increased during the year by further capitalisation of reserves.

W. T. HENLEY'S TELEGRAPH WORKS COMPANY LIMITED

RECORD ORDER BOOK

The seventy-sixth annual general meeting of W. T. Henley's Telegraph Works Company, Limited, was held on June 3rd, in London.

Sir John Dalton, AMIEE, FCIS, chairman, referred to the recent death of Mr W. F. Bishop, CBE, the retirement of Sir Montague Hughman and the appointment of Mr Daniel Meinertzhagen to the board and in the course of his speech, said: Profit from trading was £905,649, a decrease to some three-quarters of the 1953 figure. The main cause lay in a number of factors which, fortunately, do not appear to be repeating themselves in this current year. We started the year 1954 with a depleted order book; in addition, the early part of the year was marked by smaller volume of sales, due mainly to the continued tendency to restricted buying by our largest customers—a feature which was evident throughout the previous year.

The returns from our very large business in rubber cables were seriously affected by price increases of our raw materials. Also difficulties have been met on our export trade. The position today is that our export division is now dealing with an all-time record of enquiries for export business.

In the opinion of your board, we should not get dismayed by these temporary adversities. Indeed, during 1954 we employed more capital in stocks and in other directions, and our order book to date for the home market as well as for the export market for this current year discloses a record of orders greater than at any time in the history of the company.

The net profit amounted to £491,000. We have transferred £100,000 to general reserve, and recommend the same rate of final dividend, making 10½ per cent again for the year on the ordinary stock. In addition, it is proposed that a distribution out of capital profits should be made of 2 per cent on the ordinary stock. This distribution is not subject to income tax. The balance sheet again shows that the company has a sound economy.

The improvement reported to you last year in the position of Henley's Tyre and Rubber Company, Limited, has been maintained.

RECENT PROGRESS

There has been a considerable improvement in demand during the latter part of 1954 and for the current year. Indeed, in 1954 we obtained many important contracts for power cables from the area boards and divisions of the British Electricity Authority. We were also successful in obtaining substantial orders from the Admiralty and from the British Post Office. Orders for considerable quantities of ships' cables were received from the principal shipbuilders and shipwiring contractors for the wiring of vessels of all types, both for the Royal Navy and the Mercantile Marine.

We received noteworthy cable and overhead installation contracts which kept our home contract department fully employed during the year. Many valuable installation contracts were obtained from overseas customers during 1954.

Now I wish to comment briefly upon future prospects. Industrial activity generally continues at a very high tempo, with full employment at home. This activity is likely to be further stimulated by the schemes of railway modernisation announced by the British Transport Commission and the further increases in capital investment expected this year, as compared with last year in coalmining, gas, railway and air transport and the Post Office services.

I think, therefore, that the current trading outlook justifies the belief that we can look forward with confidence to the future prospects of our company.

The report was adopted.

UNITED BRITISH OILFIELDS OF TRINIDAD

The forty-second annual general meeting was held on June 7th in London, Sir Frederick Godber (the chairman) presiding.

The following is an extract from his circulated statement for 1954:

The profit after taxation for the year 1954 was £963,800 against £374,800 for 1953, this improvement being brought about largely by higher production and sales and by decreased operating expenditure.

During the year our crude production increased by some 500,000 barrels and our sales of refined products were also considerably greater. While purchases of Crude and Refined Oils were larger by £529,393 than those made in 1953, Oil Sales Proceeds rose by £935,816 to £10,736,209.

OPERATING EXPENSES

In a general decrease in direct operating expenses, the most marked was that on Intangible Drilling. This was brought about by a reduction in the drilling programme together with the successful introduction of improved techniques which showed economy in footage costs. This intangible drilling expenditure of £899,718, together with Production, Pipeline, Refinery, Administration and General Expenses, totalled £2,835,688 against £3,520,476 in 1953, a difference of £684,788. After taking from this saving the £284,000 charged in 1953 in respect of Ortoire expenditure incurred in 1952 there is still a reduction of some £400,000 in our 1954 operating expenses under these heads.

As a result of the Company's increased profits taxation thereon is considerably heavier, amounting to £703,000 in 1954 compared with £390,000 in 1953. Turning now to the Balance Sheet, capital additions and replacements to wells, plant and equipment, etc., absorbed £1,350,000 as compared with £1,115,000 in 1953. Most of this increase of £235,000 resulted from the continued development of Ortoire as a producing area, in particular £159,000 spent on the pipeline from Balata to Penal.

Recourse had to be made to short-term loan arrangements but taking the year as a whole, the cash generated was adequate to cover the Company's outlays. Cash and investment balances in fact improved by £181,730 to £543,433 at December 31, 1954, but this sum is indeed modest in the light of our continuing substantial requirements.

ADDITIONAL RESERVE

Some slight progress has been made in our efforts to develop additional reserves, particularly in Ortoire but the attendant expenditure is unavoidably heavy and we are clearly still a long way from being able to regard Ortoire as a profitable investment.

Considerable efforts are being made to dispose of natural gas production. Maximum use is made of this commodity for fuel and other purposes in the refinery and fields and, apart from sales already made to the Trinidad and Tobago Electricity Commission, a contract was recently concluded with Trinidad Cement Limited to supply their newly constructed cement plant.

Progress has been made by Trinidad Northern Areas Limited, of which we are one-third partners and marine operators, on its under-water concessions. Production is now being obtained from wells deviated from the shore at Point Fortin. The drilling of TNA's high-seas well was completed early this year, and we have now embarked upon a comprehensive testing programme.

The report and accounts were adopted.

BRITISH ENKA LIMITED

CONSIDERABLE EXPENDITURE ON RESEARCH

The thirtieth annual general meeting of British Enka Limited was held on June 1st in London, Mr A. D. Carmichael, CBE (the chairman) presiding.

The following is an extract from his circulated statement: The Group Working Profit for 1954 is £929,943. After taking into account £9,676 for interest received, £181 loss on sale of Fixed Assets, £12,945 loss on sale of plant stores from Breda Visada Limited, £274,086 for depreciation of plant and machinery, £22,417 for Directors' fees and emoluments, £5,745 and £15,000 contributions to the Staff and Works Pension Schemes respectively, the operating profit is £609,245.

Provision for taxation requires £303,468, leaving a net profit for the year of £305,777.

After adding the balance brought forward from last year, £184,119, and adjustments of taxation relating to previous years, £82,386, the available balance is £572,282. The Directors have appropriated £275,000 for General Reserve. Substantial appropriations to Reserves are necessary in view of existing and likely future capital commitments. Our total Reserves now stand at £1,486,639. The Directors recommend the payment of a dividend of 10 per cent less income tax, which will absorb £107,813, leaving a balance to be carried forward of £189,469.

Research.—Attention was drawn in my report last year to the great value of continuous research in the Rayon Industry. I am pleased to tell you that the special new laboratories and offices are now completed and in use. They were built and installed with the most modern equipment at a cost of approximately £250,000, and will provide fitting accommodation for a highly skilled technical staff, constantly employed on research and development. This will help us to take the fullest advantage of our valuable Research, Technical Aid and Patent agreements with our parent Company, AKU, and with NV Research of Arnhem.

GENERAL

The Company produces Viscose Rayon Yarn in substantial quantities for Industrial purposes for the Tyre and Belting Trades, and for a variety of sections of the Textile Trade. The demand during the year was very variable. In certain sections there was constant pressure, and in others an irregular demand. Our total sales were slightly less than those of the preceding year, and were adversely affected, in particular towards the end of the year, by the depression in Lancashire.

Over a number of years the Rayon Producers in this country have maintained stable selling prices in the Home market, and the last basic advance was in 1951. This policy has been followed with the object of stimulating the sales of yarn, but if the tendency of rising costs continues, it is obvious that price levels will need revision.

With the other members of the AKU group of Companies, this Company is constantly and actively engaged in research to discover still better ways of making and using Viscose Rayon Yarns. Considerable sums are being spent in changing and improving methods of spinning, to produce a still stronger and longer-wearing High Tenacity Yarn for Industrial purposes; and in the Textile field, the Company is investigating new types, including High Tenacity and other specialities. We hope in these ways still further to improve the usefulness of our yarns. The report was adopted.

THE CAPE ASBESTOS COMPANY LIMITED

IMPROVED GROUP RESULTS

MR ROBERT WALKER ON EVER-GROWING ACTIVITIES

The sixty-second annual general meeting of The Cape Asbestos Company Limited was held on June 7th in London, Mr Robert Walker, MBE (the Chairman), presiding.

The following is an extract from the Chairman's statement which had been circulated with the report and accounts:

It is with pleasure that I present to you the Accounts and Balance Sheet of your Company for the year ended December 31, 1954. Not only does the Parent Company's net profit show an increase over the previous year, but there is also a gratifying rise in the profit of the Group.

The Group trading profit for the year amounted to £1,256,015, compared with £1,038,963 in 1953. This improvement is mainly attributable to the mining and milling difficulties in South Africa having to a very considerable extent been surmounted. From this profit, £453,717 is set aside for Depreciation, against £371,597 last year, and after various other deductions and provision for outside Shareholders' interests, there is left the sum of £790,946 as the net profit attributable to the Company, compared with £668,611 in 1953, to which has been added £15,085, being an amount withdrawn from the Stock Reserve of a Subsidiary.

Taking the Accounts of the Parent Company, the net profit is £588,813, compared with £551,960 in 1953. Conditions have been highly competitive during the year, and the increase in profit, though small, has been hard-won. To this figure of £588,813 must be added the amount brought forward from last year, £140,052, making £728,865 available for disposal. From this, £237,500 is set aside for taxation, and it is recommended that a final dividend of 10 per cent be declared on the Ordinary Share Capital, as increased by the capitalisation of reserves and the new issue for cash, making with the interim a total of 12½ per cent. It is proposed that £100,000 shall be placed to General Reserve and £50,000 to Development Reserve, leaving £139,687 to be carried forward.

Turning to the Consolidated Balance Sheet the Issued Capital now appears at £3 million, while reserves and surplus exceed this figure at £3,617,288. Fixed Assets, after accumulated depreciation, amount to £3,461,760, while Current Assets at £4,916,270 compare with Current liabilities, including taxation, current and future, of £1,760,742.

I think it may be said that this Balance Sheet discloses an extremely sound position and provides a firm basis for future expansion.

FACTORIES

The factories at home have again maintained their profitability in spite of a continued rise in cost of services and labour, and keen competition. Although we succeeded in completing 1954 without raising the prices of our manufactured goods, a sharp increase in wages towards the end of the year made an increase inevitable in the early months of this year. Whilst we were reluctant to take this step, both in the public interest and because of the competition which we have to face, particularly in Export markets, some rise in prices became imperative, if we were to continue to show a return on the capital employed commensurate with the highly specialised nature of our products.

SUBSIDIARIES

Your Board's main preoccupation during 1954 has been with the conduct of the Company's mining and milling operations in South Africa. I am very glad to be able to report a considerable improvement in the situation there, which is reflected in the improved profit on the year's working.

At the Blue mines the full operation of the new mill and other improvements have enabled us to secure much more favourable results than in the previous year. On the Amosite fields, the necessity to maintain a slower rate of output from the treatment plant, in order to ensure the highest quality, confronts the Management with some difficulty in maintaining a margin of profit adequate to the scope of the operation—difficulties which they are taking active steps to overcome.

I indicated last year that as a result of the persistent demand for the relatively rare types of asbestos which are produced by your Company, the emphasis at the mines had inevitably fallen on volume of production, and that consequently other essential features in the successful operation of a mining undertaking had tended to suffer. During 1954, not only have the mines been operated more profitably, but notable progress has been made in other ways. Essential steps have been taken in planning in mine development, in mechanisation, and in the preparation of as clean a grade of fibre as the market desires. I am happy to say that a notable improvement in the quality of our fibres has been obtained during 1954, and our leading customers have expressed satisfaction at the quality of the deliveries which they have received.

A large proportion of the additional capital which you subscribed last year will be devoted to extending the operations, at both mines and mills to provide a greater output; and while the amortisation of the sums so spent will inevitably cause some rise in costs, we believe that the increased volume and still higher quality obtained will enable such income to be obtained as will offset this and show a better margin of profit.

The statement concluded with a review of the other subsidiary companies at home and overseas.

The report was adopted.

CENTRAL PROVINCES MANGANESE ORE

GOOD DEMAND AT LOWER PRICES

KEEN INTEREST IN LABOUR WELFARE

MR H. R. HOLMES ON CURRENT PROSPECTS

The forty-seventh annual general meeting of The Central Provinces Manganese Ore Company, Limited, was held on June 8th at Winchester House, Old Broad Street, London, E.C.2, Mr H. R. Holmes (chairman and managing director) presiding.

Mr A. Linton, MC (Director and Secretary), read the notice convening the meeting and the report of the auditors.

The chairman said: Gentlemen, The Report and Accounts for the year ended December 31, 1954, have been in your hands for some time, and I propose, with your permission, to take them as read. (Agreed.)

Before asking for your approval of the Accounts I would like to make a few comments on the figures which appear in the Balance Sheet and Profit and Loss Account, as well as some remarks on the conditions ruling in the Manganese Ore business during the period under review.

From the Profit and Loss Account you will see that the Balance on Trading was £2,234,297, as compared with £3,011,226 for 1953 after excluding the exceptional item of £270,376 arising that year from the increased value of lower grade stocks. For some time prior to 1954 there was a very heavy demand for Manganese Ore from all consuming countries, and prices rose to unprecedented levels. During 1954, however, the trend was reversed, buyers in some countries found that they had accumulated large stocks, demand for ore fell off seriously and prices consequently were affected. Owing to the good relations that we have built up over a long period with the principal consumers of manganese ore in the world, we did not suffer as much as might otherwise have been the case. Nevertheless, we had to accept lower prices in the second half of the year, and this, in addition to railing difficulties which prevented us from fully implementing our contracts, resulted in our profits being considerably reduced.

THE CURRENT YEAR

As mentioned in the Directors' Report, there is at present a good demand for our ore, but at prices lower than those obtainable in 1952 and 1953, when market conditions were exceptionally advantageous. Another factor which has to be taken into account, when one considers the future, is the opening up of other manganese areas in various parts of the world, which will no doubt compete in course of time with ore supplies from existing sources. But on the other hand it has to be borne in mind that the steel production in the world is continually expanding. So far as I can see at the moment, and provided that nothing unforeseen arises, I think that the prospects for the current year's trading are not unsatisfactory.

Of the balance on Trading Account taxation takes £1,265,000, and of this Indian Taxes amount to £1,259,000. In addition we paid considerable sums in India on account of Royalty and of Export Duty. Furthermore, we give employment to many thousands of Indians, whose wages and bonuses, and the many amenities provided for them, amount to a very large sum annually. As you are probably aware, the Export Duty was abolished last August.

On the Debit Side of the Profit and Loss Account, Depreciation of Fixed Assets at £97,251 is much higher than the previous year's figure of £69,537. This is owing to the substantial expenditure we have made in recent years on Plant, Machinery and Buildings, on which we have to provide for depreciation. I think it probable that the expenditure under these heads will continue for some years yet, because as the mines get deeper with the attendant technical problems, it is essential to spend money on equipment, particularly in those cases where it is necessary to change the method of working from opencast to underground mining.

PROPOSED APPROPRIATIONS

The net profit for the year, after providing for Taxation and Depreciation, is £899,284 as against £1,057,651 for the previous year, and out of this your Directors recommend that the sum of £150,000 be transferred to the General Reserve which will increase it to £350,000.

Your Directors also recommend that the following appropriations should be made:

To Staff Benefit Fund	£30,000
To Workers' Welfare Fund	£20,000
To Contingencies Reserve	£75,000

With regard to the Staff Benefit Fund, as I have said on previous occasions, it is essential that this fund be built up in order to provide something for our staff when the time comes for them to retire. As you no doubt well know, with taxation both in India and the United Kingdom at its present level, it is difficult for anyone to save sufficiently for retirement, and I feel sure that this allocation will have your approval.

As regards the Workers' Welfare Fund, you are probably aware that the Government of India attach very high importance to the welfare of all workpeople employed in industry. You will see from the Balance Sheet, we spent £17,117 during the year on this welfare work, and the £20,000 which we propose to appropriate to this fund is to replace this expenditure. We have always taken the keenest interest in the welfare of our labour, and have in the past done much to improve the conditions under which they work and live. We hope that, with the co-operation of the Government and the Trade Union, labour relations will remain on the same satisfactory footing as they have been in past years.

An Interim Dividend of 1s. 2d. per unit free of tax was paid (on the capital as increased last year) on October 1st last, and your Directors now recommend that a Final Dividend of 1s. 8d. per unit, plus a bonus of 1s. 4d. per unit both free of tax should be paid, altogether absorbing £625,000. This will leave £228,790 to be carried forward, as compared with £232,294 brought in.

BALANCE SHEET FEATURES

Turning to the Balance Sheet, you will notice on the Assets side, that the value of the manganese ore stocks has risen from £659,547 to £835,681. This increase is due principally to the fact that we were unable to ship all the ore required to implement our contracts in full, owing to the railing difficulties in the first six months, and to scarcity of sea space towards the end of the year.

British and Indian Government Securities were £1,319,117 as compared with £1,570,953, while Cash at Bank and in hand was £303,063 against £1,280,337, the reduction being due to payment of Income Tax and the financing of additional ore stocks.

On the Liabilities side of the Balance Sheet, the issued Capital is £1,500,000 as compared with £1 million in the previous Accounts, the difference of course being the £500,000 capitalised from Reserve last year.

OVERSEAS VISITS

In June of last year, two of your Directors, Mr Hardy and myself, visited the United States of America to keep in touch with our very important customers there and to discuss with them several business matters. They are the largest producers of ferro-manganese in the world, and I am glad to say that we have had very cordial relations with them for many years now. I would not like this

opportunity to pass without expressing our appreciation of their understanding of our problems.

In January of this year Mr Hardy also visited the mines in India, and submitted very full and informative reports to the Board. There is no doubt that these periodic visits to the mines by members of the Board are of the utmost value to the Company. He also took the opportunity of calling on certain Central Government officials in Delhi and also State Government Ministers and officials in Nagpur. I am glad to say that our relations with these different authorities continue on a satisfactory basis.

Last year I referred to the Heavy Media Separation Plant at our Dongri Buzurg Mine which was installed to extract ore from the old dumps at that Mine. I am sorry to say that we have had considerable teething troubles with this plant, and it has also been affected by shortage of water. I hope that these difficulties will shortly be overcome and that I shall be able to give you a satisfactory report on it at our next meeting.

Our Diamond Drilling programme is proceeding. The plant is now drilling at Dongri Buzurg Mine and the bed has been proved to a depth of 485 feet below plain level. At this depth one of the holes has proved the bed to have a true thickness of 110 feet.

TRIBUTE TO MANAGEMENT AND STAFF

I wish to pay a tribute to the management and staff for their able and untiring efforts on the Company's behalf during what has been a difficult and arduous year, and also to the work of our shipping Agents in India, Messrs James Finlay & Co. Ltd., who have been most efficient and helpful. I am sure that they will appreciate the thanks of the Stockholders which, with your approval, I propose to convey to them.

I now beg to move: "That the report of the Directors and Statement of Accounts as at December 31, 1954, be and are hereby approved and adopted, and that the profits be appropriated as recommended by the Directors." I will ask Major Herring to second the motion, and before putting it to the Meeting I shall be glad to deal with any questions which Stockholders may wish to ask.

Major A. C. Herring, VC, ACA, seconded the resolution which was carried unanimously.

The Board's proposal of a final dividend of 1s. 8d. per unit, free of tax and a bonus of 1s. 4d. per unit, free of tax, was also approved.

The retiring director, Major A. C. Herring, VC, ACA, was re-elected and the remuneration of the auditors, Messrs W. A. Browne & Company, having been fixed, the proceedings terminated with a vote of thanks to the chairman, directors and staff, both at home and abroad.

THE ALEXANDRIA WATER COMPANY, LIMITED

ALEXANDRIA EGYPT
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the seventy-seventh ORDINARY GENERAL MEETING of the Shareholders will be held at the Company's Offices, 61 Avenue Fouad Ier, Alexandria, on Friday, June 24, 1955, at half past five in the afternoon, for the transaction of the ordinary business of the Company, pursuant to Act of Parliament and for the purpose of considering and, if thought fit, passing the subjoined resolution as a special resolution.

"To elect Mr Mohamed el Sayed Marzouk, manager of the Company, as a director of the Company and, for that purpose, to declare Article 106 (a) of the Articles of Association suspended in his favour."

Holders of share warrants to bearer desiring to attend or to be represented at the Meeting must deposit their share warrants in London before June 10, 1955, or in Alexandria before June 21, 1955, until after the Meeting, at the National Bank of Egypt, 6 King William Street, London, E.C.4, or at the National Bank of Egypt, Alexandria, or at some other approved bank in London or Alexandria.

A Member of the Company is entitled to appoint a proxy to attend and vote at the Meeting in his stead and any proxy so appointed need not be a Member of the Company.

Dated, Alexandria, Egypt, May 26, 1955.

By Order of the Board,
ALEX. L. BENACHI,
Chairman and Administrateur Délégué.

OTTOMAN BANK

(Incorporated in Turkey with Limited Liability)

NOTICE is hereby given that, in accordance with Article 29 of the Statutes, the Annual General Meeting of Shareholders will be held on Wednesday, June 29, 1955, at Winchester House, Old Broad Street, London, E.C.2, at 12.30 p.m., to receive a Report from the Committee with the Accounts for the year ending December 31, 1954; to propose a Dividend; and to elect Members of the General Committee.

By the 27th Article of the Statutes the General Meeting is composed of Shareholders possessing at least thirty shares, who, to be entitled to form part of the Meeting, must deposit their shares at the chief office of the Company, Istanbul, or at any of the several branches or agencies abroad (in London at 20-22 Abchurch Lane, E.C.4, and in Paris at 7 rue Meyerbeer 9me) ten days at least before the day fixed for the Meeting.

J. VASSALL ADAMS,
Secretary to the Committee.

June 7, 1955.

EXPORT SALES EXECUTIVE

A very old-established leading company of fabric and light clothing manufacturers of world-wide repute requires an Export Sales Executive about 40 years of age, preferably with a knowledge of textiles and certainly with experience of overseas marketing of high-class merchandise. Outstanding prospects are offered, together with excellent terms of service, including a contributory pension scheme and a salary at commencement of £2,000 to £2,500 per annum, according to age and experience. Financial assistance provided, if necessary, when rehousing. Applicants may write, giving full particulars of experience, in complete confidence, as the vacancy is known to all members of our staff.—Please address replies to Box 984.

SENIOR ADMINISTRATIVE OFFICER required by the Scottish Council (Development and Industry) to assist and be directly responsible to the Secretary to the Council in Edinburgh. Duties will include assistance (1) to established industry; (2) in attracting plant investment; (3) in overcoming local problems of individual areas, and relevant committee administration. Good academic qualifications desirable. Salary according to qualifications, but probably within the range of £1,000 to £1,500 per annum. The post will be covered by the Council's superannuation scheme.—Applications, stating age, background and experience and quoting three responsible persons to whom reference can be made, to The Secretary, The Scottish Council (Development and Industry), 1, Castle Street, Edinburgh, 2.

THE CHARTERED INSTITUTE OF SECRETARIES.—Directors requiring the services of Chartered Secretaries to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute, 14 New Bridge Street, E.C.4.

ECONOMIST, 45, Barrister, wide practical interests, long experience Govt. depts. and private enterprise, U.K. and U.S.A., now lecturing in management studies, available London area during summer. Permanent advisory/co-ordinating post considered.—Box 973.

SECRETARY/ACCOUNTANT (Managing Director's Personal Assistant) seeks progressive post, calling for knowledge of accounts, business management, imagination, drive, staff control. £1,000 per annum. Interested in town or country post.—Box No. 7266, I.P.S., Terminal House, Grosvenor Gardens, S.W.1.

ECONOMIST, 30, 1st Class Hons, 5 yrs. commercial/industrial experience. Proven ability to reduce industrial costs. Wishes to undertake reduction of manufacturing/administrative costs in medium sized firm. Position of direct responsibility to Managing Director required.—Box 975.

O. & M. TRAINEES. Large industrial organisation requires three graduates, in the early autumn in the Midlands or North. For men with imagination and a practical interest in business organisation and methods, who are prepared to take a suitable professional qualification, an interesting career with very good prospects is ahead.—Write in confidence to Box 971.

CHARTERED ACCOUNTANT, aged 35-40 years, required for leading British International Organisation marketing well-known proprietary products. Initial appointment in West London Head Office with a view to subsequent permanent administrative appointment with major North American operating group. Previous experience in Senior Accountancy position essential. Commencing salary not less than £1,750 per annum. Pension and profit-sharing schemes in operation.—Write, giving full details of age, experience and qualifications, to Box 978.

INTERNATIONAL ORGANISATION in North-West London wishes to appoint a Chartered or Incorporated Accountant (age 25-32) to take control of Costing, Budgeting, Cash for costing, and capital expenditure throughout its Companies at Home and Abroad. This is a senior position, offering an attractive and progressive salary in a rapidly expanding organisation.—Write for application form to "A.E." c/o Dixons West End Advertising Agency, 1-9 Hills Place, Oxford Street, London, W.1.

GALLUP POLL.—Young men or women to train in opinion/market research.—Write for application form, 59 Brook Street, London, W.1.

AUSTRALIA—CANBERRA UNIVERSITY COLLEGE

Applications are invited for appointment to the vacant posts of ASSOCIATE PROFESSOR OF CLASSICS and SENIOR LECTURER IN STATISTICS (IN THE DEPARTMENT OF ECONOMICS).

Salary ranges are: Associate Professor, £A1,898 p.a.; Senior Lecturer, £A1,498-£A1,748 p.a. (including a cost of living adjustment at present £A198 p.a.). Commencing point within the Senior Lecturer's range will be determined in accordance with the qualifications and experience of the applicant.

Further particulars, conditions of appointment, and the summary form which must accompany applications, may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36, Gordon Square, London, W.C.1.

Applications close, in Australia and London, on July 4, 1955.

NEW ZEALAND MARKET

A well-established, keen and experienced importing firm with first-class trade credentials and offices in Auckland, Wellington and Christchurch desires to expand its activities. We seek exclusive agencies from manufacturers. Can we discuss the sale of your product in New Zealand? References Bank of New South Wales, London. Write direct to Mair and Co. (Importers), Ltd., P.O. Box 1477, Christchurch, N.Z.

NATIONAL COAL BOARD

NORTHERN (N. & C.) DIVISION

Applications are invited for the post of Secretary to the Northern (N. & C.) Divisional Coal Board.

Applicants must have a wide experience of administration and of secretarial work in a large-scale organisation.

Salary will be about £2,000 per annum, according to qualifications and experience.

Applications to be addressed to:
The Chairman, Northern (N. & C.) Division, National Coal Board, Ellison Buildings, Ellison Place, Newcastle upon Tyne.

MARKET RESEARCH

Manufacturing Chemists marketing specialty products for use in medicine and agriculture require economist (BSc(Econ) or equivalent) to undertake market research.

Age 30-45.

Progressive post. Superannuation scheme.

Applications for preliminary interview, with personal record, should be addressed to:

Robert Brandon & Partners, Ltd., 47 Albemarle Street, London, W.1, marked "Research."

THE UNIVERSITY OF BIRMINGHAM will award a number of scholarships this summer to graduates or those about to graduate, tenable in the Faculty of Commerce and Social Science. The awards will be made for research in the general field of Economics, Social Institutions and the Social Sciences, and are intended to lead to higher degrees. Applications, which should be accompanied by a draft outline of the work proposed, should be received not later than June 22, 1955, by the Dean of the Faculty of Commerce and Social Science, from whom further particulars may be obtained.

The University, Birmingham, 15.

MANAGING DIRECTOR. Applications are invited from men aged over 40, of personality and ability for the appointment as Managing Director of a manufacturing and distributing company with adequate financial backing, selling a specialised product (mainly wholesale) and engaged in the musical entertainment industry.

Applicants should have held a managerial position, have had practical experience of mass factory and sales administration techniques and should be capable of co-ordinating the whole business as a whole and the departments of the company. He must be able to interpret accurately all the details of its many contracts. A knowledge of the industry, whilst not essential, is desirable and the applicant will need to possess a keen interest in music and the entertainment world.

The remuneration will be on a generous scale. All applications will be treated in strict confidence and should give full details of past experience, positions held, salaries earned and an indication of the salary required, together with any other pertinent information.—Box 974.

EDUCATION AND TRAINING OFFICER required by Central Electricity Authority, London Division. Applicants should be suitably qualified, have had an extensive experience in training matters, and be capable of organising and administering training schemes for manual, technical and administrative staffs at all levels. A knowledge of the national educational system is desirable. Salary in accordance with Grade 9 of the N.J.C. Agreement, £1,130-£1,320 excluding London weighting.—Apply, quoting vacancy number 55/408, on form obtainable from Divisional Secretary, Central Electricity Authority, London Division, P.O. Box 136, Generation House, Great Portland Street, W.1, not later than June 25, 1955.

AUTOHALL SELF DRIVE CARS offer their new fleet of over 200 1955 cars to promote your business. Competitive rates, special commercial and long term offers and discounts. Re-purchase scheme and self-drive package tours. All arrangements made for continental touring. Write for full particulars and colour brochures, Autohall, Dept. 2, 302/6 King Street, Hammersmith, W.6. Riverside 2881. Cables: Autohall, London.

OPENING in September—Battisborough House School. Beautiful position on South Devon Coast: boys 8-18, entry 8-14. Individual attention. Resident doctor. Home atmosphere, varied activities. Full charge during holidays. Full particulars from Headmaster, Battisborough House, Holbeton, Devon.

A SALES PROMOTION MANAGER is required to handle the merchandising of a dairy product in England and Wales. Marketing experience is essential and some knowledge of the grocery trade would be an advantage. A good educational background is desirable, and the successful applicant must reside in the London area, but be prepared to travel.

All applications will be treated in strictest confidence.—Please write to Box 981.

BEFORE YOU BUY those shares, see what the Investor's Chronicle has to say. It is the best-informed and widest-read financial weekly. Two issues free of charge from 30 Grocers' Hall Court, London, E.C.2.

AN Economist, a former university lecturer, with good academic qualifications, in economics and statistics and first-rate experience in charge of research, advisory, and administrative work in official agencies in this country and abroad, will shortly be available in England for a post with a bias towards research.—Box 977.

MANAGEMENT.—Executive, aged 36, having held substantial positions, seeks permanent career. Experienced marketing, sales, advertising, sales promotion, product development, budgeting, finance, general management. London or Home Counties.—Box 976.

RHODES-LIVINGSTONE INSTITUTE

The Board of Trustees of the Rhodes-Livingstone Institute invites applications for the following post:—

DIRECTOR of the Rhodes-Livingstone Institute, Northern Rhodesia.

Salary: £1,600 to £1,800 per annum according to experience and qualifications.

The Institute was founded for the purpose of academic research and is at present carrying out a programme of tribal studies, social surveys, studies of family economics and social organisation throughout the Federation of Rhodesia and Nyasaland.

The duties of the Director are primarily the administration and direction, under the authority of the Board of Trustees, of the work of the Institute, and the technical and administrative experience and academic training in and experience of Anthropology.

Duration of Contract: 3 years in the first instance with possibility of renewal for further period.

The Director will receive for himself, and his wife if he be married, a B3 or C1 class free boat passage and first class rail fare from Capetown to Lusaka in Northern Rhodesia, and similar entitlements on the successful completion of his contract. The Board will provide the Director with partially furnished quarters at a rental of £108 per annum. The position is not at present pensionable, but consideration is being given to the institution of a superannuation scheme for the Institute. In the meantime the Board will contribute an insurance allowance of one hundred pounds a year (which can be drawn in cash if so desired).

The Director will be eligible for leave at the rate of five days on full pay for each completed calendar month of employment. Leave may be accumulated until the end of the contract or taken after short tours of service of from 15 to 18 months, in which case the Director would be expected to travel by air. He will also be entitled to local leave of fourteen days a year.

Applicants should state age, marital status, administrative and academic qualifications and experience in research, and should submit a medical certificate stating physical fitness for service in the tropics.

Applications should be forwarded not later than July 31, 1955, in three copies to:—

(1) The Secretary, Colonial Social Science Research Council, Colonial Office (Research Department), Sanctuary Buildings, Great Smith Street, London, S.W.1 (2 copies).

(2) The Administrative Secretary, Rhodes-Livingstone Institute, P.O. Box 900, Lusaka, Northern Rhodesia (1 copy).

UNIVERSITY COLLEGE OF THE WEST INDIES

Applications are invited for appointment to the research staff of the Institute of Social and Economic Research from persons with a good honours degree in economics and some experience in research. Appointments may be made in any part of the British West Indian territories. The appointment will be in one of the following grades according to qualifications and experience of the successful candidate.

Junior Research Fellow: £600 x £50—£700 p.a.
Research Fellow: £750 x £50—£900 x £50—£1,100 p.a.
Senior Research Fellow: £1,000 x £50—£1,500 p.a.

Child allowance £80 p.a. for each child under full-time education (maximum £240 p.a.). USSU. Unfurnished accommodation at rental of 5 per cent of basic salary. Duties to be assumed as early as possible. Appointment for three years in first instance.

Applications (six copies), detailing qualifications and experience and naming three referees, to be received by June 30, 1955, by Secretary, Inter-University Council for Higher Education Overseas, 1 Gordon Square, London, W.C.1, from whom further particulars may be obtained.

UNIVERSITY COLLEGE OF THE GOLD COAST

DEPARTMENT OF EXTRA-MURAL STUDIES

Applications are invited from honours graduates for

(1) Two Resident Tutorships to specialise in either Economics, History or Government (including Central and Local);

(2) Two Resident Tutorships in Trade Union Studies and Industrial Relations. Previous experience in trade union, co-operative and/or organisation essential.

Salary on scale £950 x £50 to £1,600 p.a., according to qualifications and experience. Family allowance £100 p.a. per child (maximum £500 p.a.). Outfit allowance £60 on first appointment. FSSU Passages paid for member of staff, wife and maximum of five children on appointment, overseas leave and termination. Part furnished accommodation at rent not exceeding 7.5 per cent of salary.—Applications (10 copies), naming three referees and stating full qualifications and experience, to be received by June 18, 1955, by Secretary, Inter-University Council for Higher Education Overseas, 1 Gordon Square, London, W.C.1, from whom further information may be obtained.

BSc(ECONOMICS) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE

provides postal tuition for the above Degree (open without residence), which is a valuable qualification for executive appointments in commerce or industry, government or municipal posts. The College, founded 1887, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas free from Registrar (60), Burlington House, Cambridge.

NATIONAL COAL BOARD invite applications for a superannuable appointment in the Organisation and Methods Branch at London Headquarters. The work involves the conduct of O. and M. studies at Headquarters and in the provinces, concerned with the organisation of work and staffing and office methods.

Applicants should have a minimum of two years' specialised experience relating to the work of this post and, preferably, a recognised professional qualification or University degree and experience in a position of responsibility in a large organisation. Salary within the range £1,070-£1,470.

Write, giving full particulars (in chronological order) of age, education, qualifications and experience (with dates), to National Coal Board, Establishments (Personnel), Hobart House, Grosvenor Place, London, S.W.1 marking envelope T/T/996. Original testimonials should not be forwarded. Closing date June 27, 1955.

A PROGRESSIVE modern manufacturing company in a pleasant rural part of the Midlands requires the services of a male Statistician for their established Statistical Department. This is a permanent position, and applicants should have an honours degree in mathematics, statistics or in mathematics with a recognised qualification in statistics and should be under 30 years of age.

A four-figure salary will be paid and the successful applicant will participate in the company's non-contributory pension scheme.—Applications, giving details of education and experience, to the Personnel Officer, Box 982.

A CHARTERED ACCOUNTANT is required, age 30 to 35 years, with experience of Costing in a manufacturing concern and competent to work without day-to-day supervision by Directors. The immediate salary is exceptional and the prospects good.—Applicants are requested to reply in confidence to Box 980.

PRODUCE OFFICER required by the NIGERIAN FEDERAL GOVERNMENT for the Federal Produce Inspection Service for one tour of fifteen/twenty-four months in first instance. Commencing salary according to experience in scale (including expatriation pay) either £750 rising to £1,480 a year with prospect of permanency, or £807 rising to £1,631 a year on temporary contract with gratuity of £100-£150 a year. Outfit allowance £30-£60. Free passages for officer and wife. Assistance towards cost of children's passages or grant up to £150 annually for their maintenance in UK. Liberal leave on full salary. Candidates must hold a University Degree in Commerce, Economics or Agriculture, and possess administrative ability. Experience in the inspection and grading of agricultural produce an advantage.—Write to Crown Agents, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience, and quote M1B/35123/EN.

RAPIDLY expanding group of pharmaceutical companies requires highly qualified scientist with laboratory experience to take charge of Research and Technical Departments. Substantial remuneration with generous superannuation terms.—Apply, in confidence, to Box 985.

SHIPPING COMPANY requires experienced woman supervisor for female staff ashore and afloat.—Write, giving full particulars education and experience, to Box 983.

EXECUTIVE trainee required by retail association to develop new division. Duties to include promotion of conferences, writing of articles and memoranda. Prospects for person with drive and enthusiasm.—Apply Box 979.

THE Economists' Bookshop, 11-12 Clement's Inn Passage, London, W.C.2, invites you to submit lists of books on Economics, History and Social Services, you may wish to sell (periodicals excluded).

ENTERPRISING AND QUALIFIED MEN required for responsible posts in Management. Show initiative by working now for a professional qualification, by means of a Pitman Home Study Course.—Write for details to 41 Pitman House, Godalming, Surrey.

UNIVERSITY OF CAMBRIDGE

ASSISTANT IN STATISTICAL RESEARCH IN ECONOMICS

The Faculty Board of Economics and Politics will shortly proceed to the appointment of an Assistant in Statistical Research. The appointment will be open equally to men and women. The initial tenure will be for a period of two or three years. Re-appointments may be made for periods not exceeding five years at a time. The duties of the person appointed will be to assist the teaching staff of the Faculty with their statistical work. Applicants should possess EITHER an Honours degree in economics with some training in statistics OR appropriate statistical experience in a Government office or other organisation. The salary scale is £500 a year rising by annual increments of £25 to £700. The starting point in the scale will depend on age and experience. The post carries with it membership of the USSU. Five copies of applications, including references or copies of testimonials, should reach the Secretary of the Faculty Board of Economics and Politics, The Marshall Library, Downing Street, Cambridge, by June 28, 1955. Further particulars of the post can also be obtained from him.

UNIVERSITY OF CAMBRIDGE

DEPARTMENT OF ENGINEERING

POST-GRADUATE COURSE IN CONTROL ENGINEERING

To meet the need of certain sections of industry for men trained to a high standard in the theoretical principles and practical application of automatic control and to afford opportunity for study of advanced techniques and modern development in the general field of Control Engineering, a post-graduate course in Control Engineering is being established at Cambridge University to start in October, 1955. The course will be of approximately one year's duration; it will begin on October 5, 1955, and end on August 14, 1956. The number of students will be limited and applications should reach the Secretary of the Department not later than July 31, 1955. Candidates should hold a degree in Engineering or satisfactory alternative qualifications and have had some practical training and experience. They will be required to attend in Cambridge for interview on some weekday during July.

Further details and forms of application for admission may be obtained from the Secretary, the Engineering Department, Trumpington Street, Cambridge.

THE UNIVERSITY OF MANCHESTER

Applications are invited for the full-time posts of RESEARCH ASSISTANT in the Faculty of Economic and Social Studies. The successful candidates will be expected to pursue research in ECONOMICS, ECONOMIC STATISTICS, GOVERNMENT, SOCIAL ADMINISTRATION OR SOCIAL ANTHROPOLOGY, and should be graduates in any of these subjects or in Modern History or Economic History. There are two grades: Grade II—salary £550 to £650 per annum; Grade III—salary £450-£500 per annum.—Applications should be sent not later than July 2, 1955, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF BELFAST

Applications are invited from graduates in economic history, economics or history for a Research Assistantship tenable for one year in the first instance by the Queen's University of Belfast in association with the Public Record Office of Northern Ireland. The research assistant's duties will begin on October 1, 1955, and will be concerned with the compiling of a register of business and other economic records to be found in Belfast and the surrounding area. The salary will be at least £300, higher rates depending on qualifications and experience—Applications, including the names of not more than three referees, should be made by June 20, 1955, to the Secretary.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited, Dept. 99, Lenham, Maidstone, Kent. Harrietsham 381.

ADDITIONAL CONSULTANT required to complete small group acting in advisory capacity to directors of large organisation on Merseyside.

The field of operations ranges from medium-light engineering to very large-scale clerical procedures.

The work involves a review of organisation, administration, and methods, throughout the group, and the introduction of work study, planning, financial control and all the tools of modern management.

A good general education; a degree or other professional qualification in engineering, and at least two years' experience in work study, preferably in conjunction with industrial consultants, are desirable.

This post offers exceptional opportunities to a relatively young man of ambition and proved ability, and the initial salary will be in accordance with the experience of the successful applicant.—Box 970.

GOVERNMENT ACTUARY'S DEPARTMENT: PROFESSIONAL APPOINTMENTS. The Civil Service Commissioners invite applications for four pensionable posts; (a) one ACTUARY; (b) two ASSISTANT ACTUARIES; (c) one ACTUARIAL ASSISTANT.

For posts (a) and (b) candidates should preferably be under thirty-five, but well-qualified candidates above thirty-five may be admitted. For post (c) candidates must be under thirty on July 1, 1955. Extension for regular Forces service.

For posts (a) and (b) candidates must be Fellows of the Institute of Actuaries, or the Faculty of Actuaries in Scotland. For post (c) candidates must be honours graduates and have passed at least Part I of the Institute of Faculty examination.

Salary scales for forty-four-hour week (men): Post (a) £1,359-£1,575; post (b) £1,118-£1,328. Starting salary depends on qualifications and experience. For post (c) unqualified entrants receive starting salary according to age up to £522 at age twenty-five or over, on attaining Associateship of the Institute of Actuaries (or equivalent in the Faculty of Actuaries) they receive a special increase of £60. On attaining Fellowship salary is £850-£1,081. Women's salaries somewhat lower at present.

Particulars, including promotion prospects, and application forms from Secretary, Civil Service Commission, 6 Burlington Gardens, London, W.1, quoting No. 4465/55. Completed applications must be returned by June 23, 1955.

THE BSc(ECON) DEGREE of London University is open to all without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services. Wolsey Hall (est. 1894) provides postal tuition of a high order for three (in some cases two) examinations, at reasonable fees. More than 1,000 Wolsey Hall Students have passed London BSc(Econ) (Final) exams. since 1925.—Prospectus from C. D. Parker, MA, LLD, Director of Studies, Dept. P17 WOLSEY HALL, OXFORD.

CAN THE TORIES FIND ECONOMIC STABILITY? The leading article in the JUNE issue of THE BANKER poses the challenge of the rail crisis in its wider context. Another key question discussed in this issue is the extent to which sterling and the gold reserves are being bolstered by the inflow of foreign money. The careful analysis of the technicalities of the exchange market explodes some popular fallacies.

SHOULD THE BANKS participate more directly in industrial finance? The controversy set off last month in high banking quarters is among other topics discussed in the JUNE issue of THE BANKER. Further articles include: Can output Maintain its Rise?; Montagu Policy and Australia's Deficit; Sweden Takes the Plunge; and What Reserves Do Building Societies Need? Price 2s. 6d. (or 30s. a year) from bookstalls or 72 Coleman Street, E.C.2.

TECHNICAL REPRESENTATIVE, aged 34 years, seeks Sales Management appointment. Is Electrical Engineer with mining and mechanical engineering experience, have handled large contracts in bulk handling equipment for the mining, electricity, cement and other industries. Sound organiser.—Box 986.

LADY business executive (29), excellent record, success selling, buying, management, seeks suitable position.—Box 987.

EXPERT POSTAL TUITION

For Examinations—BSc(Econ) LLB and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education, etc. Also many non-examination courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

METROPOLITAN COLLEGE, ST. ALBANS

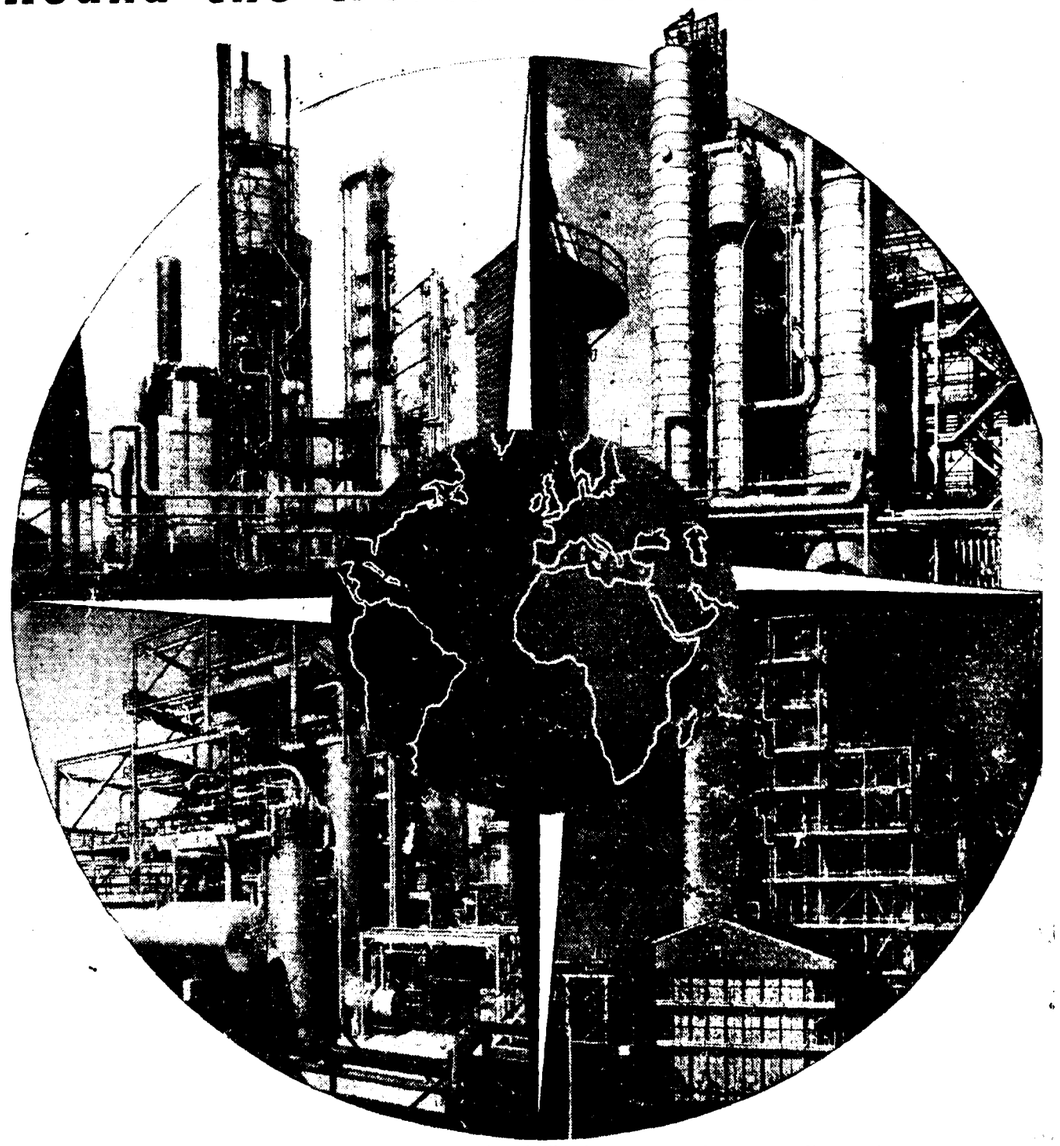
or call at 30 Queen Victoria Street, London, E.C.4.

The Economist: Annual Air Subscription Rates

Anglo-Egyptian Sudan: £5.10s
Australia: £8.5s. (sterling)
Canada: $21.50 or £7.14s
East Africa: £5.5s.
Egypt: £5.5s.
Europe (except Poland): £4.15s.
Gibraltar, Malta: £3.15s.
Hongkong: £7
India & Ceylon: £6
Iran: £6
Iraq: £6
Israel: £6
Japan: £9
Malaya: £6.15s.
New Zealand: £9 (sterling)
Nigeria, Gold Coast: £5.5s.
Pakistan: £6
Rhodesia (N. & S.): £5.10s.
S. America and W. Indies: £7.15s.
Union of S. Africa: £5.10s.
U.S.A. $21.50 or £7.14s.

Printed in Great Britain, by St. Clements Press, Ltd., Portugal St., Kingsway, London, W.C.2. Published weekly by The Economist Newspaper, Ltd., at 22 Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2d.; Overseas 2½d.—Saturday, June 11, 1955.

Round the World with BADGER .



In all four corners of the world Badger-built plants are turning out quality products for the Petroleum, Petro-Chemical and Chemical industries. Badger, with its completely integrated specialist organization, offers a step by step service from the basic design to the finished plant based on a sure foundation of knowledge and experience.

E. B. BADGER & SONS LIMITED
99, ALDWYCH, LONDON, W.C.2
Process Engineers and Constructors for the Petroleum, Petro-Chemical and Chemical Industries
Affiliated with STONE & WEBSTER ENGINEERING CORPORATION, Badger Process Division

Economist

FOUNDED 1843

LIBRARY
1954
ONDON

Rules for Strikes?

Missing Atomic Tricks

United Nations Birthday

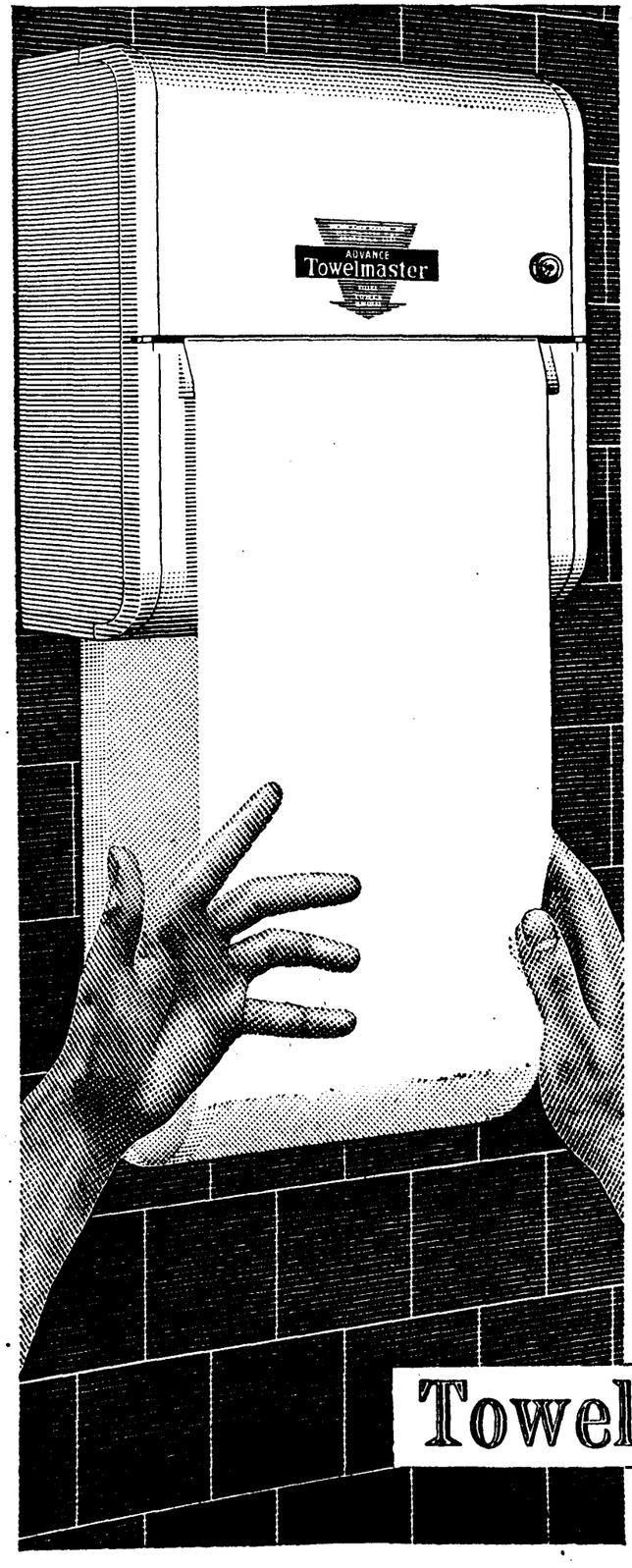
Adam Smith in East Africa

A Philosophy of Corporate Taxation

Spring-cleaning in Adelphi

AMERICAN SURVEY: Candidates for 1956
THE WORLD OVERSEAS: South Africa's Turning Point
BOOKS: The Intelligent Wildcat's Spots

Annual Postal Subscriptions: by ordinary mail £3; by air see page 1091
THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1
VOLUME CLXXV · NUMBER 5834



A clean soft dry towel for every pair of hands

How does the Towelmaster work?
A pull. Here's a length of laundry-fresh towel, enough and to spare for a really good dry. And as you pull, the used portion automatically winds into a separate compartment of the gleaming white Towelmaster cabinet. Nothing more efficient. Nothing more hygienic.

How much does the Towelmaster cost?
5/- per roll of towelling. Minimum usage only one roll per cabinet per week. Installation is free. Maintenance is free (two or more cabinets). No replacement charges. In fact there are no other charges whatsoever.

How much is the Towelmaster worth?
Those few shillings give 180 pairs of hands an honest-to-goodness dry. Benefit staff and visitors alike. Give you 45 yards of *goodwill*. And what an infinitesimal price to pay for a clean bill of health!

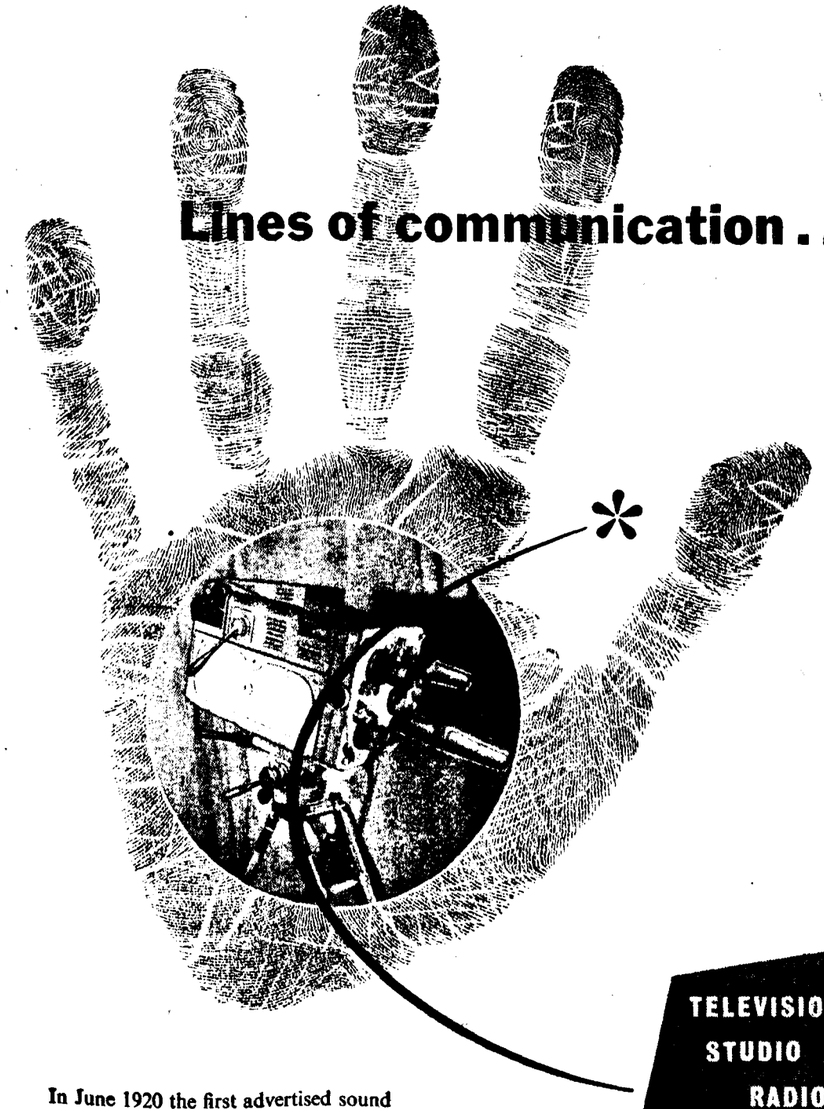
What are your particular needs? We'll be glad to discuss them—without obligation.

ADVANCE

Towelmaster

Advance Linen Services Ltd. (Dept. T13), Stratton House, Piccadilly, London, W.1. Telephone: Mayfair 8886

Lines of communication . . .



In June 1920 the first advertised sound radio programme was broadcast from the Marconi transmitter at Chelmsford. To-day Marconi high or medium power transmitters and high power aerials are installed in every one of the B.B.C's television transmitter stations and Marconi television systems are being supplied to countries in North and South America, Europe and Asia.

TELEVISION CAMERAS
STUDIO EQUIPMENT
RADIO LINKS AND TRANSMITTERS
AERIAL SYSTEMS
COLOUR TELEVISION
INDUSTRIAL TELEVISION

MARCONI

Complete Television and Sound Broadcasting Systems

MARCONI'S WIRELESS TELEGRAPH COMPANY LIMITED · CHELMSFORD · ESSEX
LG3



QUESTIONS THE MOTORIST IS ASKING

"Are these new Tubeless tyres a success?"

"Absolutely, sir! These tyres have more than stood up to the claim made by Dunlop when they introduced Tubeless to this country a couple of years back."

"Can you supply them?"

"Yes, sir. In the majority of sizes supplies are readily available."

"Will Dunlop Tubeless fit my wheels?"

"All wheels of 16" diameter and under, sir—except wire spoked wheels. They're quick and easy to fit and you don't need a set all at once—buy them one at a time if you wish. You can get them remoulded, too."

"What's all this about no punctures?"

"Pick up a nail in the tread, sir, and it's practically certain the tyre will stay up. Carry on, and call in here when convenient. It's repaired in a minute or two, without deflating or taking the tyre from the rim. Another great thing is that Tubeless need far less frequent 'topping up' with air."

"Will my new car be fitted with Tubeless?"

"Possibly—car manufacturers who fit Dunlop as standard equipment are fitting Tubeless on more and more of their new cars, but at the moment supplies are not sufficient to make a complete change-over. I think that by the end of the year most new cars will have them fitted, but at present it's just the luck of the draw."



DUNLOP *TUBELESS*

—the tyre that everybody wants!

6H/134

The Wine of the Year

1949 LIEBFRAUMILCH

'BLACKFRIARS'

LABEL

Not too sweet, not too dry.

The finest wine in its class. Excellent with any main course—fish, poultry, white meat or red meat

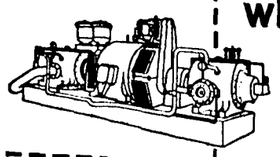


At your Wine Merchant's

S. F. & O. HALLGARTEN LONDON E.C.3

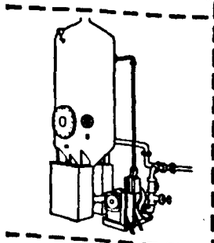
HICK HARGREAVES

The name to remember when you requir



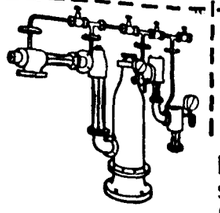
ROTARY COMPRESSORS & VACUUM PUMPS

Capacities from 30 2,000 c.f.m.



FEED WATER DE AERATORS

Capacities from 20,000—450,000 lbs./hr.



STEAM JET VACUUM EQUIPMENT

1 and 2 stage for vacua up to 29" Hg.
3 and 4 stage for absolute pressures down to 1 mm Hg or less

HICK HARGREAVES & CO., LT
SOHO IRONWORKS . BOLTC
London Office: 1 Lancaster Place . W.C

H.134



New partner for the farmer

162640

Sir James Scott Watson

Editor introduces

The Agricultural Review

Within a lifetime farmers must be prepared to feed and help clothe a world population double its present size, states Sir James Scott Watson, Editor of the Agricultural Review, in his first leading article.

To meet the challenge

Sir James, formerly Chief Scientific Adviser to the Ministry of Agriculture, introduces the new monthly farming journal as a partner to the farmer in meeting this challenge.
The Review, he says, will give farmers the information they need to keep abreast of achievements in the three all-important fields of scientific research, economic conditions and farm management. Sir James points out that the present dispersal of this knowledge in many reports and other publications—often couched in highly technical language—makes it difficult for the farmer to get at it.

Sharing Experience

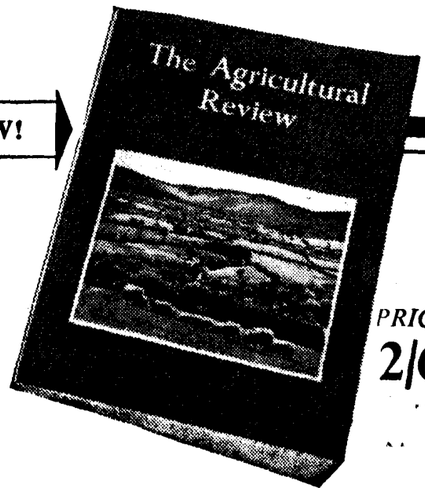
"Those whom we hope to serve," the Editor writes, "are the farmers of Western Europe and those working in broadly similar environments... North America and Australia and New Zealand have much to teach Europe about economy of manpower, while the Netherlands or Denmark can provide many an object-lesson in the intensive use of land."

Sir James, who set out on his remarkable agricultural career from his father's farm in Scotland, welcomes his new editorial duties as "something of an adventure." He asks for the support of readers with contributions, criticisms and suggestions.

FIRST ISSUE DATED JUNE 1955

The editorship of Sir James Scott Watson and the outstanding qualifications of his advisory editorial team assure a steadily high standard of contents. There will be an important contribution each month by the Economist Intelligence Unit, as well as abstracts of research publications and book reviews.
In the first issue, authorities in their field will write on new findings in chemical weed control, current work in sugar beet improvement, baled silage, farming as a business, hybrid poultry and additives in silage making.
All progressive farmers and those concerned with farming progress will find this new journal rewarding reading.

ON SALE NOW!



PRICE **2/6**

Place an order with your newsagent now
or complete the coupon and post it today to:
The Circulation Manager, THE AGRICULTURAL REVIEW,
Subscription Dept., Long Lane, Liverpool 9.

Please send THE AGRICULTURAL REVIEW for 12 months. I enclose my remittance for 30/-, the annual rate of subscription, post free.

Name .....

Address .....

.....

FLY "THE PRESIDENT" Super Stratocruisers to the U.S.A.



★ You sleep in comfort—no extra fare!
★ More space per passenger than any other first-class service—no extra fare!
★ Daily one-stop service to the U.S.A. and NON-STOP *return—no extra fare!*

On any "President" flight you choose, you'll enjoy the stretch-out luxury of Sleeperette*-service . . . Maxim's Cuisine . . . and superb hospitality.

Super Stratocruisers—exclusive with Pan American—are the world's largest, most powerful and quietest over-ocean airliners. You *know* you're flying the finest way to the U.S.A. on "The President" Clippers.*

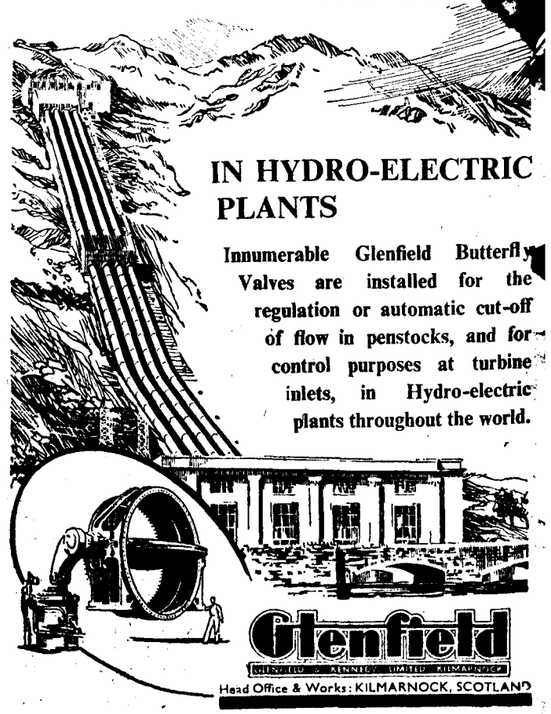
To accommodate more passengers wishing to travel from London to the U.S.A. during the peak season—August 1st-October 15th—the all-Sleeperette Service will be replaced by standard 1st-class seating. The all-Sleeperette Service will be available on "The President" special flights every Sunday.

CALL YOUR TRAVEL AGENT, OR PAN AMERICAN:
LONDON . . . . . 193/4 Piccadilly, W.1. (REGent 7292)
BIRMINGHAM . . Lombard House, Gt. Charles St. (CENtral 1126)
GLASGOW . . . . 15 North Drive, St. Enoch Sq., C.1. (City 5744)

PAA
WORLD'S MOST EXPERIENCED AIRLINE
PAN AMERICAN

* Trade Mark, Pan American World Airways, Inc.

Glenfield Contr

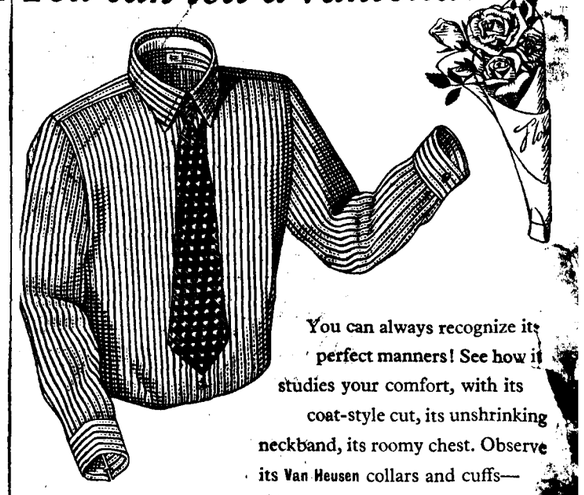


IN HYDRO-ELECTRIC PLANTS

Innumerable Glenfield Butterfly Valves are installed for the regulation or automatic cut-off of flow in penstocks, and for control purposes at turbine inlets, in Hydro-electric plants throughout the world.

Glenfield
Head Office & Works: KILMARNOCK, SCOTLAND

You can tell a Vantella!



You can always recognize its perfect manners! See how it studies your comfort, with its coat-style cut, its unshrinking neckband, its roomy chest. Observe its Van Heusen collars and cuffs—always suitably formal, yet never stiff. And observe its tactful price—just 49/-

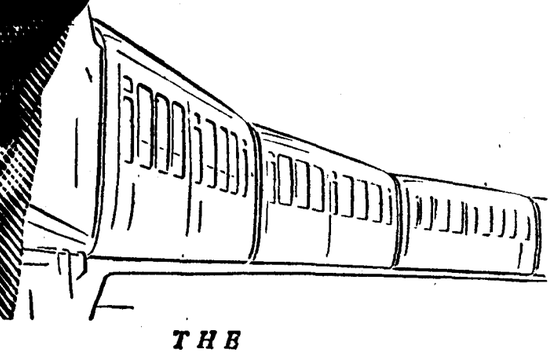
VANTELLA
(*with* Van Heusen *Regd. collars and cuffs*)
The perfect shirt—made by Cotella

Pattern-card from A/M COTELLA, 1 LONG LANE, S



DAVID BROWN and WORLD RAILWAYS

To rail transport, the David Brown companies are increasingly applying the skill of their 10,000 *strong team and the mighty resources of their steel foundries and gear works. The David Brown gear boxes and transmission units for Diesel-engine railcars are outstanding contributions to railcar progress. The guarantee of the high quality of* all *David Brown products is that* each one *is the result of the combined effort of all the David Brown companies.*



THE
DAVID BROWN
COMPANIES

An alliance of engineering specialists in gearing, steel and bronze castings, automobiles, and agricultural tractors and machinery

DAVID BROWN & SONS (HUDDERSFIELD) LTD.
THE DAVID BROWN FOUNDRIES COMPANY
DAVID BROWN TRACTORS (ENGINEERING) LTD.
THE DAVID BROWN TOOL COMPANY
DAVID BROWN TRACTORS (EIRE) LTD.
DAVID BROWN GEARS (LONDON) LTD.
THE COVENTRY GEAR COMPANY
DAVID BROWN MACHINE TOOLS LTD.
THE KEIGHLEY GEAR COMPANY
DAVID BROWN-JACKSON LTD.
LAGONDA LTD.
ASTON MARTIN LTD.
DAVID BROWN & SONS S.A. (PTY.) LTD.
DAVID BROWN PRECISION EQUIPMENT (PTY.) LTD.
DAVID BROWN (CANADA) LTD.
Associated Company DAVID BROWN (AUSTRALASIA) PTY. LTD.

Sole selling agent in the U.K.
THE DAVID BROWN CORPORATION (SALES) LIMITED *Head Office:* 96/97 Piccadilly, London, W.1



Assembly work in progress at Marconi's Chelmsford factory. (Left) Mr. John Mabey, the Burroughs man called in by Marconi, with one of the Burroughs machines which have speeded up their accounting.

This man helped Marconi gear their accounting to rising production

HE IS ONE of Burroughs' world-wide team of mechanized accounting consultants. This is the story:

Marconi's Wireless Telegraph Company Limited export radio, electronic and heavy television equipment to the world. The demand for Marconi products increases every month.

At their Chelmsford factory, they needed to expand their accounting procedures in order to cope with the mass of extra work.

Marconi's decided to call in the Burroughs man, an experienced consultant on *all* accounting and record-keeping systems. Mr. John Mabey is the specialist sent by Burroughs.

A FULL ANALYSIS

Working closely with the Deputy Chief Accountant at Chelmsford, Mr. Mabey applied his experience to the problem. After a full analysis of the existing system they evolved a new plan, based on the speed and versatility of Burroughs Sensimatic Accounting Machines.

The plan was adopted. Now all Marconi's accounting is in line with their increased production. And Works Payroll is completed in *less than a day;* the same machines take Salaried Staff Payroll in their stride. Costing is now done on a single 15″ card which shows eight running totals—hours, labour, overheads, purchased materials, manufactured materials, processes, aggregate balance and net balance.

So well has the new system worked at Chelmsford that Marconi have followed the same plan at their newly-opened factory at Basildon.

Whatever your business, large or small —if you have an accounting problem, the Burroughs man can help you solve it. He will make a full analysis and suggest the most economical and *workable* solution. If he thinks no change is advisable he will frankly say so. But if he does recommend a change he will plan the new routine in detail, and see that you always get the full benefit from any Burroughs machine you install. Call in the Burroughs man—you're committed to nothing and his advice is free.

Burroughs make the world's widest range of Adding, Calculating, Accounting, Billing and Statistical Machines and Microfilm Equipment. You'll find the number of your nearest Burroughs office in your local telephone book. Burroughs Adding Machine Limited, Avon House, 356-366 Oxford Street, London, W.1.

For specialist advice on mechanized accounting methods call in the **Burroughs** *man*



Still working at top pressure, Mr. Holbrook?

So many of our industries must be able to rely on regular and plentiful supplies of steam or hot water. But even the most efficient boiler installation can be brought, by costly degrees, to a more costly halt by the scale which forms when incorrectly treated waters are used. Yet, this need not be so. For, increasingly over the past years, the treatment of boiler feed waters–under the guidance of the Technical Service Department of Albright & Wilson–has, by preventing scale formation and corrosion, led to much greater efficiency.

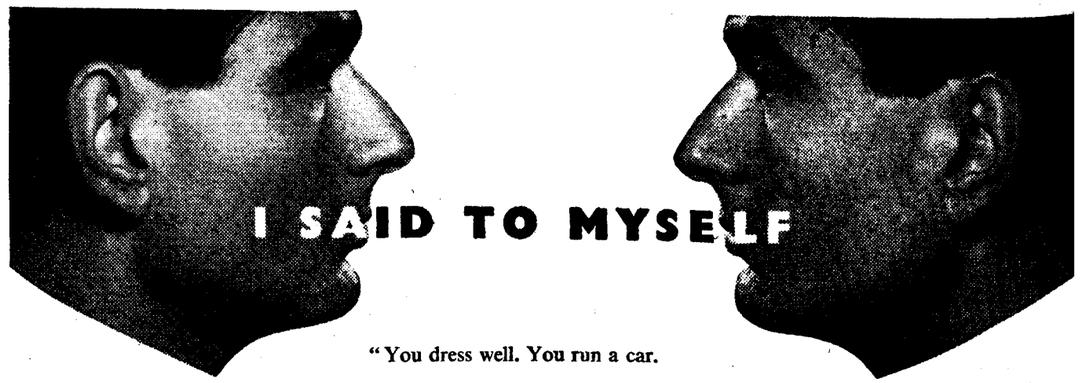
ENQUIRIES ABOUT THE APPLICATION OF PHOSPHATES IN INDUSTRIAL BOILER SYSTEMS ARE WELCOMED

Chemicals for Industry **ALBRIGHT & WILSON**

ALBRIGHT & WILSON LIMITED · 49 PARK LANE · LONDON · W.1 · TEL: GROSVENOR 1311

GREAT BRITAIN · UNITED STATES OF AMERICA · CANADA · AUSTRALIA · REPUBLIC OF IRELAND

YBW 174



"You dress well. You run a car.

You study your palate when you lunch and dine.

Why don't you smoke the best cigarettes, when there's only a few pennies in it?" . . . So I now smoke

3/11 FOR 20
also in packings of
10 · 25 · 50 · 100



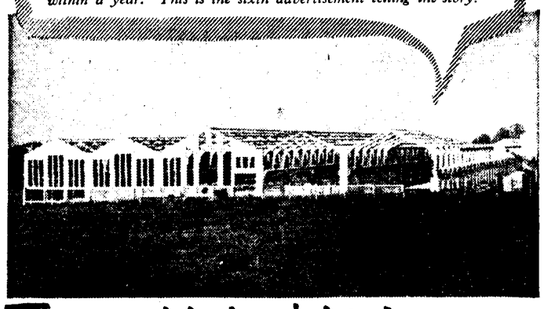
STATE EXPRESS 555

The Best Cigarettes in the World

E.5

THE HOUSE OF STATE EXPRESS 210, PICCADILLY, LONDON, W.1

A GUARANTEE has been given by Beecham Buildings Ltd. to complete a new factory of 200,000 sq. ft. and considerable intricate ancillary work for an Industrial organisation in the Midlands — within a year. This is the sixth advertisement telling the story.

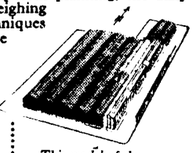


The goal is in sight!

Speed and efficiency, always inseparable from substantial progress, have brought this Beecham contract three parts of the way to successful completion. With 4½ spans erected, the job is racing ahead of schedule—thanks to scrupulous planning, the daily production of concrete components sometimes weighing 6 or 7 tons and the employment of advanced techniques that simplify fabrication. Future prospects of fine weather increase the possibility of finishing the project well within the guaranteed time.

Further advertisements will conclude the story of this contract—proving the worth of Beecham methods and a Beecham guarantee.

May we advise you on the construction of permanent and competitive Industrial Buildings.



This model of the complete factory will pin-point progress in the advertisements which follow. Progress to date includes 150,000 cubic yards of excavation; perimeter roads, North extension, foundations and floors complete and 4½ spans erected.

Beecham Buildings

BEECHAM BUILDINGS LTD.
DEPT. D
SHIPSTON-ON-STOUR, WARWICKSHIRE
Telephone: Shipston-on-Stour 315, 316 & 3287

AP.211.51

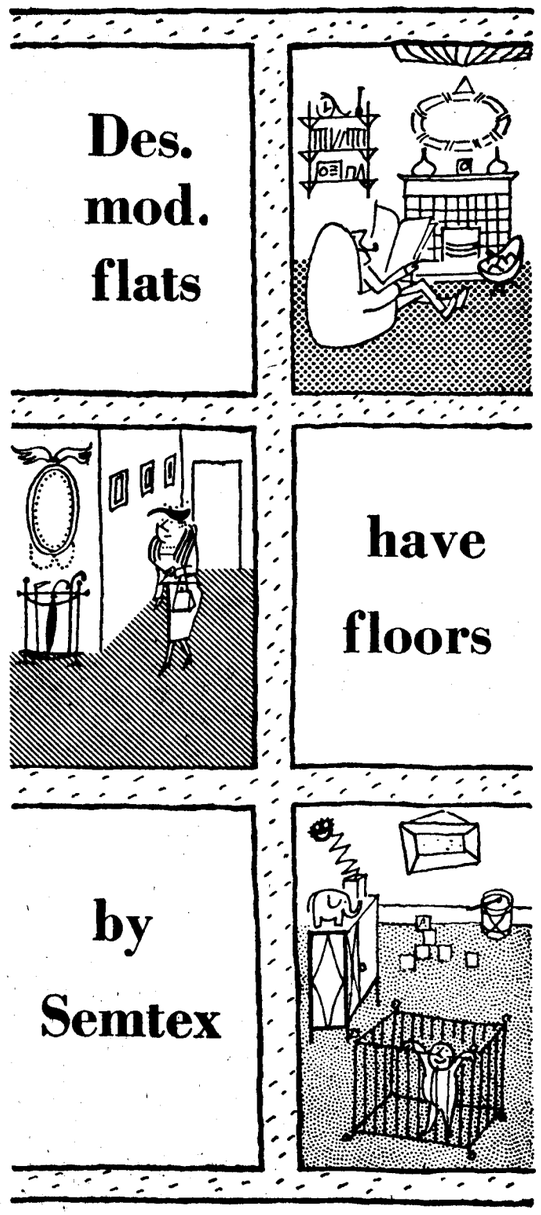
Converting
SEA WATER
into
DRINKING WATER



This is one of the large Weir Evaporating and Distilling plants supplie to the Netherlands West Indies to distil fresh water from the sea. Many large plants of this type are now under construction for order in hand for the export market.

G. & J. WEIR LTD
CATHCART GLASGOW

The Weir Organisation
G & J WEIR Ltd DRYSDALE & Co Ltd WEIR HOUSING CORPORATION Ltd
WEIR VALVES Ltd THE ARGUS FOUNDRY Ltd ZWICKY Ltd



Next time you think of running up a block of flats or a new town, turn early to the experts on flooring. They operate from twenty Semtex branches around the country and are backed by an organisation which makes, designs, lays and maintains modern floors. They can give you valuable advice on the respective merits of Semastic Decorative, Vinylex and Vinyl Asbestos Tiles, Dunlop Rubber Flooring, high-grade linoleum, jointless fleximer floorings, cork tiles and special floors for industrial purposes.

SEMTEX

A DUNLOP COMPANY

A note to one of the addresses below brings further information

SEMTEX LTD., Semtex House, London, N.W.9. Tel: Hendon 6543
West End Sales Office: 193 Pall Mall, London, S.W.1. Tel: Whitehall 5955



An iced drink? Gone too soon. For all-day coolness, it must be a lightweight Moycool jacket. Perfectly tailored in 'Moygashel' rayon, it washes like a shirt. Price approximately £3.3.0.

Write now for FREE *illustrated folder showing full range of Steegan lightweight clothes: Steegan Ltd. Dept. AD 10, 222 Regent St., London, W1*

moycool
Washable GARMENT STYLED IN A MOYGASHEL FABRIC

SENSIBLE SUMMER COMFORT FOR EVERY MAN

It pays to advertise —when your advertising gets READ

ADVERTISEMENTS WORK VERY WELL INDEED IN
THE READER'S DIGEST
—a magazine strictly for *reading*, which has achieved a *million* sale. This means *several* million readers—responsive and intelligent people, men and women well worth selling to.



There's always another use for gas . . .



Glass blowing



Varnish boiling

. . . for heating processes

You cannot take chances with process heating. That is why gas is chosen for such an impressive range of processes covering practically every industry. Its use means fewer rejects.

. . . for heating liquids

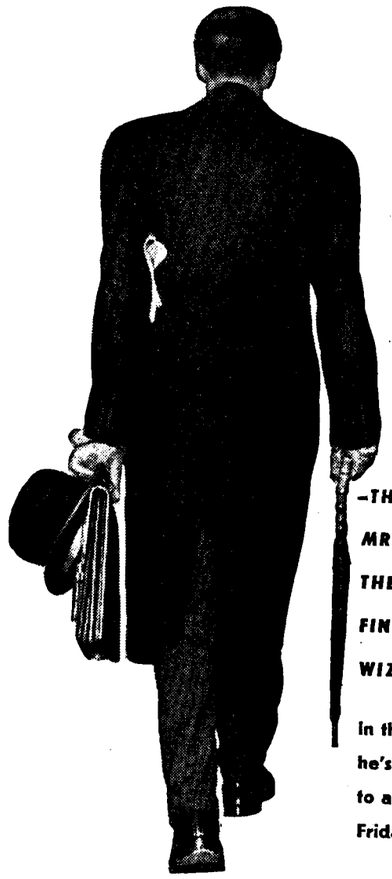
From swimming bath water to salt bath solutions, gas heating has no rival. Gas goes to work rapidly and is simple to operate. Whatever the quantity, whatever the liquid, it burns clean and constant to give you the precise heat you require.

Consult your area gas board

The Gas Industry makes the best use of the Nation's coal

ISSUED BY THE GAS COUNCIL

GCG-C30



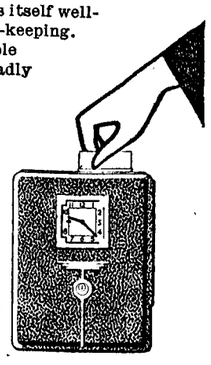
–THERE GOES MR. BAXTER, THE FIRM'S FINANCIAL WIZARD . . .

In that briefcase he's got the answer to a big Friday problem.

What's inside? Full details of Smiths AUTOPRINT MARK 11 Time Recorder. A Smiths is *economical*. It takes an automatic check (so that there can be no overstamps or double printings). And the Accounts Dept. gets an accurate record of each employee's hours —normal time in blue; overtime and late time in red. It's *simple* — no levers or handles to waste time — it prints electrically BY SOLENOID on insertion of the time card. And its constant *efficiency* means not only a saving in money — it promotes confidence amongst the staff, too. Worth looking into? A lot of big firms have done so already — for the name Smiths is itself well-known as a guarantee of good time-keeping. Smiths Time Recorders are available on sale or rental . . . details will gladly be sent you on request.

SMITHS

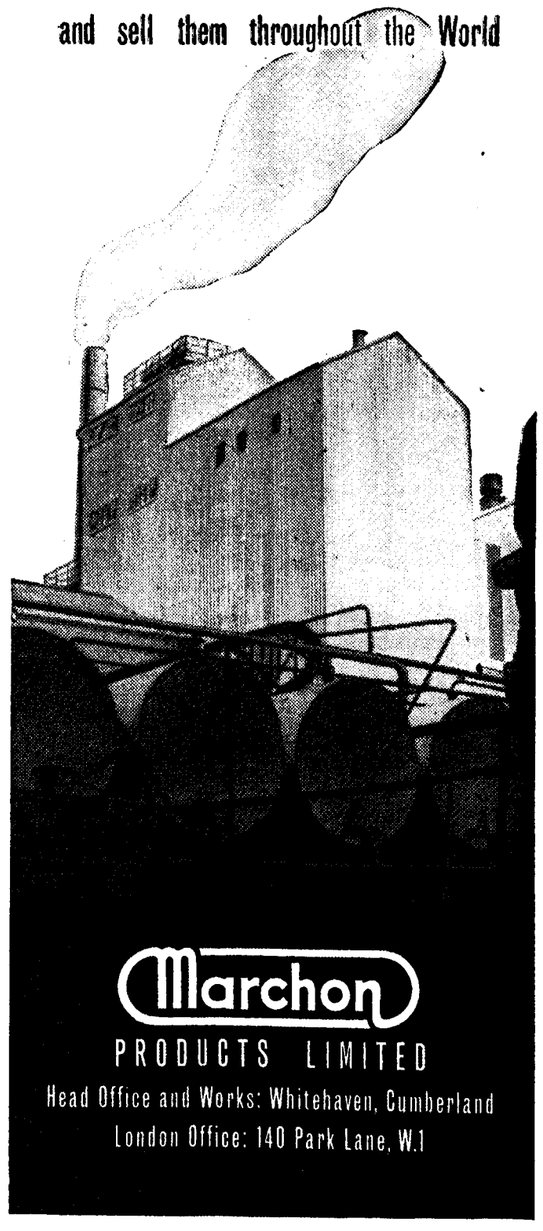
FAMOUS FOR ALL TIME
MAKE THE FINEST MASTER CLOCKS
AND TIME RECORDERS



Write to
ENGLISH CLOCK SYSTEMS LTD.
179-185 Great Portland Street, London, W.1. LANgham 7226. Also at Manchester, Glasgow and Belfast. *The Industrial Branch of Smiths English Clocks Limited*

1

Marchon manufacture at Whitehaven detergents and detergent raw materials and sell them throughout the World



Marchon

PRODUCTS LIMITED

Head Office and Works: Whitehaven, Cumberland

London Office: 140 Park Lane, W.1



Better detergents —are they a pipedream?

Monsanto have always been confident of the answer. That's why they have consistently increased quality and output of ALKYL BENZENE!

Since the early days of detergent manufacture, we have played our part in the continuous search for improvement. For to make better detergents, you need enterprising ideas and better raw materials. Alkyl Benzene is the basis of most modern detergents; Monsanto are the sole producers in Britain. Monsanto Alkyl Benzene is high quality tetra propylene benzene. Quicker processing . . . a finished product that is whiter . . . a finished product with less tendency to stick . . . are thus assured to the detergent manufacturer.

And something more. For behind Monsanto's production is a considerable investment in plant and research. When more Alkyl Benzene is needed, Monsanto will produce it; when better detergents are made, Monsanto will provide the raw material.

If you are interested in the manufacture o detergents on a commercial scale, consult Monsant about Alkyl Benzene. Deliveries can be ma at short notice to all parts of the wor

Alkyl Benzene-Monsan

MONSANTO CHEMICALS LIMITED
168 Victoria Station House, Victoria Street, London, S.W.1
and at Royal Exchange, Manchester, 2.

In association with: Monsanto Chemical Company, St. Louis, U.S.A. Monsanto Canada Ltd., Montreal. Monsanto Chemicals (Australia) Ltd., Melbourne. Monsanto Chemicals of India Ltd., Bombay. Representatives in the world's principal cities.

MONSANTO

The Economist
FOUNDED 1843
JUNE 18 1955
ONE SHILLING

Rules for Strikes? 1011
Missing Atomic Tricks 1014
United Nations Birthday 1015
Adam Smith in East Africa . . . 1017

NOTES OF THE WEEK
The Rail Settlement; Technique of Opposition; Banner With a New Device; Mr Nehru Looks at Russia; Herr Ulbricht in the Wings; Scrabble for Europe; Labour's Finances; Strikers Who Won't Lie Down; Eight Shillings to Stay at School; Which Pattern for North Africa?; Arrests in Singapore; No Popular Front in Finland; New Union Boss; Crime and Punishment; CGT Disunion; Neutralising Strategic Controls; Ebbing Tide of Treasures; More Trouble for the ILO; Siren Songs for Refugees; Bleak Outlook on Hungary's Farms; Bradshaw's New Dress. 1019

LETTERS TO THE EDITOR . . . 1031
BOOKS 1032

THE WORLD OVERSEAS
South Africa's Turning Point . . . 1037
Cushioning Convertibility; The Voice of the Soviet Army; Burma's Economic Monsoon; Notes from New Zealand.

AMERICAN SURVEY
Candidates for 1956 1044
Exploring Avenues; Wages for Tomorrow; Up to the President; Competing in the Sky; Verdict on the Vaccine; Box Office Recovery; Send the Gun-Boats.

THE BUSINESS WORLD
A Philosophy of Corporate Taxation 1053
Spring-cleaning in Adelphi . . . 1055

BUSINESS NOTES
Industrial Shares Ride Ahead; Railway Strike Tally; AEA Expands; Automation Down to Earth; Trade Deficit Cut Again; Coal Stock and The Market; Stocks in the Balance; The Rise in Advances; British Shipyards Too Busy; America Buys British; Japan on Gatt's Threshold; Agreement in Coffee?; Terms of Trade of the Sterling Area; Viscounts for America; A Chocolate Boycott; Equity's Share; Profits from Rayon; Futures in Egyptian Cotton; Pointers in Consumption; Cocoa's Stable Front; Tighter Reins on HP?; Pyrene Expands. 1057

COMPANY NOTES AND SECURITY PRICES 1072
STATISTICS 1075

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

Rules for Strikes?

THE settlement of the railway strike is an unexpectedly satisfactory one. The Transport Commission has managed to maintain the essential principle that differentials should depend on the type of job that a man is doing, and not merely on the union to which he happens to belong. The two railway unions have been brought into a single negotiation and their extravagant game of leap-frog seems to have been halted. And Mr Baty and his men must know in their hearts that the terms that they accepted on Tuesday are little different from the terms that they could have won without seventeen days of chaos and sacrifice. The moral that both strikers and the country should draw from this settlement is that senseless demonstrations of this kind must in future be held in check by every means that is possible.

Is there any way in which the law can be changed to help in that process? The most significant point about this question is that it is being asked, and the wryest point is that it is being asked as a result of a railway strike. Railway strikes hold a portentous place in British trade union history. It was after a railway strike in Taff Vale in 1900 that a court first ruled that strikers could be held responsible at civil law for the damage that they cause to the community; it was in revulsion from this judgment that the Act of 1906 was passed under which, although everybody else must still pay for any damage that stems from his actions, the striker alone is free. In both thought and law, Britain has been living in a post-Taff Vale atmosphere ever since. It is possible that the railway strike of 1955 will mark the furthest point of this conception of trade union rights and the public interest. Already, and not merely from the right, people are putting forward a variety of proposals to impose restraints upon strikers and to give some protection to the stricken.

Anybody who joins in these discussions should recognise one point from the outset. There is no prospect of any changes being put into effect if they are regarded by either their proponents or by their opponents as a crusade against the trade unions. Instead, those who want to bring a little order into the present anarchy of trade union law—and any government, Conservative or Labour, would dearly like to do so—will have to think out the problem in stages. The first stage is to recognise, and firmly to jettison, any proposals that would be regarded by all trade unionists as an attack upon their inalienable rights. The next is to formulate a set of rules for strikes—a set of distinctions between what is legitimate and what is not—which, after lengthy discussion and much education, would both enjoy positive support from non-union opinion and would also be accepted, with nothing worse than grumbling, by the trade unions themselves. The third stage is to examine how the rules could be enforced; not only on the trade union leaders (which is fairly easy), but on any of their members who chose to flout them (which raises all the very difficult problems of the unofficial strike).

This is a very tall order. The first stage, the stage of throwing out impossible or unacceptable proposals, is necessarily the easiest. One idea that needs to be consigned firmly to the scrapheap from the start is the proposal that strikes as a whole should be declared illegal, and that all trade unions should be constrained by law to accept impartial arbitration upon their disputes. This proposal is unfair, undesirable and impracticable. It is unfair because the threat of a strike is a trade union's last weapon for securing an increase in wages to which it feels that its members are entitled; and, in an imperfect world, arbitration in a country where strikes were theoretically debarred would always be less favourable to the workers than arbitration in a country where strikes are still legal. The proposal is undesirable because the pressure towards higher wages exerted by trade unions is a dynamic as well as an inflationary force in any economy: it helps to draw resources into the trades that are most profitable, and it forces employers into the most labour-saving, and therefore the most forward-looking, forms of production. Last, but not least, the proposal is impracticable because the trade unions simply would not wear it, and would always find ways to flout any such dictatorial decree; if 70,000 engine drivers decided that they all felt too ill to work on a certain day, no government could put all 70,000 of them into prison.

★

A second proposal that has been put forward is that a legal ban on strikes should apply only to certain industries; sometimes the idea is that the ban should apply only to nationalised industries, and sometimes to "essential" or "basic" industries. This proposal is open to all the objections of the previous one, and it would also introduce a very undesirable distinction between the sectors of the economy that some bureaucrat or politician considers to be "essential" and those that he does not put into that category. It would be an excellent thing if railwaymen and some other people in jobs where strikes hurt the public most would voluntarily renounce the weapon, as doctors and civil servants have done; but the best way to persuade them to do so will not be to thrust contentious and discriminatory legislation down their throats.

Once these proposals for outright bans on strikes or certain types of strikes are rejected, a whole family of similar proposals—for compulsory arbitration in one form or another—should be rejected too. And once the principle of avoiding unnecessary embitterment is accepted, then it should also be accepted that the Government should steer clear of any legislation about side issues—such as the closed shop—which would merely make the main advance more difficult. Instead, in the most trouble-free atmosphere that is possible, the Government should set to work to try to secure tacit acceptance from the unions and the public of the only two proposals that seem to have a dog's chance of enactment in the next decade.

These two possible enactments can be briefly summarised. The two things that the public can reasonably ask from any sensible system of industrial bargaining are: an assurance that strikes do not start until every other possible means of settlement has been exhausted, and an assurance that any strike that is called is desired by a majority of the strikers themselves. These requirements are easy to set down. They will not, however, be so easy to enact; and they could in fact be enacted in a clumsy manner that would do more harm than good to both the trade union movement and the country.

The Limits of the Possible

The first requirement implies, of course, that it should become illegal to call a strike until negotiations have plodded through all the "usual channels" of voluntary conciliation and arbitration. Only after these channels have been utilised, and only if the maximum offer that emerges at the end of them is unacceptable to a majority of the members of the union concerned, should it be legal to send out strike notices. The difficulties raised by this desirable reform are obvious. For one thing, not all industries have the same "usual channels"; a great deal of work would have to be done to bring the standard of these channels in the worst-organised industries up to those in the best. For another—and this is a very serious point—employers might take advantage of this system by refusing ever to offer reasonable wage increases until the end of each process of negotiation; they might be able to save six or twelve months' payment of the higher wages by doing so. The ideal way of discouraging these tactics would presumably be if the final courts of arbitration could adopt a system of not merely backdating any wage increases, but of adding some sort of penal interest charge to any claims that it considered had been unreasonably lengthily resisted; but nobody should assume that it would be easy to set up any case law of this kind, and it might even create new bones of discontent for half-satisfied unions to worry.

★

The second suggested requirement—that a strike should be legal only if it has been approved by the majority of strikers concerned—implies that every union should be required to organise a secret ballot among its members before resorting to direct action. One of the objections commonly raised to this proposal is that, even in the present state of the law, any strike call that is unanimously obeyed by union members must, *ipso facto*, be approved by them. But human nature is not so logical. Once war is declared, every patriot rallies to the flag; but there have been many wars in history that would not have been started if the matter had been subjected first to referendum by the aggressors' electorate.

Nevertheless, there are real difficulties in the way of a proposal for secret ballots in trade unions. The chief of them is that this is a proposal that would hurt union leaders rather than union members. In the last ten years, for better or for worse, successive governments have relied upon the good sense of union leaders to prevent dissatisfaction in their ranks from burgeoning into strike action—a Martha's task in all conscience. Now, it is suggested, they should be asked to accept a further obligation, a proposal that their conduct of business should be controlled by the rank and file in a way that no managing director—for example—would ever consent to be controlled by his shareholders. There are further difficulties about the form in which the ballot should be organised. Some secret ballots for union offices are frankly fiddled at the moment; the most undesirable characters are elected as general secretaries in a 20 or 30 per cent vote. Probably the ballot would have to be held under the auspices of the state, with a whole new machinery of election, returning officers and so forth; it might even be desirable to make voting compulsory. The only reasonable conclusion to draw about this proposal is that enactment of it certainly could not be hurried. It is a measure towards which the Government and the public should travel hopefully; nothing would be clumsier than to label it as a law for enactment this session.

The Problem of Enforcement

If agreement could ever be reached with the trade unions for carrying these two proposals, in some form or other, into law, would there be any prospect that the law could be enforced? And, if so, how? It is at this stage that one needs to sit back and consider the system that such laws would bring into effect. The system would be one in which three sorts of strike—and three sorts only—would be adjudged to contravene the law. The first sort would be those that had been called by a union before the due processes of negotiation and arbitration had been exhausted; these would presumably be cases—like the National Union of Railwaymen's threat of strike action last winter—when the union felt sure that arbitration would go against it, and thought that it had better deafen everybody with the sound of its big gun before further publicity showed the public just how bad its case was. The second sort would be strikes called by union leaders in deliberate defiance of the new rules about strike ballots; these would be strikes—like some of the guerrilla strikes called by the Communist Electrical Trades Union a year ago—that did not seem likely to be supported by a majority of the men concerned, but that the union leaders wanted for some reason of their own. The public presumably would not feel very dismayed if strikes of either of these first two sorts were adjudged to be contrary to the law; and neither would the majority of honest trade unionists.

The third sort of strike that would run foul of the law, however, would be the "lightning" or "unofficial" strike. The word "unofficial" when attached to a strike has somehow become a dirty word; and the Labour party, in particular, seems to be devising a new doctrine that "unofficial" strikes should be treated differently from "official" strikes even in the present state of the law. The doctrine is tied up with a mistaken glorification of the trade union official. It is, in fact, precisely in its treatment of these sorts of strikes that any new system would have to tread very carefully if it was not to offend against democracy. It would be a real derogation from freedom if all lightning strikes—against a particular foreman or local shop schedules—suddenly became punishable at law; and in any case it would be silly to suggest that the steamroller of court action could have been run over each of the 1,400 or so one or two-day strikes that occurred last year in the coal industry alone, or that all the 140,000 miners concerned should have been sent to prison.

★

But this example suggests a means by which any new rules about strike action might be enforced. The aim, surely, should not be to go back on the Act of 1875, by making the newly "illegal" type of strike subject to criminal liability; it should be to go back, in very small part, on the Act of 1906—the post-Taff Vale Act—by making those who incited workers into this newly illegal type of strike subject to civil suits for damages. In conditions of full employment and competition for labour it is certain that employers would not lightly start these suits; it is noteworthy that between the Taff Vale judgment and the Act of 1906 no English employers took advantage of the Taff Vale decision (although some Welsh employers did do so). But the weapon would be there, and it could be used against serious or repeated agitations—although only against those that broke the new and precisely defined rules. To be frank: partial amendment of the 1906 Act would be a weapon that would be likely to catch on the hop the Communists, the union leaders who seek to feather their own nests at the expense of other unions, and very few others.

This article has sought merely to throw out certain suggestions for discussion. If the suggestions have appeared to take the form of a concrete "plan" rather than of the usual woolly generalisations, there is no necessary harm in that. The harm will only be done if anybody assumes that the "plan" should be pushed through, as a sort of crusade for freedom, in the teeth of union opposition. The real need is not to start a crusade, but to search for the highest common denominator of agreement between potential strikers and the perpetually stricken. It would be interesting to know which group finds the compromises suggested here to be most acceptable, and which finds them to be most annoying.

Missing Atomic Tricks

PRESIDENT EISENHOWER'S offer of American assistance to other countries in developing their access to the peaceful uses of atomic energy is an act of generosity in direct descent from the Marshall Plan. The President proposes to ask Congress to offer to other free countries half the cost of setting up their own nuclear reactors for research purposes, together with supplies of the necessary fissile material, and the assistance of American technical experts in building full-scale power reactors. The reaction of the outer world to American schemes of aid has, through repetition, become steadily more passive. These acts of generosity are becoming familiar—and more remote. It has come to be taken for granted that America should act like that. And it has become unthinkable that anybody else should do likewise. The offer, said one London newspaper on this occasion, "could have come only from America."

This is dangerous complacency. If the offer could have come only from America, the clear inference is that, in the nuclear age, the United States will occupy a position of privilege and mastery to which no other nations can attain. Even if that were unavoidable it would still be regrettable—and would be regretted by none more than by thoughtful Americans. But it is not in the least unavoidable. Though others may not be able to challenge the sheer bulk and volume of American achievements in nuclear technology, there are others who should make up their minds that they will stand on a qualitative parity. The papers which the Russians have put in for the forthcoming international conference at Geneva on the peaceful uses of atomic energy—and which are reported to have astonished all those who have seen them—show that they are well aware of the race that is now beginning, and mean to run it hard. Britain should do no less.

In so far as the competition that is developing is one of scientific accomplishment, the main incentive is the desire to excel in the service of mankind. But it would be exceedingly naïve to suppose that this is all that is at stake. The benefits that will come to mankind through the exploitation for peaceful ends of the immense power of nuclear energy will come to fruition (as have the benefits of all Man's other advances in technology) through the processes of industry and trade, and those human beings can expect to benefit most who engage in that industry and trade most actively. There is no reason at all to doubt the altruistic inspiration of the President's initiative. But the more practical side of the matter can be seen reflected in the spate of speeches and statements by American industrialists, of which the echoes reach this side of the Atlantic almost daily. In short, a great new export industry is being born. And a country that makes its living by exporting the products of technology must either keep up with the others or be left out. If the American offer of assistance stands alone, the peoples of the earth will come to believe that the only country that can supply nuclear reactors, atomic fuel or technical know-how is the United States—or Soviet Russia.

If we can believe what we are told, this is not so. Britain is said to be ahead in some aspects of the peaceful application of atomic energy, and not far behind in others. But nobody will ever believe it unless we prepare to put our cards on the table and our goods in the shop window—with the same "Marked Down to Half Price" label on them as will soon appear in the competitor's shop. The layman has no means of knowing whether, before the President made his offer, the British Government had an opportunity of turning it into a joint offer—perhaps through the agency of the World Bank and its new International Finance Corporation. Equally it is difficult for the outsider to judge whether any chance remains of joint action—which would be infinitely preferable, if it could be attained. If these possibilities have not been actively explored, they should be, at once, before the President's proposal takes detailed shape before Congress. But if it is too late to prevent purely national action, then there should be a British initiative, and a British offer, to lay alongside the American. It is true that we cannot afford to rush into an undefined and unlimited commitment. But even less can we afford to be left at the post.

★

There has been much talk since the war, especially (but not exclusively) in Socialist circles, of the part that Britain could and should play in helping to develop backward countries. Here is a specific and imaginative means of turning this talk into action. Minds in this country naturally turn to the undeveloped areas of the Commonwealth, and perhaps particularly to the countries embraced within the Colombo Plan. This is obviously one of the primary fields in which British atomic knowledge and enterprise could be put to work. There is, of course, no suggestion that these parts of the world should be marked out as a British atomic preserve. If the Americans (and the Russians) have something to offer these countries in atomic assistance it will be eagerly accepted. The danger against which we must be on our guard is not the intrusion of the Americans so much as the exclusion of the British—unless we get off the mark with equal speed.

Africa and Asia, however, are not the only areas where Britain should enter the competition in atomic well-doing. There is also Europe. At their recent meeting in Messina, the Foreign Ministers of the countries participating in the European Coal and Steel Community passed a resolution looking towards plans for

further integration in a number of industries, and the first of these was peaceful atomic energy. The impression exists that the Messina resolution was an expression of good intentions rather than of firm resolve. So, in general, it may turn out to have been. But there are a number of reasons why atomic energy might prove to be the exception, in which prompt and fruitful action could be taken. On the positive side, there is a practical incentive for the "integration" of the efforts of the Western European nations (over and above the general economies of avoiding duplication of effort, which apply to many other developing industries). This arises from the position of Germany. Dr Adenauer has disavowed any intention of exploiting the military uses of nuclear energy or of making atomic weapons. But it is fantasy to suppose that Western Germany, with its record in scientific research and development and with its eager and resourceful industry, can be kept at arm's length from the whole new field of human knowledge that is opening up. Germany will have to play a part in developing the peaceful uses of atomic energy, and the only way by which that can be made possible without awakening all the ancestral fears and jealousies of Germany's neighbours is by an integrated scheme in which all can share the work, all can use the results—and all can know what each is up to. This is the special positive case for European integration of work on peaceful atomic energy. And there is also the negative absence of a familiar obstacle; there are in this instance no established interests, such as require such painful reconciliation and adjustment in existing industries.

To these two arguments for a West European atomic plan, it might be possible to add a third and decisive one. Britain ought to see a special interest of its own in bringing about such a community. Here again, it is not a question of excluding others, but rather of drawing, promptly and willingly, the logical consequences from a real community of interests that already exists, if only it could be recognised. Whatever may or may not be true of nuclear weapons (which are not here under discussion), Britain could hardly help but gain from active participation in a communal European programme. There could be a division of labour in experiment, a sharing of benefits in development, a diffusion of prosperity in building up a gigantic new industry. Just as atomic energy may present itself as a special case to the Europeans, whose present mood may otherwise be rather sceptical towards "Communities," should it not also present itself as an exception to the British Government? Instead of waiting until others have defined their plans, and then offering a somewhat ambiguous "association," would it not be the course of wisdom and imagination in this instance to take the initiative and offer active British assistance from the start in bringing such an Atomic Community into existence? The exact shape that it should take would be a matter for the experts. But as a starting point for discussion it might be suggested that whatever actions the Western European governments propose to take in the field of peaceful atomic energy (such as the financing of research establishments or the letting of development contracts to private firms), they should agree to do in common. The nature and degree of British participation and assistance—possibly falling short of full participation but going far beyond mere external "association"—should be defined in advance.

Whether it be in Europe or in the outer world, the tempo of atomic affairs is speeding up. The game is usually won or lost in the early trials, and unless the British Government looks upon Mr Eisenhower's proposal as a challenge to go and do likewise, we shall be missing tricks that we should be taking.

United Nations Birthday

TEN years ago the Charter of the United Nations was signed at San Francisco. This weekend, statesmen from all over the world are assembling there again to mark the end of the first decade of a great experiment. Of the original *dramatis personae* Mr Molotov will be the only star player billed in the same role at this revival; and to grasp the speed at which changes have taken place since 1945, one need only recall that the Charter was then brought away from San Francisco in triumph by the admired figure of Mr Alger Hiss.

During these ten years, as the fogs have rolled in over San Francisco's bay, the United Nations, too, has been repeatedly blanketed by confusion and chilly foreboding. Its complete extinction has been often forecast. Communists deride it as "an American rubber stamp"; free nations, seeing that they cannot yet obtain security through it, have set up other machinery alongside it. Yet in recent months the United Nations has seemed to move back nearer to the centre of the world stage. Not only has its San Francisco commemoration become by an accident of timing a staging post on the route to the "summit"; the international concern with the peaceful power of the atom, the loosening of the logjam over disarmament, and the confrontations at Bandoeng and Belgrade, where free Asians and Jugoslavs alike showed how much importance they attached to the Charter, have directed attention back to the United Nations. Quite apart from the calendar, there are good reasons why the organisation should now be judged anew on the basis of its first decade of life.

From the League of Nations, Uno inherited the Wilsonian idea that the member nations ought to observe certain standards of international decency; and,

as before, the result was an awkward and sometimes hypocritical blending of morality and politics. The United Nations also took over the concept, which had budded rather late in the League's life, of the importance of economic and social welfare activities on the international plane ; its chain of specialised agencies was from the start more ambitious than anything the League had attempted in this field. But the negotiators at San Francisco were most particularly concerned to give Uno what the League had so conspicuously lacked — "teeth." Unprecedented provision was made for international forces to be available to the Security Council for resisting any further aggression. However, the granting to the Council of authority to order these forces into action confirmed the great powers in their insistence on retaining the right of veto, despite the sharp criticism this drew from the smaller nations at San Francisco. The veto represented a compromise between the Metternichian idea, now beloved of Mr Molotov, that the world is best run by a small group of great powers, and the more democratic demands of the other, and especially the "younger," nations.

★

What has happened to these conceptions since fifty nations solemnly acknowledged them ten years ago ? From the beginning, it proved impossible for the great powers to provide united leadership. The chasm between free societies and Communist ones soon reduced the Security Council to a faintly ludicrous forum for recrimination. Under the glazed eyes of New York schoolchildren, its members exchange harangues and vetoes in several languages. The attempt to combine in the structure of the United Nations a parliament of peoples and an alliance of great powers forged by the temporary compulsions of war has failed. This failure was grotesquely dramatised by the Korean war, in which UN forces fought an aggressor whose arms had been furnished by a member of the Security Council.

The conception of an international club whose members should observe certain rules of decorum has also been discredited. It soon became clear that no amount of indignation in the halls of the United Nations would persuade Russia to free its slave labourers, or South Africa to revise its racial policies, or compel a dozen Latin American republics to govern themselves more democratically. And yet this idea of the "club" is still powerfully alive ; it is invoked by those who would keep Communist China out of Uno indefinitely because of the nature of its regime and because no one should be allowed to "shoot their way" into membership. It would be a more compelling doctrine if some members of the club kept their own houses in better order or were less ready shots.

The conception of the United Nations as an economic and technological centre has, however, withstood the test of ten years' experience. Some of the activities of the UN agencies are admittedly fatuous and wasteful ; occasionally, they even resemble the mad projects of the Laputan academy, and provide a luxurious ivory tower for otherwise unemployable intellectuals (this is particularly true of some of the more rarified branches of Unesco). Yet a great deal of quiet achievement has been recorded. Sometimes the result is a dramatic improvement in the health of an Asian or Central American state ; sometimes only a modest protocol on "customs formalities for the temporary importation of private road motor vehicles and tourism." Nevertheless, much miscellaneous good has been done under UN auspices, especially in underdeveloped areas.

Any attempt at drawing up a balance sheet, however imperfect, invites the question whether the United Nations is worth further investments in hope, money and energy. Have we reached the point—as certain cynics are suggesting—at which we should be preparing to sell the magnificent New York headquarters to some great detergent company ? Is the United Nations already on its way to an end as sterile as that of the League ? Surely the answer is no. The United Nations has already achieved something which the League never did : it has stopped wars. If there is peace today, however uneasy, in Kashmir and along the frontier between Israel and the Arab states, that is largely due to the United Nations and to the complex and ungrateful labours of its observers on the spot. But the United Nations has done something even more important : it has waged a police-action war in the name of its principles and in response to the kind of appeal for help which the League left unanswered when Mussolini struck Abyssinia. It is irrelevant to argue that President Rhee was not worth succouring or that the UN was able to act solely because the United States wanted it to and Russia was absent from the Security Council at the time. The facts are clear : the United Nations fought a war in Korea and stopped aggression. It carried out its defensive task and concluded an armistice. That armistice may not be ideal, but it is infinitely preferable to a continuation of war or to the subjugation of one land by another. Because the United States played so preponderant a role in the Korean war, one tends to forget its unique, international character. UN intervention may be effective only in the event of a small war which does not immediately involve the great powers ; but the very existence of an international organisation ready to stop or localise conflicts is of immense importance.

Those who hoped to find in the United Nations a substitute for diplomacy between sovereign powers may consider its first ten years a failure. Traditional diplomacy has recaptured its prerogatives, and if the mood in San Francisco next week will be one of cautious warmth, it is precisely because the diplomats have been at work. But Big Four conferences or negotiations on the Geneva model are not the only approach to international relations. In fact, their context is the rather limited one of the cold war. Of perhaps greater significance is the new prominence in world affairs of the

nations of Asia, of Latin America, and, ultimately, of Africa. If these peoples are not to brood over their heritage of frustration away from the centre of affairs, they must be enabled to play their due part in a forum such as the United Nations. This forum has its defects, but its failure would signify the permanent acceptance of a world of mutually hostile camps and non-communication.

In the autumn, the General Assembly will decide whether a special session is to be held in 1956 to revise the Charter. But Uno's failures arise not from the imperfections of its Charter, but from the bleak realities of postwar politics. To criticise the United Nations for not imposing its ideals is to criticise the nations of the earth for not yet having accepted the idea of world government. To believe that revisions of the Charter would lead to international harmony is to be either naïve or insincere. Neither the United States, nor Russia, nor, for that matter, Britain, is ready for really drastic revisions on essentials, such as the veto. A perfectly just and theoretically "effective" Uno would, as things stand, be a Uno from which the great powers had resigned.

The future of the United Nations lies in a clear recognition of what it can do and what it cannot do. It is the broadest medium so far conceived for the discussion of international problems and for the creation of world opinion. It is, potentially, a great force for the dissemination of technical knowledge and assistance ; and, rather than revise its Charter, it might be better occupied in re-organising its non-political agencies along more modest but efficient lines. Finally, it has shown that it is capable, in certain conditions, of keeping the peace along disturbed frontiers. Indeed, the most peaceloving of men may secretly hope for some small and remote war in which American and Russian troops might have a chance of serving side-by-side under a United Nations flag. But even now, there is every reason to wish the United Nations a happy tenth birthday.

Adam Smith in East Africa

WHEN Sir Philip Mitchell, then Governor of Kenya, asked for a Royal Commission into the "complex and recalcitrant" problems of East Africa three and a half years ago, racial tension and African grievances had not come to a head in the Mau Mau revolt. But before the commission could be appointed the pot had boiled over, and it was grimly clear that time in East Africa was far shorter than had been supposed. Between the commission's appointment, under the chairmanship of Sir Hugh Dow, and the publication of its report last week, there have been momentous changes in political developments in East Africa, in the temper and outlook of every race. More could hardly have happened to impress East Africa's problems on the public, or to convince it of the urgency of finding basic solutions and applying them, however drastic they may seem.

It is for such basic solutions that the Royal Commission has sought. And it begins with a bold denial of a favourite colonial catchphrase about the problems that have to be solved. Its own terms of reference took for granted that East Africa's real trouble was that a rapid increase in population was pressing on very limited resources of fertile land ; the commission on the contrary reports that the increase is not unmanageable, and has sought rather for the reasons why it is not being readily absorbed by an expanding economy. The basic problem in East Africa is not land needs, but land use. The principal obstacles which the commission found to land being economically allotted and cultivated were tribal organisation and the restrictions of land use based on it. The core of its recommendations, which are many and detailed, is that such restrictions should be finally swept away ; that individual profit, enterprise and ambition should set the pace of change ; that in an expanding economy based on market values there would be room—and, in fact, need—for all races in East Africa at any foreseeable rate of population growth ; and that if this were seen to be so, race hatreds nourished on insecurity would disappear.

Since the advent of the Europeans, East Africa has been in the process of conversion from a subsistence economy to an exchange economy based on money and the market ; the commission's belief is not that the process has gone so fast that it is producing strains, but that it is not going fast enough to prevent them. In average productivity per head (though an average hardly reflects the diversity of the region) East Africa lags far behind most of Africa. The reason why Africans pour into the congested towns for wages that will not support a family, and that are barely enough to support a single man above subsistence level in intolerable squalor, is simply that real income in the villages is still lower, the hardship and squalor still worse. Therefore "the key to a permanent raising of the supply price of African labour is to foster an increase in the incomes of the peasants, whether they produce for their own subsistence or for the market."

The commission has no doubt that this can be done, given the right economic policies ; that the high and rising living standards of a few pockets of African production—some of the Baganda cotton growers, Nyanza farmers and Chagga coffee producers and others—can be generalised ; but "it is this visible opportunity for a new way of life that static tribalism frustrates." It frames detailed proposals for speeding up, by surveys,

adjudication and registration, the process of converting tribal land into individual freehold tenures. Its object is not only that methods of husbandry and land use should be freed from customary practice, but that land should be negotiable and a security for loans and credit raised for capital improvement. It would sweep away barriers between reserves, and throw open the land of the Masai and the White Highlands alike to the operation of the market. It accepts no inconsistency between subsistence and cash crop production: make the latter profitable and the output of both will go up, together solving the only "recalcitrant" East African problem —the vicious circle of poverty, inability to save and lack of capital.

To speed the development of the market, the commission would have the East African governments invest development funds most heavily in communications by rail and road; and it criticises the emphasis on other forms of investment in the past. Better communications would develop the market; rising real incomes would in turn attract the immigrant with capital and make it possible to raise the external loans that are vital to East Africa, where known sources of mineral wealth are too small to attract massive foreign capital and where technical skills are so immature.

Putting economics before politics or anthropology offers a means, the commission believes, of cutting through racial complexes. Why should Africans resent large European farms, when it is open to any African to add acre to acre himself? Why should Europeans wish to reserve tracts to themselves when land is normally sold simply on price, and price is a matter of capital improvement? Why should Africans or Europeans fear Indians, if the economy is expanding so fast that Indians cannot do all the trade, and it is clear that what trade they do adds to everyone else's income? If towns are divided into self-governing areas reserved only for houses of various types and capital cost, why should any one feel segregated except by the length of his purse? If everyone with skill can be employed, why should Africans feel that the skills of Europeans or Indians do anything but promote the interests of Africans in turn? Everywhere, the commission believes, insecurity and fear could and should be banished by the growing opportunities created by an expanding economy and a free market.

★

It is an attractive hypothesis: Adam Smith applied to colonial conditions. Necessarily, in this modern age, Adam has to have his fig leaves; and the commission suggests some which would involve important departures from the main principle of a *laisser faire* economy. Apart from a considerable degree of central direction of land use and investment, it concedes that, in a region where incomes are so unequal, there is a problem in protecting the weak against the strong in the market: "a free market in land . . . might . . . fail to evoke a proper response from its more enterprising members who, because of the social and economic inhibitions in which they had hitherto lived, would lack the means to purchase . . . there is some danger that large areas of land would pass into the hands of a few people who happened to possess the means of purchase. . . ." The shadow of the Indian money-lender looms, and the commission would give Africans no power to sell land to non-Africans, and only to lease it under safeguards. This qualification, however necessary, raises a real difficulty. It would lower the value of land as security for improvement loans, even with the institution of land banks such as the commission recommends; and it also leaves a loophole for White Highlanders to argue that their tribe also should not sell, or even lease, land outside the tribe.

Again, although the commission would free crop prices from controls, and abolish forced savings through marketing boards, it concedes that sudden drops in prices discourage inexperienced Africans too much, and would have the government then support the market. Though the commission thinks that the rate for the job should rule the labour market, it recognises that Africans lack the educational advantages of the other races, and concedes that they need special help. It recognises, too, that individual tenure alone may not ensure improved land use; there must be instruction and planning, and there must be prohibition of subdivision of holdings below the economic minimum as well as a ceiling on size.

★

There is a second group of questions about the proposed transplantation of a free market economy in this tribal soil, which the commission may be inclined to overlook. Would the more rapid introduction of individual land tenures really act as a flywheel to the agricultural economy? Would it create a sufficient momentum to dissipate fears arising from insecurity? If progress was slow, might not the old fears persist alongside the new improvements? The Baganda are relatively rich, and have developed individual ownership, yet the commission agrees that they are obsessed by fears of land alienation and oppose industrialisation lest it bring in too many whites. Again, will better wages and better-planned towns, whatever the cost, necessarily create a contented urban, property-owning proletariat? The commission would not restrict entry to towns, but would moderate it by narrowing the gap between rural and urban incomes. But the towns, with improved communications, would pull immigrants from the poorer areas—even from outside British territory. Would they not create congestion faster than even the commission's proposals can relieve it, continuing to build up frustration, race hatred and crime? Finally, since the nub of the plan is to inject a new dynamism into the economy, a vital part is the attraction of overseas capital. But if an agricultural community can accumulate capital at no higher rate than 5 per cent a year (for all East Africa it may be less, especially if crop levies are abandoned), will enough external capital be forthcoming?

It is right that these questions should be raised; but it will be a tragedy if they are raised so high as to be intimidating. For the time has come for some fundamental thinking about colonial policy. And the broad conclusion that must be drawn by anybody with any sense of history is that none of these doubts is a reason for shelving the commission's proposals or evading its challenge. The report will be criticised for being theoretical and remote from everyday realities; already it is being suggested that the Africans "will not play." In fact, they are playing; they are increasingly thinking the thoughts of the trader and less the thoughts of the tribesman. There are cross-currents and complexities —which are reflected in the commission's detailed proposals—but it may be predicted that in proportion as the East African governments find it possible to implement the basic proposition of the report they will drain the static poverty that slows their pace everywhere; in proportion as they put the brakes on, in deference to the fears and suspicions which arise out of a decaying tribalism, black and white, they will reanimate them with fresh and malevolent power.

Every community, at every time, has to face the conflict between progress, which can only be secured through disturbing change, and security for its existing patterns of life. It is not a conflict that can ever be solved by the doctrinaire assertion of either principle against the other; the right balance between them differs from time to time and from place to place. What, in essence, the Royal Commission is asserting is that in East Africa (and the assertion could be made almost equally well of British colonial policy as a whole) the balance has been tilted much too far away from economic change and progress, and that it needs to be corrected. On this fundamental issue—whatever may be the final verdict on the details of the modalities the commission proposes—there cannot be any doubt that it is abundantly right.

Notes of the Week

The Rail Settlement

THE railway settlement was fortunately not the sort to make strikes popular among strikers. The Transport Commission has made only one concession. It has agreed to withdraw its scheme for the classification of trains into two grades with two rates of allowances, and instead to examine basic rates for drivers, "particularly for" (which, it hopes, means "only for") drivers and motormen with more than two years' service. A re-examination of the basic rates will no doubt result in some increase even for drivers engaged only on shunting, to whom the offer in May would have given nothing. But the commission will certainly try to persuade Lord Justice Morris, who is acting as referee on the question, that any increase should not cost it more than the 5s. 6d. and 2s. 6d. that it had offered to drivers of the proposed first and second class trains respectively. Drivers who have been on strike are unlikely to think that it was worth forgoing two weeks' pay. Still less will the firemen, even if those at the top rate get a little more; the commission does not think that they should, but it will leave this to Lord Justice Morris. What the cleaners will say does not bear thinking of; although they have been on strike with the rest, even the union agrees that they will get nothing.

The union, indeed, has given away a great deal. First, it has agreed to the arbitration that it had hitherto refused, although in the novel form of a single referee, to whom both sides will talk "separately and privately." What is more, it has agreed to the principle, so repugnant as a rule to trade unionists, that this arbitration shall be binding. It has withdrawn its demand that there should be a cash offer under duress. It has accepted an extension of the mileage payments as part of the settlement. Above all, it has agreed that there shall be no more "leapfrogging." If some of the grades represented by the National Union of Railwaymen get an increase as a result of an award to the footplate men, the ASLEF will not on that account put in another claim. A stand has been made, and has succeeded, on the spiral. The triumph for commonsense would be complete if Lord Justice Morris were to pitch his award in favour of the more skilled men, and in favour of some more scientific system of job evaluation on the railways.

Technique of Opposition

LABOUR has not found much scope for criticising the Queen's Speech. It is difficult to complain about a government's policy when the electors have only just made it clear that this is the policy that they want, at least in

preference to Labour's ideas. The only official Labour amendment on the Queen's Speech takes up well-worn themes about full employment, prices, peace in industry, the balance of payments and a "more equitable distribution of wealth." The motion was due to be debated on Thursday, but it is hard to see how Labour can do more during the debate than go on repeating arguments that the electors have just rejected. There has not yet been time for the "agonising reappraisal" of policy that Labour so badly needs.

But there has been time for a reappraisal of the technique of Opposition, and Labour has not yet taken advantage of it. For example, one post-election gambit of Labour spokesmen has been to run through the Tory election manifesto, pick out the items with which they agree, and then complain bitterly if any of these have been left out of the Queen's Speech. In pursuit of this policy, the Opposition has made much of the fact that there is no promise of a Bill to implement the Gowers Report on working conditions in factories and shops. The Government's retort is the obvious one that an election manifesto sets out a programme for a four or five-year Parliament, and that it is ridiculous to expect every item to be put into the Queen's Speech for the first year. If the Government has proposed sufficient legislation in the Queen's Speech to keep Parliament fully occupied for a year—and if the legislation is to be properly digested, it probably has—then Labour's complaints about omissions can only be made to carry weight by carrying an obvious addendum with them: by saying which of the Bills now proposed ought to be dropped. There are several Bills on the programme that would not be missed, but it may be best to take the most obvious and direct example. There may well be a case for giving the office and shop workers priority over the farm workers, if only because the improvement of their conditions will probably take longer to put into effect. Which Labour MP is prepared to suggest it?

Banner With a New Device

THE Prime Minister undoubtedly takes very seriously his reference in Parliament last week to the desirability of "the workers having, in some form, an increasing share, direct or indirect, in the industry in which they work. Call it profit-sharing, co-partnership, whatever you like." The election result in the ICI-dominated constituency of Cleveland, where the Labour majority was cut from 5,481 to 181 after the local Tory had claimed that nationalisation would rob the workers of the benefits of their profit-sharing scheme, was one that appeals to Sir Anthony's turn of mind. The Government hopes that the growth of industrial profit-sharing schemes in the next half-decade will be as great as the growth of industrial pensions schemes in the last one; then, by 1960, all constituencies may feel about nationalisation as Cleveland clearly does already.

To help the good work along, the Government is likely to collect and publish more information about the types of profit-sharing schemes that are already in being; and the Minister of Labour may be asked to pour honeyed words into the ears of every industrialist he meets, suggesting that his company should adopt one or other of them. In addition, Mr Butler will be helpful about profit-sharers' tax problems. One thing that may help the movement forward is that profit-sharing schemes often seem to be financed initially at the expense of ordinary shareholders, for whose fortunes both politicians and boards of directors are apt to show scant regard. In the long run, however, there is no real reason why a "profit-sharing" scheme should hurt the shareholder more than any other form of wage increase.

But there are two barriers in the way of real success for this movement. One is that the ratio of "shared profits" to total wages can never be very high; after all, before-tax ordinary dividends amounted last year to only about 5 per cent of personal incomes, and it is not proposed to sequestrate all of them. The other is that workers in profitable industries have always enjoyed higher earnings than workers in unprofitable ones; the "profit-sharing" movement is simply an attempt to give a new name, and greater formality, to a system that is in operation in all capitalist countries already. This is one reason why politicians should not get too excited about it. But there may be advantages in the new name; and even the grandiloquent term "co-partnership," as applied to some of these schemes, is no more a euphemism than is the term "public control" when applied to nationalised industries.

Mr Nehru Looks at Russia

MR NEHRU will leave a mark on the people of Russia, if not on their rulers. He has secured them the striking sight of Marshal Bulganin riding through surging crowds in an open car, slightly perturbed by the throwing of bouquets at short range; he has walked out through the gates of his embassy to talk to astonished Muscovites gathered in the street. On arriving, the Indian Prime Minister, speaking gently in Hindi and thereby foxing the Soviet interpreters, who had expected English, said that he had come "as a traveller" to get to know the Russian government and people. For the first few days it was the government of which he saw most; and in a speech on his third evening in Moscow, after carefully sharing the credit for international relaxation between his hosts and "others," Mr Nehru added rather tartly that sometimes those who spoke most of peace seemed least interested in it.

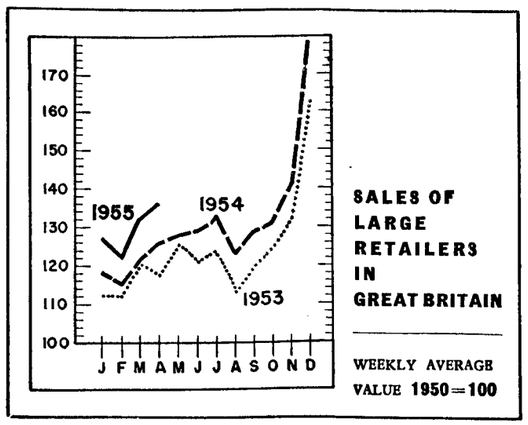
The Soviet leaders, however, are clearly determined neither to take offence nor to give any. Like Chou En-lai at Bandoeng, they are struggling to evade all controversial issues and to focus attention wholly on agreed matters. Mr Khrushchev declared last week that "no point" could separate Russia from India—a mild reaction indeed to the strictures on the Warsaw pact and the Cominform that Mr Nehru had delivered a few days earlier. A fifteenth-century Russian has been opportunely unveiled (in monumental stone) as "the first European to visit India," *pace* Alexander the Great. *Pravda* and Moscow radio have reminded Indians that they knew no poverty before the British came, that the building of their towns ceased at that point, and that the Soviet Union was the true champion of Indian independence. Its branding of Mahatma Gandhi as a British imperialist agent is now an "unfact"; so is, presumably, the description of Mr Nehru in the Soviet

Diplomatic Dictionary as having dragged India into the "Anglo-American bloc" and as "chief initiator" of Asian resistance to "the democratic and national-liberating movement in China." Only two jarring notes have been struck in public: *Pravda's* firm ruling that Russians must reject Mr Nehru's account of the Communists' role in the Indian struggle for independence, and the mutterings in the Indian press about the way Tass had handpicked individual journalists to accompany the Prime Minister on his tour.

Herr Ulbricht in the Wings

MOSCOW'S hospitality has not been restricted to Mr Nehru this week; a party of West German journalists has been receiving VIP treatment in the Soviet capital, obtaining lengthy discussion with officials of the foreign ministry and virtual freedom from censorship. The Russians have assured their guests that they will set no time limit on their invitation to Dr Adenauer. This apparent readiness to fall in with the Chancellor's own cautious response to the invitation may well be explained, however, by the Russians' confidence that opposition politicians in Bonn will continue to demand that he pack his bags for Moscow at once. The Social Democrats are, indeed, insisting that Dr Adenauer ought to meet Marshal Bulganin before the "summit" talks on July 18th. They and other West German critics seem blind to the obvious fact that to rush to Moscow means getting the worst possible terms. President Tito has just demonstrated how much can be obtained from the present Soviet government if only firm conditions are laid down in advance; that is the most relevant lesson to be learned from the Jugoslavs, who, incidentally, have now issued the flat judgment that "Germany as such cannot be neutral."

Moscow officials admitted to the German journalists last week that a demand that the Federal Republic should recognise the Ulbricht regime as an equal might come up during Russo-German talks. Herr Ulbricht himself openly takes it for granted that "normalisation" of Russo-German relations means full recognition for his government, and has even, with doubtful tact, offered Bonn his advice and the benefit of his experience in negotiating with Russians. Some measure of the confusion that has reigned in Eastern Germany in the past few days may be seen in the fact that while Herr Ulbricht was propounding "co-existence between East and West Germany" as the new formula for progress, Herr Nuschke, on the wrong foot once more, was declaring that such "co-existence" could never be. Neither of them, however, can have been altogether surprised when Dr Adenauer's new foreign minister, Herr von Brentano, said at his first press conference in that capacity that recognition of the Pankow regime could not be made a precondition for normal relations with Russia. At the beginning of June the East German leaders tacitly admitted how bitterly most Germans feel towards them when they omitted recognition of their regime from the list of ten demands on which they hope to base an all-German "people's movement" against the Federal government.



Scrabble for Europe

MR MACMILLAN gave warning, in the Commons debate on foreign affairs on Wednesday, against greeting the new Soviet moves with either emotional relief or cynicism. These two warnings, if unexciting, were well justified; but the Foreign Secretary might have added a third, a warning against losing touch with reality. At a time like this there is a natural tendency, and not least among journalists, to scrabble about impatiently for original-sounding formulae on which a new international settlement could be based, without pausing to reflect at any length on the practibility of what is proposed.

Thus, in the past week alone, the British public has been offered from thoroughly responsible sources the following strange concepts. A "neutral, truly free and independent Germany with limited but adequate forces" has been suggested as a goal, without any explanation how either the limitation or the neutrality could be imposed on a truly free and independent state. Elsewhere, the hope is expressed that if the West secures its objective of a "unified sovereign Germany, free to make its own alliances," the demilitarising of eastern Germany might then meet "Russian fears"; since this implies the disbanding of Herr Ulbricht's army along with his government, while leaving a rearmed and reunited Germany free to remain in Nato, it is hard to see the Russians eagerly greeting it as the answer to all their anxieties.

A third argument now put forward favours the granting of portfolios to East German rulers in a provisional all-German government, in order to save Communist "face"; the French and Italians, it is pointed out, have had Communist ministers in their governments and survived. The Czechs and other East Europeans, however, did not; and it is asking a good deal of the West Germans to expect them to sit round a cabinet table with men who for the better part of a decade have held down their fellow-countrymen with notorious brutality. All these suggestions bear the marks of over-haste, and at a time when extremely delicate negotiations are imminent it seems a pity that a little more thought should not take precedence over the natural urge to be first in the field with new ideas.

Labour's Finances

PEERING over the corpse of Labour's election hopes the morticians have found one diagnosis on which they can all agree—death was due to organisational atrophy. The party has less than half as many full-time agents as the Tories ; and it pays them so poorly that some are of pretty poor quality. But Mr Gaitskell had to point out this week that "a full-time agency service throughout the country would cost, even at present salary rates, between £300,000 and £350,000 a year." And this is twice the sum that comes into Transport House in the normal year between elections.

Mr Gaitskell's trouble is that he is the Treasurer of a loose federation ; and the component states—the unions, the constituencies and the Co-ops—like to keep the bulk of their money in their own coffers. The trade unions have in recent years paid the Labour party around £126,000 a year in affiliation fees ; as some of them raised their affiliated memberships last year, this figure will now rise a little, but the unions will still retain in their political funds anything up to £250,000 a year. The constituencies send £27,000 a year to Transport House, but this represents only 6d. out of the 6s. a year subscription paid by every individual party member ; allowing for a good deal of broken membership, the local parties probably keep back between £150,000 and £200,000 a year to spend chiefly at ward and constituency levels.

Mr Gaitskell's aim is to replace the present patchwork agency system with a national agents' service that will pay particular attention to marginal seats. He is going to confer about this plan with affiliated unions in September. He is likely to try to persuade the unions and the constituencies to raise their basic subscriptions if possible, and if not either to funnel more of their money to Transport House or else to disburse it in a less haphazard way. There is, of course, an element of empire-building in this. If Mr Gaitskell can recreate Labour's fighting machine, a lot of cogs in that machine are going to be deathlessly grateful to him. But there is a breath of humour in the present situation: when Mr Bevan opposed Mr Gaitskell for the Treasurership last year, his main talking point was that a Labour Treasurer need have little to do with money.

Strikers Who Won't Lie Down

WHILE the rail strike has ended sooner than might have been expected, the two strikes at the docks have unhappily dragged on longer than seemed likely last weekend. The Queen Mary was prevented from sailing by a strike of catering staff on Thursday, to the great delight of the youthful agitators on the dockside, who had previously seemed cowed by last week's failure to stop the Queen Elizabeth. As many members of the catering staff undoubtedly are working very long hours, this is one of the few cases where a court of inquiry might actually be helpful ; the more is the pity that it is also one of the many cases where the Minister of Labour's hands appear to be tied by the artificial distinction he has drawn between what he can do in an "unofficial," compared with an "official," strike.

The other strike is the one in which the National Amalgamated Stevedores and Dockers had previously been ready to recommend members to go back to work. But reactions from the northern ports have convinced the executive that it needs something to show the men for the three weeks' wages that they have forgone, someone to say that their claim for representation on local committees in the northern ports will be favourably considered. The TUC failed to give them that assurance at the beginning of this week ; and the employers merely reiterated their view that representation on the local committees is a matter for the unions to decide. As a last resort therefore the NASD have gone to the Ministry of Labour in the hope that it may put pressure on the employers to say something comforting. Presumably somebody will soon offer the union the face-saving gesture that is all it needs to satisfy its embarrassed local leaders, who are the only people who want the strike to go on. The London executive of the union was holding another meeting to consider the situation on Thursday.

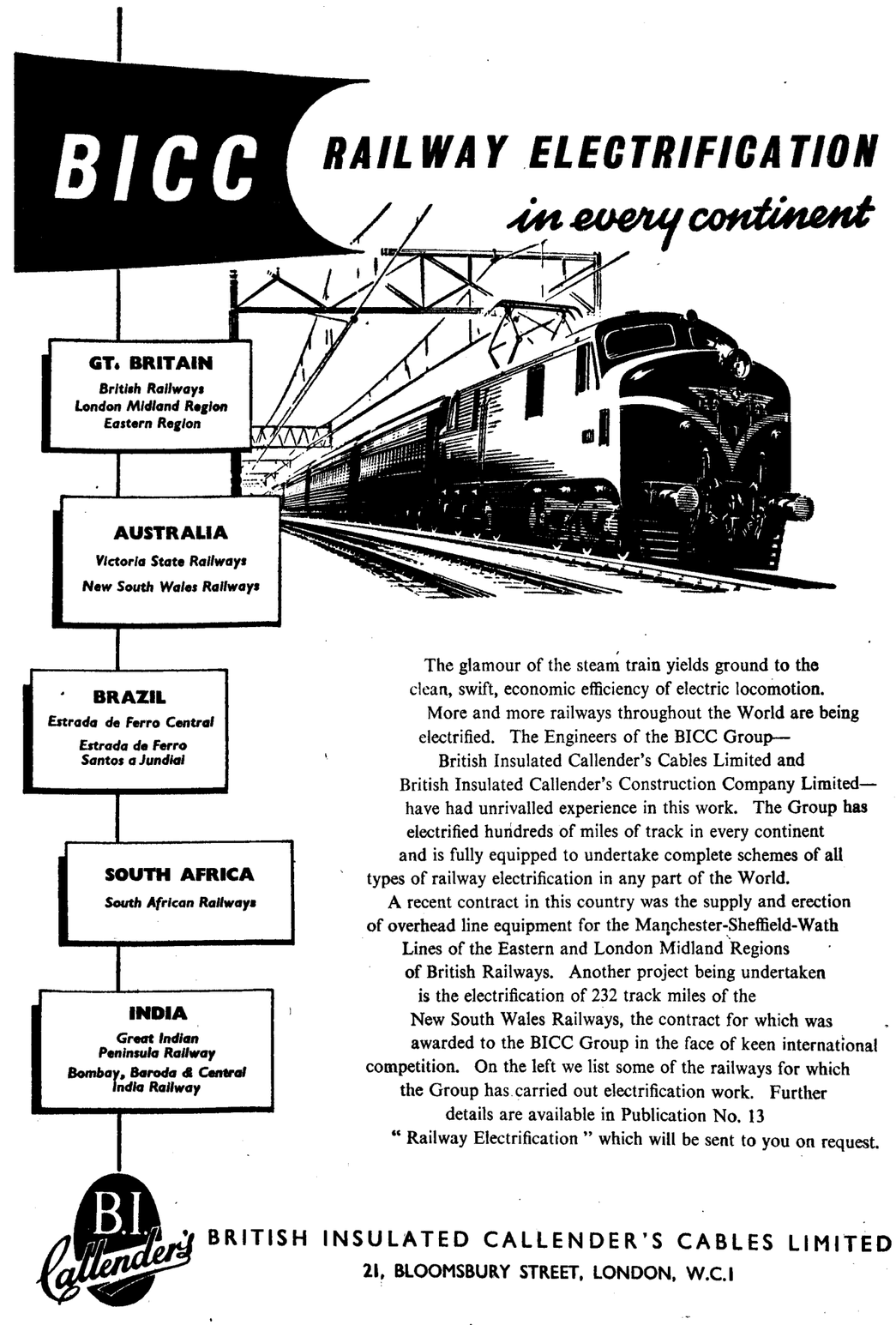
Meanwhile, perishable cargoes are rotting in the holds, imports from other countries are being returned to them unloaded, and British ports are losing favour with foreign shipping. On the NASD's side, some discontented strikers are drifting back to work, and its leaders know that a prolonged fiasco might spell the disintegration of the little union which bandit tactics have so successfully built up.

Eight Shillings to Stay at School

THE decision to bring all children who are receiving full-time education into the family allowances system is a welcome gesture. But it is no sort of answer to the report on early leaving that was published last December, and Sir David Eccles knows it. In the first place, it does not meet the needs of the eldest child, for whom no family allowances are paid (although, admittedly, the eight shillings a week will now be drawn for the second child so long as the eldest is at school, and not, as now, only until he or she is sixteen). In the second place, although the "indiscriminate" nature of the relief is tempered by the fact that family allowances are subject to income tax and surtax, the concession will not be enough to meet the needs of poorer children. Such children, it is true, may draw maintenance allowances from the local authorities, but these are paid on a varying and usually inadequate scale.

Originally the Minister of Education thought of dealing with the financial causes of early leaving by a single and more radical measure: by recommending a more generous scale of maintenance allowances. But the Treasury found his proposals, on top of his demands for higher scholarship grants and allowances to teachers in training, too costly ; and the whole question was therefore shelved just before the election. But meanwhile the Conservatives felt that they had to promise something, and the proposal about family allowances at least showed willingness.

Higher maintenance allowances will still have to come (with, it is to be hoped, the biggest plums for poorer children who stay at school until they are seventeen or eighteen). But even that will not be enough to halt the exodus of bright



The glamour of the steam train yields ground to the clean, swift, economic efficiency of electric locomotion.

More and more railways throughout the World are being electrified. The Engineers of the BICC Group—British Insulated Callender's Cables Limited and British Insulated Callender's Construction Company Limited—have had unrivalled experience in this work. The Group has electrified hundreds of miles of track in every continent and is fully equipped to undertake complete schemes of all types of railway electrification in any part of the World.

A recent contract in this country was the supply and erection of overhead line equipment for the Manchester-Sheffield-Wath Lines of the Eastern and London Midland Regions of British Railways. Another project being undertaken is the electrification of 232 track miles of the New South Wales Railways, the contract for which was awarded to the BICC Group in the face of keen international competition. On the left we list some of the railways for which the Group has carried out electrification work. Further details are available in Publication No. 13 "Railway Electrification" which will be sent to you on request.

B.I. Callender's

BRITISH INSULATED CALLENDER'S CABLES LIMITED
21, BLOOMSBURY STREET, LONDON, W.C.1

They're proud of IT!



THE STANDARD TEN Price: £409 (P.T. £171.10.10)
OUTRIGHT WINNER OF THIS YEAR'S R.A.C. RALLY

You cannot *see* IT — yet to have IT makes all the difference in the world. And IT is something you'll discover in every Standard car — that extra quality of craftsmanship and performance that makes a Standard such a cherished possession. The Standard Ten, for instance, with its four large doors, its roominess, its economy — 40/50 miles to the gallon — and its lively 948 c.c. engine always ready to meet every need. In fact, the car to do *you* proud, at home or abroad.

Standard Cars

THE STANDARD MOTOR COMPANY LTD., COVENTRY, ENGLAND
London Showrooms: 15-17 Berkeley Square, W.1. Tel: Grosvenor 8181

STANDARD CARS · TRIUMPH CARS · STANDARD COMMERCIAL VEHICLES · STANDARD DIESEL ENGINES · FERGUSON TRACTORS

children from the grammar schools before they have finished the course. The Central Advisory Council found that an unfavourable home background was far more important than shortage of money as a cause of early leaving; and the most obvious remedial measures, such as keeping schools open in the evenings to provide somewhere quiet to work, have still to be taken.

Which Pattern for North Africa?

FRENCH North Africa today presents a contrast that French die-hards prefer not to admit. Tunisia is quiet; Algeria and Morocco are turbulent. Tunisia, with which France signed a home rule agreement last month, is the only one of the three territories in which a traveller can move everywhere in complete security.

In Algeria, almost the whole eastern province is prey to a nationalist uprising, each French farm there is a minor arsenal, a lengthening casualty list includes both Frenchmen and Moslem servants of France, and the settlers are pressing the governor-general, M. Soustelle, for official permission to execute reprisals. In Morocco, Frenchmen have gone further and taken the law into their own hands. There it is the towns that are ridden with fear and violence, and this week insecurity has reached a new peak with the murder by self-appointed French "counter-terrorists" of a leading apostle of moderation, M. Jacques Lemaigre-Dubreuil.

Two months ago, this dynamic man, who had big business interests in Africa, acquired a majority shareholding in Morocco's one liberal French newspaper, *Maroc-Presse*, and threw open its columns to discussion by both Frenchmen and Moslems of the way to heal the breach in Franco-Moroccan relations. He is not the first martyr in this cause, but far more sinister than the list of victims is the fact that no French gunman has yet been brought to book. Justice tarries either because informers dare not speak for fear of a bullet, or because members of the police, and even some higher French officials, connive at counter-terrorism, or because of influence exercised in Paris on the ground that the arrest of Frenchmen would upset the present French cabinet. Perhaps for all three reasons, hopeless indecision prevails among those in authority.

The present contrast with Tunisia is the sharper because the argument of the die-hards is that, if the Moslem inhabitants gain in power or authority, France's large stake in Morocco and Algeria is bound to become insecure. Yet last week the Tunisians, during their celebrations of M. Bourguiba's return from exile, exercised a control of extremism that astonished all observers. By maintaining this degree of orderliness, the Tunisian nationalist leaders have it in their hands to prove the French die-hards wrong; and, correspondingly, to strengthen the case of the many moderate Frenchmen who think as M. Lemaigre-Dubreuil thought. Matters for decision in Paris today are whether or not the epoch of armed containment of African nationalism is dead and gone, and whether or not French opinion is going indefinitely to condone in North Africa murders of a kind that it would not brook in France. The outward sign of an end to uncertainty will be the arrest of a French counter-terrorist.

Arrests in Singapore

MR MARSHALL, Singapore's Chief Minister, has returned to the tough line with those who are baiting him in the hope of bringing down the Labour Front government and probably the new constitution with it. He has branded the attempt to organise a general strike for what it is—"a direct form of political coercion endangering the immediate welfare and security of the people." He has accordingly ordered the arrest of six of the trouble-makers (who, under the re-enacted emergency regulations, can be held indefinitely without trial). The result has been more strikes, and the ever-present threat of violence. Nor are the six the entire junta of trouble-makers. But the others have been served notice that the government intends to govern; this may have some effect on Mr Chin Lim Siong, who was named for his part in the riots a month ago, and who proposed a one-day general strike in sympathy with the 1,300 clerks at odds with the Harbour Board.

These events ought to convince Mr Marshall's government that it is useless to try to appease those nourished on revolutionary textbooks. It would clearly have been better to have so planned matters that the instruction to school management committees to eject the disturbing elements among the students could have been enforced, and the students disciplined. The consequence of the climb-down, and the ludicrous spectacle of the schoolchildren winning a "strike," were shown ten days ago, when, at a meeting on the future of Chinese education, respected and moderate leaders of the Chinese community were howled down and resolutions were passed which, if the government accepted them, would put Chinese schools, with increased finances, finally in Communist hands. As it is, the Communists have unmasked their batteries; they have shown the Chinese community (not noted for its robust powers to go against threats) their strength, and their ability to organise a sort of student-mob rule for the colony.

Much will depend therefore on Mr Marshall's staying power. A born opposition leader, he expected to be now flaying authority in the interests of the underdog from the opposition benches. The interests of the underdog, the oppressed and the law-abiding now require him to protect them in the name of authority. As Mr Hopkinson told the House of Commons on Wednesday; "Upon the maintenance of law and order depend alike the economic stability of this great centre of trade and the success of the bold constitutional advance which it has just made."

No Popular Front in Finland

A RUSH of entries during the last few days has completed the field for the Finnish presidential election, which will be held early next year to choose a successor to the 84-year-old President Paasikivi. Six candidates have now been selected, one for each party. Particularly interesting was the failure of the Communist attempt to keep the number down to five by having a "popular front" candidate jointly supported by themselves and the Social Democrats. The Communists have appealed repeatedly for a "joint stand by the two labour parties" in order to "confuse the

calculations of the reactionaries," and have even offered, in effect, to let the Social Democrats name their man. As the two parties hold between them almost half the seats in parliament, a joint candidate's prospects would have been good. But it was tactless of the Communists, in view of the Finns' sensitivity about non-involvement, to emphasise "the importance of the presidential election to the country's foreign policy," and in the event their offers have met with the coldest of receptions: their newspaper, *Vapaa Sana*, says plaintively that the Social Democrats have "not even consulted" with them.

The candidate eventually chosen by the Social Democrats at their congress this month will scarcely please the Communists. He is Mr K. A. Fagerholm, the present Speaker of the Diet and the man who, in 1948, led the government which broke up the secret police formed by the Communists while they were in office. The election will probably be fought out between him and the Agrarian candidate, Dr Kekkonen, and the battle between the two parties will give a shaking to their already rickety coalition government. Their electoral strength being evenly matched, the issue will depend on which candidate can win more support from voters of the centre ; and although the Agrarians are a more middle-class party than the Social Democrats, there is evidence that Mr Fagerholm is personally more acceptable than Dr Kekkonen, who has a reputation for risky opportunism. Meanwhile, the Communists, their overtures having been ignored, have selected as their candidate Mr Kilpi, who is now almost the only fellow-traveller left in alliance with them. Since 1948, when their underground activities were discovered, they have been left out in the cold by the other parties. The failure of their latest move will certainly prolong their vigil.

New Union Boss

It is good news that Mr Jock Tiffin has been elected to succeed the late Mr Arthur Deakin as General Secretary of the Transport and General Workers' Union—although there was never much doubt that he would be. He has been acting General Secretary since Mr Deakin died on May Day, and was Assistant General Secretary for seven years before that. He was therefore clearly the favourite in the ballot of union members that has been going on for the last ten weeks.

Mr Tiffin's appointment will be a disappointment to the Communists. They had placed their hopes on Mr Charles Brandon, who in the event polled 146,000 votes to Mr Tiffin's 267,000. Mr Brandon is not a Communist nor anything like one ; but he had the advantage, from the party's point of view, that he is opposed to the rule that was introduced on Mr Deakin's initiative in 1950 forbidding any Communist to hold union office. To rescind that rule is an essential preliminary to the Communist plan to get control of the largest union in the country. Mr Tiffin, on the other hand, is as hostile to the Communists as his former boss—although possibly less inclined to take a bludgeon to them. His activities since he became acting General Secretary, and in particular some very sensible letters he has written to the press, augur well for his term of office. An army officer in the first world war, who became a bus driver after it, Mr Tiffin now succeeds Ernest Bevin and Arthur Deakin in one of the most important and difficult jobs in Britain. One of his first tasks should be to improve the union's public relations, both within its ranks and with the outside world.

Crime and Punishment

London's police force is still some 4,000 men below establishment, but there was less crime last year than in 1938. The number of indictable offences in the Metropolitan Police District, according to the Commissioner's annual report (Cmd 9471), was 93,937, compared with an annual average of about 127,000 in the immediate postwar years and with 95,280 in 1938. Compared with 1953, offences against the person, "breakings" and larcenies—the three main groups of crime—all showed a decline. Compared with 1938, offences against the person increased by nearly 66 per cent, and "breakings" also were higher ; but larcenies, which account for about 80 per cent of all indictable offences, fell by over 5 per cent compared with both 1945 and 1938.

The Police Commissioner refers to the fact that the amount of crime "cleared up" last year was, with the exception of one war year, greater than had ever before been recorded. But the proportion was nevertheless only 32.7 per cent, which compares with about 47 per cent for the whole of England and Wales. It says much for the efforts to improve the efficiency of an undermanned police force that the proportion of offences cleared up today is higher than before the war, when it fluctuated between 22 and 28 per cent ; and it would doubtless be higher still were it not for the diversion of the force's energy to controlling London's traffic. But what would be the state of the prisons if the police could catch even half of all London's burglars, instead of only a quarter of them ? (The proportion of "breakings" cleared up last year was 24.3 per cent.) In this connection, it is worth noting the Howard League's suggestion of a departmental inquiry into alternatives to imprisonment for certain offenders. If civil prisoners and certain groups of first offenders, who receive short sentences, were otherwise dealt with, the prisons could cope more effectively with those for whom a long term of imprisonment is the only course.

CGT Disunion

The Communist-dominated group of French trade unions have offered this week the unusual spectacle of open controversy. The congress of the *Confederation Générale du Travail* had already been preceded by lengthy polemics in the union press, in which the old quarrel between revolutionaries and reformers was revived once again. The argument centred at first on the Thorez thesis of the "absolute pauperisation" of the French working class. Some of the non-Communist leaders in the CGT quarrelled with the assertion that the conditions of the French worker were not improving and could never be improved within the present regime. Since France is not on the eve of a revolution, the dispute was really one about tactics for the present period.

At this week's conference it quickly shifted to the problem of a programme. M. Le Brun, backed by some other non-Communists, deplored the fact that the CGT is now abandoning a constructive economic programme dealing with production, nationalisation and investment. The secretary-general, M. Frachon, replied that this tended to foster the "dangerous myth" that progress could be achieved within the capitalist society and, amid general applause, advocated the substitution of a "plan of action," a negative programme of working-class demands.

The heart of the dispute really was whether the workers have a stake in the quicker development of the French economy as long as it remains capitalist. This dispute has been simmering for some time, and the Mendès-France interlude has brought it to the boil by raising hopes even in certain quarters within the CGT. M. Frachon has obviously won this week's battle, and the Communists have no intention of playing into the hands of M. Mendès-France. Indeed, although a wide variety of "Left" labels has now become fashionable, the real choice for French trade unionists may soon prove to be simply between "progressive capitalism" (as advocated by M. Mendès-France) and a *front populaire* including the Communists.

Neutralising Strategic Controls

Not much notice has been taken in the West of the small and superficially guileless clause (article 29) which the Russians inserted in the Austrian treaty pledging the Austrian government to "non-discrimination" in its economic relations with United Nations countries. Equally little attention was paid to a similarly worded declaration, which was tucked away in the Belgrade communiqué issued after Marshal Tito's talks with his Russian guests. Yet it is obvious that these provisions did not simply slip in by accident. The explanation is evidently that the Russians, in pushing their new policy of neutralisation, plan also to neutralise the West's controls on the export of strategic materials to the Communist bloc.

The Communists have always denied that the controls hurt them, but, whether because of injured pride or because of need, they have never spared any efforts to break the embargo. Now a new and more subtle manœuvre is being tried. The Austrians, who never belonged to Cocom (the committee in Paris that co-ordinates the controls), have never formally banned strategic exports to the Communist bloc ; but up to now the Western occupation authorities were always on the spot to keep an eye on things. Moreover, it was a simple matter to prevent the transhipment via Austria of goods on the prohibited lists by controlling the inward flow of exports from third countries. Now, however, the Austrians are committed to non-discrimination in their trade with their Communist neighbours, and to cut off exports to Austria of goods labelled strategic because they might be transhipped to the Soviet bloc would certainly be regarded an an unfriendly act on the part of the West and a godsend to Moscow's propagandists. And the Russians will doubtless also put the Austrian government on the spot by demanding repayment for the properties they are now giving up in the form of strategic goods.

Jugoslavia, like Austria, is not a Cocom country ; but until recently there was no question of its exporting strategic goods to the Cominform states, as they themselves had imposed a total embargo on all trade with it. Another possible loophole has thus now been opened. Should the Jugoslavs permit any heavy traffic of strategic supplies to the Soviet bloc (there is no indication that they will) the Americans might find themselves forced to apply the Battle Act, under which all forms of United States aid have to be terminated if a country knowingly supplies banned strategic materials to Iron Curtain nations. This would be a grave and difficult decision.

Ebbing Tide of Treasures

A pointed message to the new Parliament was delivered by Professor Lionel Robbins—who, besides being one of Britain's leading economists, is chairman of the trustees of the National Gallery—in a recent speech to supporters of the National Art Collections Fund. Professor Robbins expressed concern about the rate at which this country is being denuded of its works of art since their export ceased to be restricted by the Board of Trade. The old system worked unfairly, and was replaced in 1953 by a new arrangement whereby the export of a work of art could be forbidden only if one of the national or municipal collections was prepared to buy it at a fair price. But the resources of these collections are nothing like sufficient to buy all the works that should be saved for this country as they come on to the market. Moreover they become less and less adequate as prices in the international art market are forced upwards by growing demand for works of art abroad (especially in the United States), by steadily increasing purchasing power to make that demand effective, by the tendency to buy old masters as a hedge against inflation, and by the ordinary processes of inflation itself.

But there is no need, Professor Robbins pointed out, to wring one's hands helplessly as the tide flows out. The gross market value of all the important works of art, created more than one hundred years ago, which remain in private hands in this country is—he estimated—only about £15 million. But he did not for a moment suggest that the state should go out and buy them. All that he asked was that the annual grants to art galleries should be enough to enable them to buy all the minor works of art that come on to the market—the major ones being bought, as now, with special grants. This, he estimated, could be achieved for an extra expenditure of only £250,000 a year. It is an expenditure that would be well worth while.

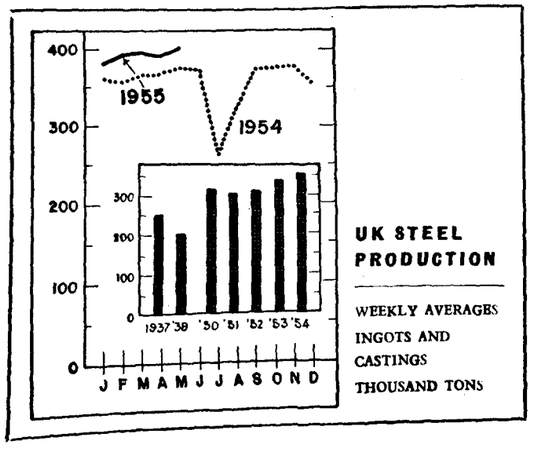
More Trouble for the ILO

Once again the annual conference of the International Labour Organisation has been disturbed by dissension over the status of employer delegates from the Soviet bloc. The non-Communist employer delegates voted down all

nominations of the latter to the various technical committees on the grounds that they are merely additional mouthpieces of their governments. The compromise adopted at the ILO's European regional conference earlier this year—that Communist employer delegates should sit on the committees as deputy members without the right to vote—was then adopted again by the full conference against the opposition of the employers. Almost all the latter, however, eventually made up their minds to make the best of a bad job for the time being ; only the American and Greek employer delegates decided to boycott the committees.

It is a great pity that the ILO should once more become a cold war battlefield—and, what is more, on the initiative of representatives of the free world. It is not as if the employers' previous stand on this issue had gone unheeded ; a committee has been appointed to investigate the whole problem of the freedom of employers' and workers' organisations from government control, and it is hard to understand why the employers could not contain themselves until this committee had reported. It was apparently because the matter is thus in a sense *sub judice* that the trade union delegates, who have every reason to take exception to the credentials of the Communist workers' delegates, have accepted their presence on the committees as full members. The employers, on the other hand, have alienated sympathy from what is recognised to be in itself a reasonable case, by creating the impression that they are determined to force the Communists out of the ILO even if this means wrecking the organisation. The Communists, for their part, show every intention of hanging on. They cannot be expected to acquiesce indefinitely in an arrangement whereby the employers' delegates are separated into sheep and goats with themselves always among the goats ; on the other hand, if they returned to the ILO with the intention, as many suspect, of causing trouble, they are doing very nicely—thanks largely to their opponents.

It looks as if the ILO will soon have to sacrifice either its universality or its much-prized tripartite organisation of workers, employers, governments. The problem posed by the Soviet bloc delegates is in reality a much wider one, as the committee of inquiry's report will no doubt show. It would perhaps be both wise and prudent to preserve the ILO's universality even at the cost of changing and enlarging its organisation. In that way all could play their part, but none could sail under false colours.



Siren Songs for Refugees

URGENT appeals to refugees to return home have accompanied the present Soviet campaign for "relaxation." The drive is not entirely new. The westward flow of refugees has always been a difficulty for Soviet and satellite propaganda and efforts have been made from time to time to coax some exiles back to their fatherland, but only last spring did this campaign assume serious proportions. The Russians then set up a special committee in East Berlin whose main purpose seems to be to reassure the refugees that they will not be sent to a concentration camp on their return. The Hungarians followed suit after proclaiming an amnesty, and now it is the turn of the Czechs. The recent Czech amnesty was accompanied by a direct appeal not only to those who escaped but also to "sportsmen and trade representatives . . . who have remained abroad."

The intensification of this wooing campaign has created quite a stir in refugee circles. Some counter-propaganda, however, seems too much concerned with finding loopholes in the various amnesty decrees. Does it really matter whether the documents have been loosely worded so as to enable the Czech or Hungarian governments to arrest any returning refugee they choose ? Communist governments have never been greatly bothered by legal niceties, and whether the "prodigals" are arrested or not on their return will depend on general policy, not on the wording of any document that is now being brandished.

It is still too early to judge what success these new appeals may find amid the mass of East European refugees. They may well find an echo among a few, discontented with the often depressing conditions in some camp in Germany or Austria. Yet the relaxation of the police grip in Eastern Europe will have to be vastly more complete and visible for the bulk of the exiles to be induced to go back to the homelands from which they had to escape. For the time being the satellite siren songs are not likely to have much effect ; and the flow of refugees from Eastern Germany, whence it is relatively easy to escape, has recently again increased.

Bleak Outlook on Hungary's Farms

THE Hungarian Communist party has announced that it intends to do all it can to develop sound and cordial relations between Hungary and Jugoslavia. If this should ever lead to an exchange of "socialist experience" and if the Hungarian and Jugoslav leaders should ever put their heads together over agricultural problems, they will find plenty to talk about ; for whereas the Jugoslavs have long realised that relentless collectivisation is a mistake, the Hungarian Communists have apparently come to the conclusion that it is the answer to all their agricultural troubles. Last week their central committee passed a resolution which showed that the recent cautious retreat to the left in the countryside is developing into something like a stampede.

According to their own admissions, they face falling agricultural production, the need to import "considerable quantities" of grain, the non-fulfilment of even the reduced

compulsory deliveries, and "rampant indiscipline" in the local councils and on some of the farms. For this unhappy state of affairs the blame is placed fairly and squarely on the right-wing deviations of the unfortunate Comrade Nagy. A more correct diagnosis would probably show that these alleged right-wing deviations had not been pressed with sufficient vigour. The peasants were conciliated, but their suspicions of the regime's long-term aims were not removed; thus they continued to dissociate their interests from those of the party bosses and merely felt, apparently, that they could flout them with more impunity.

Ever since the fall of Mr Nagy last March, Mr Rakosi and his supporters have been trying to ginger up the party organisations in the villages and have been stressing the impossibility of any further delay in the "socialist transformation" of the countryside. But it was not until last week that they set themselves a definite goal ; by 1960, the "socialist sector" of agriculture, which now covers about one-third of the arable land, is to cover over half. Moreover, special emphasis is to be placed on the most advanced type of collective, and discontented collective farmers can no longer, as in Mr Nagy's day, walk out when they wish. It is true that the collectivisation goal is still fairly modest and that there is still to be no open compulsion. But the outlook for the private farmer is bleak. He is still being courted by the regime with fair words and promises of material aid ; but it is made abundantly clear that the reason for this is simply that he and his fellows farm 70 per cent of Hungary's arable land and the regime must have more food. If the drive for more collectives is successful, the private farmer will become an ever less important member of the community ; he will find that his treatment by the regime will deteriorate to the same degree.

Bradshaw's New Dress

THE railway strike has postponed, among other things, a railway event. The new edition of "Bradshaw's Railway Guide," containing the timetables of the summer services that should have started on Monday, appears in a new format ; but copies have been marooned in Manchester. The change has been a long time in preparation. One by one the timetables of the different regions of British Railways (which are, in effect, sections of "Bradshaw") have been appearing in a new page-size (with nearly twice the type area of the old) and handsome sans-serif type. This time the change is complete and "Bradshaw" itself makes the transition.

The disappearance of the traditional square volume will bring much regret to railway enthusiasts and timetable fans, who are as sentimental as they are numerous. But in truth it was long overdue. The old type was so small, so badly worn and (at times) so erratically printed that to look up a train had become an ordeal to all but the youngest of eyes and the most resolute of column-chasers. When the fog of emotion has dispersed, British Railways and Messrs Blacklock, the proprietors of "Bradshaw," will be congratulated on a great improvement.

Now that they have dealt with the typography, perhaps they would turn their attention to the actual arrangement of the timetables, which is not at all sensible. Most of them seem to have been drawn up on the assumption that as much information should be crowded into a single table as possible, and that the ideal timetable would be one which showed, within a single frame, every train running on British Railways. Thus the table headed "London to the South Coast" shows on one page trains going to places as far apart as Hastings and the Isle of Wight, and by a number of different routes out of London ; it takes 72 pages to accommodate the whole monstrous table. But no passenger is interested in all this information at once ; to divide it up would make it much easier of reference, and if that involved a certain amount of repetition, what harm would be done ? On the other hand, a traveller who wants to trace out as simple a journey as from Waterloo to Andover (66 miles down the main line) has to piece it together from three separate tables before he can be sure that he does not have to change. The whole series of tables should be looked at afresh from the passenger's point of view.

There is another defect in the new "Bradshaw." Though it is now a large volume, ten shillings is an indefensible price for the only official source of essential public information.

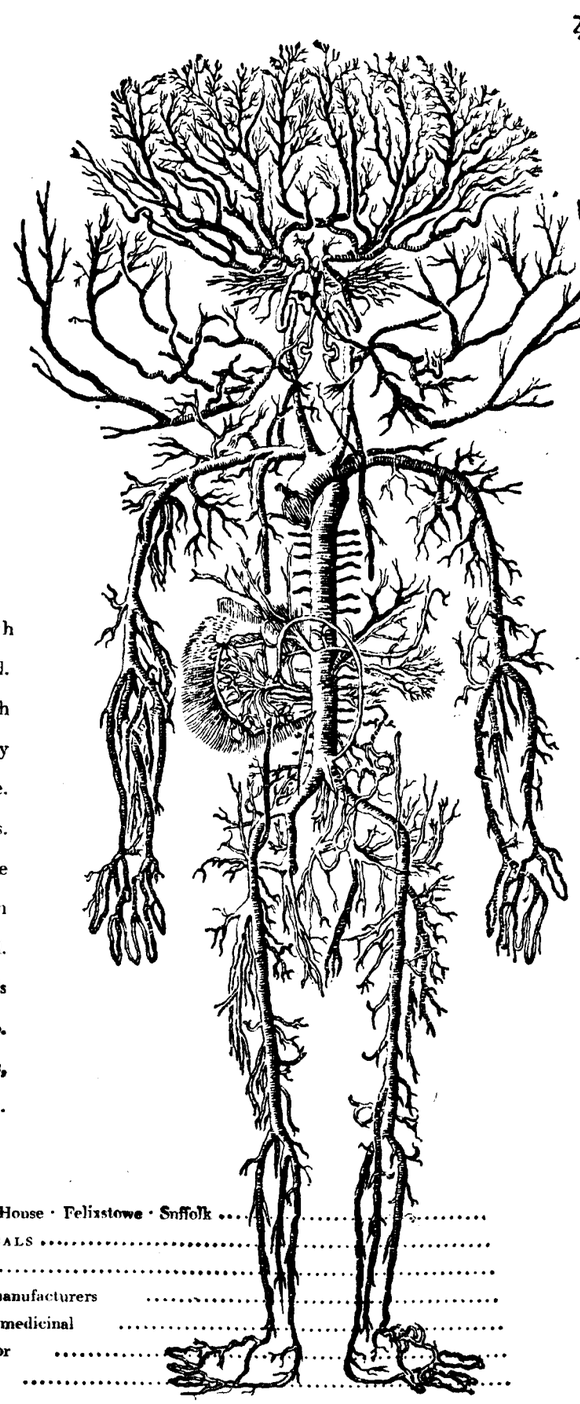
War Aims

The final and formal closing of the Vienna Conferences and the rapid progress of our arms before Sebastopol and in the Sea of Azoff have wonderfully cleared our ideas and made plain the path of our policy before us. The character of the war enlarges in scope and dignity as its unavoidableness becomes more obvious, as it becomes clear that it must be ended by the sword and not the pen, and as its real, grand and sanctifying OBJECTS shake themselves free from the misty subtleties and wretched trivialities in which diplomacy has so long shrouded their actual majesty and worth. We are beginning to take in the conception that we are engaged in a contest which admits of no compromise ; in which anything short of signal triumph would be virtual defeat ; whose aim—if it have any worthy aim, whose justification—if it have any adequate justification, is the deliverance of Europe from a great peril, and the complete emancipation, once and for ever, of the cause of freedom, civilisation, and progress from their most irreconcilable and mightiest foe. . . . There are those who, looking back to the precedents of history, do not scruple to predict that as soon as the capture of Sebastopol has redeemed our prestige and restored our good humour, we shall accept proposals for peace, treat on the bases of the terms demanded at Vienna, play the generous, forget the just, raise a memorial column at Inkerman, sell the railway and the submarine telegraph to our vanquished foe at half price, and come home, as of yore, with an idiotic smile of self-complacency upon our scarred but radiant visage,—and full of a peace that passeth understanding! It may be so. The treachery of Bolingbroke in 1713, and the weakness and selfishness (if nothing worse) of Bute in 1763, and the folly and incompetence of Castlereagh in 1815, are suspicious cases in point. But the people are both more awake, more enlightened, and more powerful than in those days ; and it might prove dangerous to be guided by such precedents, as it would assuredly prove futile to appeal to them in justification of similar enormities. There might be difficulty in arranging what should be done with the Crimea:—as to what should *not* be done with it, there could be no difficulty whatever.

The Economist

June 16, 1855

man and tree



If nature is kind, a man may live in health to a hundred years, a tree to a *thousand*. Man's knowledge of the chemistry of health is increasing. Through science man is gradually making nature kinder and more predictable. Fisons are in the business of chemicals. Their main manufacture over the last hundred years has been chemical fertilizers to enrich the soil. But they make chemicals for medicine and industry, too. Fisons contribute to Britain's harvests, health and wealth.

FISONS LIMITED · Harvest House · Felixstowe · Suffolk
FERTILIZERS · HEAVY CHEMICALS
Fisons are also among the largest manufacturers in Great Britain of pharmaceuticals, medicinal food preparations and fine chemicals for Industry. Many of Fisons products in these fields are household names

it's all in FISONS field

Letters to the Editor

Why the Conservatives Won

SIR—I am afraid the *Manchester Guardian* was just plain wrong about Gorton: the wards we lost were Openshaw (the biggest, and well-nigh 100 per cent Labour); Levenshulme (which went into the neighbouring division of Willington (small), about 60 per cent Conservative to 40 per cent Labour). That left the pretty solidly Labour Gorton North and Gorton South (mostly Labour but with a Conservative enclave). The two new wards added unto us were Denton (12 Labour, six Conservative councillors; over-all vote about 55 per cent Labour, 45 per cent Conservative) and Audenshaw (12 Conservative, three Labour councillors; over-all vote about 70 per cent Conservative, 30 per cent Labour).

My Conservative opponent's calculation, based on the 1951 voting figures for these four wards, was that the Labour majority in the "redistributed" constituency was 1,000, and that a swing-over of 600 votes would give him the seat. Our own estimate, also based on 1951, was a 2,000 majority for Labour. In point of fact, the voting in Gorton was just under 77 per cent as compared with 82 per cent in 1951 and 72 per cent in the Manchester region taken as a whole.

My Conservative opponent, incidentally, while differing from my view that Labour abstentions (Gorton North and South still had the "safe seat" complacency) accounted for the smallness of the Labour majority (he claimed we had polled our full strength), agreed with me that the personality of the candidate had little or nothing to do with the result. After all, I was selected only on May 1st, endorsed on May 4th, arrived in Manchester May 5th and got on the job May 6th. In 20 days only a fraction of the 54,000 electors living in 30,000 houses ever saw or heard me!—Yours faithfully,

K. ZILLIACUS

House of Commons

★

SIR—It hardly requires detailed local knowledge of Coventry North to see that a reduction of 2,000 in an electorate is a rather inadequate explanation of the 6,000 fall in Mr Edelman's majority. I do not possess an electronic brain, but hope that Mr Edelman will not find any mistakes in my figures.

In 1951 Mr Edelman received 59.6 per cent of the votes cast; in 1955 he received 53.5 per cent. Swing, 6.1 per cent. But the electorate had fallen by 2,112 between the two elections. Mr Edelman argues that most of these were his supporters, and should not be counted in assessing the swing. Let us therefore try to eliminate them from the 1951 result. We cannot, of course, assume that all of them would have voted. There was an 86.4 per cent poll in Coventry North that year; we can only take the same percentage for those 2,112. It is likely to be an overestimate; a hostel suggests a transient population; many of whom would depart between registration day and polling day. But speculation about local conditions had better be avoided; perhaps Coventry North Labour party was exceptional and had the postal vote well organised.

Assuming that 86.4 per cent—i.e., 1,825—voted, how did they vote? Without possessing local knowledge, one may still assert that there was in 1951 hardly a constituency in the country, outside the mining areas and the East End of London, where Labour polled over 70 per cent of the vote. If, therefore, we allocate these 1,825 in the proportions of 75 per cent to Mr Edelman and 25 per cent to his Conservative opponent, we are unlikely to be underestimating Mr Edelman's support among them. So we deduct 1,369 from Mr Edelman's 1951 figures and 456 from his opponent's. That would have left him with 59.0 per cent of the votes in 1951, instead of the 59.6 that he actually got. He would still have a swing of 5.5 per cent to account for, compared with a national swing of under 2.1 per cent, or even one in his immediate neighbourhood of under 3.1 per cent. Mr Edelman may laugh at "the backroom numerologists," but numbers are what matter at elections.—Yours faithfully,

EDWIN CHAPMAN

London, S.E.26

How the Bill Tender Works

SIR—In your issue of June 11th you turn on the Lombard Street cartel a considerably kinder eye than that you usually reserve for restraints upon competition. The virtue you find in it is that the discount houses apparently consider themselves under an obligation to stand ready at all times to absorb, if necessary, the entire weekly bill offering, thus exorcising from the Treasury Chambers the spectre of an inadequate response to the tender which rattled such an effective chain in the twenties.

It is difficult to attach much weight to this kind of argument; certainly it is impossible to make a comparison between the late twenties and the present time. In the former period the commercial bill supply in London exceeded the tender bill supply, so that a complete abstention by the market from the tender would have involved the idleness or redirection of a relatively small part of its total resources; now that the commercial bill supply is 10 per cent or less of the total, however, the eventuality is scarcely conceivable. More important, the real danger in the twenties was not that of an inadequate allotment as such, but that short-term funds would be leaving London and draining the gold reserves. If the money market abstained from tendering today, as you appear to believe is possible, this major danger would not arise. Nor would there be anything inflationary, as you suggest, in a resort to Ways and Means in such circumstances; the authorities would simply be creating the idle cash corresponding to the hoarding inclinations of a self-denying market.

You are right, however, in suggesting that the whole bill system requires reconsideration in the light of modern circumstances. At the beginning of the century, when the total bill issue at the end of the financial year amounted to about 12 per cent of annual government expenditure, there was still some sense in regarding the Treasury bill as a device for meeting short-run divergences between government revenue and expenditure. To maintain this fiction today is absurd. Quite apart from the enormous tap issue, tender bills amount to some 75 per cent of total government expenditure; in the last financial year their volume varied by only £300 million or so, but at no time fell below £3,000 million. There may well be merit in maintaining the continuous turnover four times a year of what is in fact an enormous permanent debt. But we do not really get much further forward by talking about the money market in terms of a public-spirited body combining to reduce its charges to an impecunious government forced to rely on its generosity. Let us be objective about it: there is quite a big boot on the other foot.—Yours faithfully,

EDWARD NEVIN

University College of Wales, Aberystwyth

Nettles to Grasp

SIR—You compared cost of living changes in this country and in the United States during the past three years and stated that the latter also has "virtually full employment." In US Statistics on page 804 of *The Economist* unemployment for April, 1955, is given as 4.6 per cent of the civil labour force. This percentage applied to this country would give an unemployment figure exceeding one million. Would any of the political parties be prepared to describe such a figure as "virtually full employment"?

I suggest that if inflationary measures to promote full employment in this country had been administered less vigorously during the past three years the cost of living here would have been as stable as America's.—Your faithfully,

Southsea JAMES C. W. DRABBLE

Books & Publications

The Intelligent Wildcat's Spots

CONFLICT WITHOUT MALICE.
By Emanuel Shinwell.
Odhams. 252 pages. 21s.

THE story of the Labour Party's years of transition, from a form of street corner agitation to the responsible Government of the land, will one day be written as a lurid best-seller. When that day comes, it will have to be recognised—however rude this may sound—that it triumphed in spite of, rather than because of, the early records of some of its leaders. As the working class recognised its democratic power, Labour swept forward on a popular tide; the tide carried some odd pieces of flotsam and jetsam with it; and, once they reached shore, those pieces were transformed into surprisingly successful servants of the state. Among the most notable of these transformations was that of Emanuel Shinwell, whose autobiography is a strange mixture of self-pity and self-justification for his unpleasant years and shrewd commonsense about his years of triumph.

Mr Shinwell graduated through street corner oratory to the Glasgow Trades Council, and he was sent by that council as a professional agitator to keep the Seamen's Union strike of 1911 on the boil. Within a short time he was running what the TUC "most unfairly" regarded as a breakaway union, and was running it in an unorthodox way. There was, for example, an anti-war meeting in 1917, into which an anti-German faction tried to gain admission:

> I went to the top of the landing and saw that Jamieson had managed to force the door sufficiently to get his head through, so I ran down and punched him between the eyes. The door was closed and I returned to the platform, where I made a short introductory speech in favour of peace by negotiation.

More seriously, there was a "skirmish" on the dockside, in which an official of the older union fired a revolver at Mr Shinwell, and killed a man at his side. It may be a significant commentary on the nature of the "skirmish" that this official "got off on the grounds of self-defence." Mr Shinwell says that Glasgow policemen at this time were "most brutal," and came mostly from the Highlands "with a heritage of class war against the Lowlands." The first time that they mistook Mr Shinwell for a Lowlander was when, out of no feeling of disrespect, he tried to march with a protest meeting "into the Cathedral, where morning service was being held." A second time was after the Glasgow riot of 1919, when Mr Shinwell was sent to prison for five months. Less than three years after his release he was returned as Member of Parliament for West Lothian. As he rides south to Westminster, he does not carry the reader's vote.

And then, at this watershed of his career, the whole character of the man changes. Within a very short period the national press is noting with "surprise" that he is fitting far more easily into the "conventions of parliamentary debate" than any of the other red rebels of Clydeside; he is tucked securely under Ramsay MacDonald's wing; and he has become Minister of Mines. Moreover—except where, as in the coal mine amalgamations of 1930 and the fuel crisis of 1947, his post demands some knowledge of economics—he fulfils his successive departmental duties extraordinarily well. The reason is not far to seek. Although his self-pity for his early years is almost nauseatingly exaggerated—his father, after being "victimised" from job to job for his defence of workers' rights, was somehow victimised, in Mr Shinwell's early teens, into the job of manager of a clothing factory—the young Emanuel did have one unfair cross to bear; he was snatched away from school far earlier than a boy of his intelligence ever should have been. The result was that, at Westminster and in Whitehall he came into contact for the first time with men of his own intellectual level; not surprisingly, he immediately fell in love with them, whether they were on the Labour or the Tory benches, in the higher civil service or among the generals at the War Office.

It was not a blind love. Foolishness and pomposity still met the flail of his tongue, and on one notable occasion on the floor of Parliament most regrettably also of his fists; this verbal flail is kept in motion throughout his autobiography, and it whips out strictures upon certain of his own colleagues that will not make him more beloved. But the object lesson of Emanuel Shinwell, the wildcat who changed his spots, remains. Under the modern educational system he would have drifted, through grammar school and university, into the better-paid ranks of industry—which he very nearly joined, even at the expense of turning his back on Labour politics, in 1931. And this would have robbed the Labour movement of thirty-five years of the sort of service with which it can ill afford to dispense. Where will Labour get its working class agitators of the future? Only from those who fail the eleven-plus examination?

Historical Criticism

BYZANTINE STUDIES AND OTHER ESSAYS.
By Norman H. Baynes.
Athlone Press. 392 pages. 35s.

"OF my name," said Professor Baynes in his valedictory address to University College, London, in 1942, printed in this volume, "the world still remains in an ignorance which could not well be more complete." The modesty and humorous overstatement are equally characteristic. To the world of historical scholarship, international and national, our chief authority on late Roman and Byzantine studies is *vir summus*. He is successor and biographer to J. B. Bury, as Bury was successor to Freeman: a unique line of intellectual descent, springing not from a master-pupil relationship but from vocation alone. He ranges in judicial eyre from the Hellenistic period far down to the Ottoman capture of Constantinople, and during the war he turned to investigate National Socialism and made a splendid edition of Hitler's speeches. His erudition has been mainly exercised in learned journals; this volume of essays and reviews, whose scholarship compares with the reprinted pieces of some other historians like cognac with orangeade, is ("Hitler's Speeches" apart) his longest book. It has been selected and edited with admirable care by Professors Humphreys and Momigliano.

Professor Baynes's historical criticism is traditionalist, not innovatory. Perhaps his most influential single work (not included here) has reinterpreted Constantine's adopting Christianity as a religious conversion and not a political stroke; and the controversial pieces in this volume are usually concerned to restore the significance of a source or to clarify the reputation of an individual. His use of sources is constantly vivified by a Collingwoodian imagination of human motives—of the passionate adherence to tradition of cultivated pagans like Symmachus, who could not know that their cause was lost; of the divided feelings of Roman converts to Christianity like Lactantius, as they foresaw the dissolution of the Empire; of Athanasius putting his luggage on board and ordering it off again as he hesitated whether to obey the emperor's summons to the capital; of Ambrose, another unlovable saint, skating in his funeral orations with diplomatic smoothness over the suspicious manner in which superfluous members of the imperial family have disappeared.

Much here is of political interest. A study of the struggle between the patriarchates of Alexandria and Constantinople shows how, in a world state, power politics continue below the surface, with all the accompaniments of modern diplomacy; and there are fine essays on the political theory of Byzantium and of St. Augustine. But while Bury concentrated on the Byzantine state, Baynes's interest has lain in Byzantine social life and thought. It is a world both authentically Greek, so that

when an eleventh century emperor appeared with his Caucasian mistress a courtier quoted the verse from Homer about Helen walking on the walls of Troy and everyone knew the allusion, and profoundly Christian, so that beyond all political and military skill it reposed its confidence in supernatural defenders. The learning concentrated in this book on special points diffuses a wide and gentle radiance, in which we recapture the pride and beauty, the piety and fears, the stability and endurance, of a civilisation that stands at the opposite pole from our own.

Economics of Government Action

THE THEORY OF FISCAL ECONOMICS.
By Earl R. Rolph.
University of California Press. (London: *Cambridge University Press.*) 324 pages 34s.

IN the fiscal field, more than in any other, economics should serve as a guide to conduct. Only a Harriet Martineau could expect individuals in their private capacity to be influenced towards wise behaviour by the study of abstract economic principles; with governments, the case is different. Professor Rolph writes for fellow professionals, not for Chancellors, concerning himself neither with administrative nor with political practicabilities and manfully eschewing value judgments; but his aim, which is the clarification of the effects of government actions, implies that Chancellors should act in the light of theoretically sound reasoning.

Theoretical soundness demands separate consideration for the effects of purely monetary transfers initiated by the government—inflows and outflows on account of capital and interest transactions, subsidies, taxes themselves—and the diversion to government ends of real products. Thus the inquiry diverges on the one hand into monetary theory and on the other into market theory, with remarkable results. Dealing with the incidence or "burden" of different types of tax (excise, import duty, income taxes variously determined) Mr Rolph concludes that no burden ever rests on consumers, owners of resources being the ultimate bearers in every case; that it is impossible, whatever assumptions are made about elasticity, to "tax the foreigner"; that income tax has no effect on the supply of human energy and, if losses are fully offset, actually stimulates risk-bearing. Opinions to the contrary, he asserts, and, within his assumptions, satisfactorily demonstrates, rest on confusion either with the effects of government spending on real resources or with those of monetary change. In the monetary field he rejects Keynesian analysis outright on the grounds that it violates Whitehead's principle that causes cannot be contemporaneous with their effects—a principle which evidently rules out the determination of current consumption by current income and leaves the latter to be settled by the volume of pre-existing assets.

The conclusion that income is irrelevant to consumption is paradoxical enough to give any reader pause. Considering the paradox, one discovers what is wrong with Professor Rolph and, indeed, with the more arrogant model-builders of all schools, including the Keynesian. It is the substitution of a direct causal relationship between economic data for a relationship between human decisions based on those data. Only when human decision is left out of the picture is the Keynesian argument vulnerable to Mr Rolph's strictures; for decision is as capable of using contemporaneous events for data as any others. The more thoroughly the element of human decision is omitted, moreover, the easier it is to represent as effective, through round after round of causal sequence, the repercussions of events which in real life are absorbed, blocked off and swamped in the mass of determinants impinging on human choice.

Among that mass of determinants—rational or emotional, legal, conventional, merely habitual—the economic analyst must necessarily pick and choose. Some selections are better than others (as that of Keynes was better than that of the classics). Mr Rolph's deserves considerable respect, and the use he makes of it could hardly be bettered. But the price of selection is an unreality cumulatively increasing the further each set of causal sequences is traced. Much internal evidence suggests that Mr Rolph is as capable of applying horse sense to real life as of dissecting logical sequences in a vacuum. But his book runs the risk, common to all "rigorous thought," of inspiring less sensible persons to preach quite inappropriate practical applications. In the field of fiscal economics in particular the more watertight the logic, the more impressive the argument, the more excellent the finished work, the more desirable is a warning label: Not to be Taken Neat.

Admirable Snowman

MAN OF EVEREST: *The Autobiography of Tenzing.*
Told to James Ramsey Ullman.
Harrap. 320 pages. 18s.

HIGH mountains sometimes bring out the best in men's personal qualities and the worst in their national characteristics. This has been demonstrated by the German assault on Nanga Parbat, with its toll of lives and crazy individual triumph, by the insufficient teamwork and dread suffering of the French on Annapurna, and by the flare-up of nationalistic stupidity that marred the Everest triumph. It would be useless to go into the merits of the case once again, and Tenzing's account, told to the American enthusiast Mr James Ramsey Ullman, is outstandingly fair and modest. But one important general point does emerge: in their treatment of the Sherpas, the Swiss and the Americans have far excelled other nationalities and it is with Raymond Lambert—perhaps the greatest of living mountaineers—that Tenzing would have wanted to reach the summit of Everest. The behaviour of the First Secretary of the British Embassy in Kathmandu when Tenzing asked for a night's lodging during the Swiss expedition makes bitter reading. It explains amply why the great Tiger did not choose to attend the reception there after the final victory.

As a whole, this autobiography is enchanting. It is a chronicle of the long years of heroism, training and discipline that have led in the last years to the swift conquest of Annapurna, Everest, Nanga Parbat, K2, Makalu and now Kangchenjunga. It also contains a fascinating account of the voyage through Tibet by Tenzing and Professor Tucci. The illustrations are outstanding and Tenzing's own voice comes through Mr. Ullman's transcription.

New Judgment on Donne

DONNE'S POETRY.
By Clay Hunt.
Yale University Press (London: *Geoffrey Cumberlege*). 269 pages. 30s.

SO much of contemporary criticism and poetry has been wrought in the image of John Donne that a lucid study of his art will interest not merely the scholar and the specialist. Ideally, such a study must combine the disciplines of modern criticism—the unswervingly close and subtle reading of the poem—with a classical sense of degree and limitation, in order to assign Donne's gnarled genius its true place and to correct the stimulating exaggerations of Mr Eliot and his many followers. Mr Hunt has performed this difficult task. His book is probably the finest example for the general reader of how modern criticism and scholarship can illuminate complex poetry and in its final chapter there is a portrait of Donne which it will be difficult to surpass for insight and fairness.

It is perhaps with this concluding chapter, that the general reader should begin. In it Mr Hunt compares Donne with neighbouring stars in the great constellation of Elizabethan and seventeenth-century literature. The qualities of Donne's excellence—his clean analytic mind, his sense of personal drama, his tough sensuality, his formidable drive—are distinguished from the wider genius of Marlowe, Spenser, Shakespeare, Jonson and Milton. But those qualities are significant in their own right, and significant for today:

> With a poetic sensibility as narrowly intellectualised as Auden's, and a poetic eccentricity as strong as Dylan Thomas's, Donne had an energy and definiteness of mind which drove those limitations and eccentricities to produce some of the most impressive and boldly original poetry in English. His poetry is in the literal sense of the phrase, a *tour de force.* I am reminded of an aesthetic pronouncement of Virgil Thomson's:

"In art anything is all right as long as it's enough so."

Mr Hunt has a refreshing capacity to see a much-surveyed poet in a new light.

The earlier chapters consist of analytic readings of seven poems. Mr Hunt modestly relegates to notes in the back of the book his massive familiarity with baroque theology, physiology, and poetic practice. He misses very little in the poems (but does not the final line of "Love's Alchemy" derive from the belief that mummies lose their souls through their mouths?) and he rescues much from false admiration. But above all he brings to life the setting of Donne's art—a world full of passionate intensity and doubt, of adventure and ancient fears.

Lexicography

DICTIONARIES BRITISH AND AMERICAN.
By J. R. Hulbert.
Deutsch. 107 pages. 9s. 6d.

PROFESSOR HULBERT, formerly of the University of Chicago and a co-editor of the "Dictionary of American English," has written a brief and popular account of how English dictionaries are made and how they should be used. He writes with charm, humour and frank joy in his subject, and he enlivens his book with thumbnail pictures of the great lexicographers of his lifetime. In spite of the title, the book is written almost wholly from an American standpoint. The history of dictionaries is given sketchily till the great name of Webster appears; from then on their development is taken in more detail, but whereas Funk and Wagnall gets a page, the trusted Chambers only gets a fleeting mention. The Oxford Dictionary, of course, is given the space it deserves.

To the amateur, the most interesting part of the book is Professor Hulbert's treatment of the technical process of dictionary-making, the limits imposed by costs, and the dependence of each dictionary on its predecessor. He gives one interesting warning: the name of Merriam-Webster is protected, and denotes the true succession of the patriarchs from Noah; but the name of Webster by itself is in the public domain, and its appearance on the title-page of a dictionary means nothing at all.

The only complaint that one can make of this book is that it is a little too short and too popular. Rather more may be expected of those who are ready to read anything at all on such a subject, and the book would have gained if the historical part had been fuller, if there had been something in it about dictionaries in other countries, and if the author had added a bibliography.

Lexicographers must expect their slips to be pounced on: at least in a book published in Great Britain, so careful a user of words should not have described Ogilvie, one of the long and distinguished line of his Scottish colleagues, as an Englishman.

The Cautious Cecil

MR SECRETARY CECIL AND QUEEN ELIZABETH.
By Conyers Read.
Cape. 510 pages. 40s.

IT is not surprising that fifty years have passed since a biography of William Cecil was published. The vast and varied collection of papers that remains as a monument to Cecil's industry intimidate the historian by their bulk and range; and Cecil's long tenure of office, first as Principal Secretary and then as Lord Treasurer under Elizabeth I, makes it difficult to prevent his biography from becoming a history of the reign. Moreover, Cecil's personality remains shadowy and even unattractive. Despite the mass of evidence, few of his own letters survive and few of his speeches were recorded, while there is no adequate record of how he came to win and hold the confidence of the Queen.

Nevertheless, Dr Conyers Read, who published an authoritative life of Walsingham thirty years ago, has now given us the first volume of an equally thorough and scrupulous life of Cecil, taking his narrative to the end of the first decade of the reign. This volume closes with the collapse of the northern rebellion. By then Cecil's many services had confirmed the wisdom of Elizabeth's choice of minister, while his adroitness had made his position relatively secure against the intrigues of Leicester and the jealousy of the older aristocratic families. What were the qualities that had enabled Cecil to survive in the reigns of Edward VI and Mary and to triumph in that of Elizabeth? Macaulay explained Cecil's survival by the fact that "he never deserted his friends till it was very inconvenient to stand by them," and his greatness by the fact that Cecil was what Elizabeth needed, "a moderate, cautious, flexible minister, skilled in the details of business, competent to advise, but not aspiring to command." Although Dr Conyers Read is concerned to emphasise Cecil's integrity and patriotism, his account confirms the justice of Macaulay's judgments. In this volume he throws more light on Cecil's skill as a politician and negotiator than on his administrative capacity; indeed he will not allow Cecil's authorship of some of the economic measures ordinarily attributed to him.

"I am," Cecil once wrote, "and always have been circumspect to do nothing to make offence." Dr Conyers Read has to admit that, in the reigns of Edward VI and Mary, Cecil trod the shifting sands of politics too circumspectly to avoid suspicions of time-serving. Although Secretary under Edward VI and closely connected by education and marriage with Protestant circles, Cecil not only remained safely in England under Mary but was sent to Brussels to escort Cardinal Pole to England. And Pole testified his regard for Cecil by bequeathing a silver inkwell to him. Dr Conyers Read explains this with the sophistical formula that Cecil was "more a product of the Renaissance than of the Reformation"; but it is unnecessary to refine on Macaulay's comment: "We do not blame Cecil for not choosing to be burned." Office under Elizabeth brought Cecil wealth, but he had an irritating trick of referring to the great houses he built as "poor cottages." His prosiness, too, is a major difficulty for his biographer. Dr Conyers points out that "his written memoranda are often tedious"; and he has to say of Cecil's mission to Scotland in 1560, which he regards as presenting the fullest picture of Cecil in action, that "its very tedium reveals the perennial tax upon his patience which he regarded as one of his chief assets."

Yet if Cecil's personality was tedious, the issues of the first decade of Elizabeth's reign were dramatic and Cecil's part in resolving them was of the first importance. He was the outstandingly efficient staff officer, temperamentally disposed to foresee difficulties and both lucid and careful in devising and analysing possible courses of action, leaving the ultimate decision to the Queen. Cecil's numerous memoranda, which Dr Conyers Read quotes, make it possible to appreciate the quality and caution of his mind. But the rigorously chronological method here adopted means that the issues are not clearly detached and discussed. Experts will appreciate Dr Conyers Read's thorough scholarship, though they will be disturbed by odd slips in nomenclature and titles; those with a general interest in the period will need all Cecil's own patience and indifference to distinction of style.

Books Received

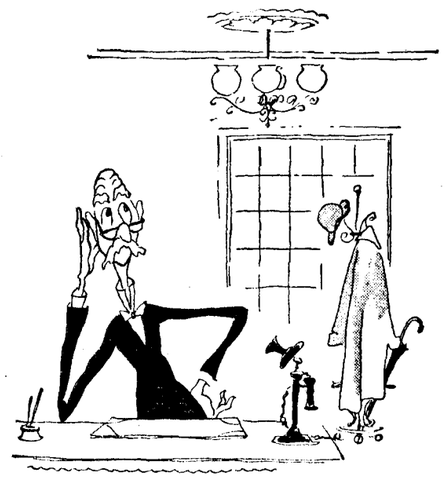
THE PELICAN HISTORY OF ENGLAND: *Volume I, Roman Britain.*
By L. A. Richmond. *Penguin Books.* 240 pages. 2s. 6d.

THE ANNUAL REGISTER OF WORLD EVENTS: *a review of the year* 1954. *Longmans.* 521 pages. 105s.

THE MULTI-RACIAL COMMONWEALTH: *proceedings of the Fifth Unofficial Commonwealth Relations Conference held at Lahore, Pakistan, March* 17-27, 1954. A report by Nicholas Mansergh. *Oxford University Press* for the *Royal Institute of International Affairs.* 187 pages. 21s.

POLITICAL HANDBOOK OF THE WORLD 1955: *Parliaments, Parties and Press as of January* 1, 1955. Edited by Walter H. Mallory. New York: *Harper and Brothers* for the *Council on Foreign Relations.* London: *Royal Institute of International Affairs.* 230 pages. 30s.

THE BUDGETARY PROCESS IN THE UNITED STATES: *A Research Study for the Committee for Economic Development.*
By Arthur Smithies. *McGraw-Hill.* 507 pages. $6.50. 49s.
This is a full and critical account of the complications of the American Budget, of how it is drawn up, of what Congress does to it, and of its economic impact. Professor Smithies is particularly concerned at the failure of the system to improve with the enormous growth in the amount of money involved during the last twenty-five years.



Does your office bear looking at?

The effects of time on everyday faces and places are seldom seen clearly. Our children grow up, our friends grow old, our offices grow shabby and we hardly notice the difference.

Any business man who detects a need for improvement when he tries to see his own office as outsiders see it, is invited to get in touch with Catesbys Contracts.

Catesbys have a team of expert decorators, designers and furnishers who will co-operate intelligently with you to give your office a comfortable atmosphere that befits and inspires a good business man. You'll find that Catesbys Contracts are organised to get on with the job fast and efficiently and that they never seek to push you into more expense than you want.

They'll do the whole thing, from first plan to last fitting, then leave the place spick and span for you.
Ring Museum 7777 and have an executive round to see you.

Catesbys
CONTRACTS & EXPORT LIMITED
TOTTENHAM COURT ROAD LONDON, W.1. MUSEUM 7777

LET CATESBYS PUT A NEW FACE ON THE PLACE

this celebrated standard work has now been completely rewritten—forming virtually a new book

BENHAM'S ECONOMICS

Fifth Edition. Since it was first published in 1938, this standard work has retained the place it has won as an indispensable volume for all who are entering upon a serious study of economics. It has become famous as a complete introduction to the science of economics—giving a realistic account of how the economic system works today in a country such as ours. Now, Dr. Benham has made extensive changes, and the new fifth edition forms virtually a new book. The general pattern remains the same as before, but the greater part of the book has been completely rewritten in order to discuss the various problems in their post-war setting. Although written mainly for first year university students it will also be useful to the general reader and to those taking Civil Service and other professional examinations. 18/- net.

PITMAN
Parker Street, Kingsway, London, WC2

THIS PLAN CAN SAVE YOU SERIOUS LOSS!



This folder tells how to secure the right numbers and types of fire extinguishers for the protection of your business premises, for a moderate annual fee which includes regular servicing, inspection and maintenance. Send NOW!

Pyrene FIRE APPLIANCES
PYRENE

HIRE MAINTENANCE FIRE PROTECTION

To: THE PYRENE CO. LTD., 9 GROSVENOR GARDENS, LONDON, S.W.1

Please send descriptive folder

NAME .....
ADDRESS .....
E.6.

AN INVESTMENT IN PEACE OF MIND

The PLUS POWER
HUMBER HAWK
WITH O.H.V. ENGINE



FAST on the highway...
SMOOTH on the byway...
THRIFTY in every way!

All the luxury, the comfort, the built-in quality of a truly great car—
and over 80 m.p.h. too! You must test its brilliant performance—
see its elegant flair fashioned lines and try its deep-seat
comfort for yourself. Ask your dealer for a demonstration today.
And with Overdrive (available as an extra) still more m.p.g.,
still better performance and even less engine wear.

£695 plus p.t. £290.14.2 *also Touring Limousine (with sliding partition) £775 plus p.t. £324.0.10.*
White-wall tyres and chromium rimfinishers available as extras. Overdrive £45 plus p.t. £18.15.0.

By Appointment to the late King George VI Motor Car Manufacturers Humber Ltd.

HUMBER LTD. COVENTRY · LONDON SHOWROOMS AND EXPORT DIVISION: ROOTES LTD. DEVONSHIRE HOUSE · PICCADILLY · LONDON W.1

The World Overseas

South Africa's Turning Point

FROM OUR CORRESPONDENT IN SOUTH AFRICA

WITH the passing of the Senate Bill last week, many people in South Africa, of all shades of opinion, fear that a turning point in the fight for democracy has been reached. Even Nationalists have been distressed; thirteen of them, teachers at the University of Pretoria, have been bold enough to record their protest publicly, and countless others, no doubt, have private misgivings. Except for the extremists, government supporters show little or no enthusiasm for the Bill. Almost without exception they are on the defensive about it, and *Die Burger*, which used to mirror Dr Malan's views with absolute accuracy, but which is less enthusiastic about Mr Strydom, has gone as far as to say that as soon as the enlarged Senate has served its purpose it must be reconstituted—presumably on a democratic basis—and the 41 additional Senators retrenched.

There has been no suggestion that Mr Strydom shares this view, but even his own devotees are saying that the Bill is an unpleasant necessity "forced" on the Government by a recalcitrant opposition. They deny, vigorously, the opposition charge that the measure is designed primarily to entrench the Government in power, and that it will alter the character of Parliament so radically as to change its democratic nature almost beyond redemption. Nationalist apologists profess to be at a loss to explain opposition vehemence about the Bill, and they ridicule suggestions that the passing of the measure heralds something akin to the deathknell of parliamentary democracy. All that the Government is doing, they say, is to "restore" the position which existed prior to the 1952 judgment of the Appeal Court in the coloured vote case—a position which, they maintain, was accepted without demur for fifteen years.

This simple-minded explanation does not, however, square with Mr Strydom's oft-repeated claim that the sovereignty of parliament is at stake. Nor is it borne out by the assertion of a Nationalist newspaper that, unless it is unambiguously laid down that the courts have no jurisdiction to interfere with Parliament, the Government might experience endless litigation in its "further implementation of apartheid." This ominous warning, which drew surprisingly little comment in the Union, suggests a far more drastic invasion of the common law rights of the citizens of South Africa than has been the case up to the present. But there is no doubt that the fear of "interference" from the judiciary is drawing Mr Strydom relentlessly along the disastrous path on which he is now set. Furthermore, he knows that, once the entrenched clauses have been abrogated, there will be no legislative obstacle to the declaration of a republic—no two-thirds majority hurdle in Parliament to overcome. There seems no doubt that the Nationalist leadership fears that, when the day comes for it to declare a republic, it might find itself hamstrung by the courts. This Mr Strydom is determined to avoid at any cost.

There are other aspects of the crisis brought about by the Senate Bill which have alarmed public opinion. The first is the Nationalist party's ruthlessness and cynicism when it believes it is being thwarted in its implementation of the "volkswil," which it equates with the Nationalist will. The second is its complete unconcern for the spirit of parliamentary democracy and the rights of minorities. And the third is its intolerance of, and sensitivity to, opposition, both from outside and even more, within its own ranks. The present crisis, coming on top of the enlargement of the Appeal Court, has been a severe test of Nationalist party loyalty and discipline. Politics have always been a way of life to the hard core of Nationalists: now this doctrine seems to have spread to the rank and file. The reason is not far to seek: the insistence on conformity has been so clamorous and the fear of the consequences of dissent so great that unquestioning obedience has been the result. The savage fury which greeted the protest of the thirteen Pretoria professors was such that it silenced other potential waverers. And the air has been so full of threats and intimidation that some Nationalists are even too frightened to express a dissenting view in private.

There is little doubt that under Mr Strydom the Nationalist oligarchy has, consciously or otherwise, set its feet on the road to authoritarianism. At best this will be a dictatorship of White over Black; at worst of some White over Black and some Whites. However much the Nationalist leadership denies it, this must be the result of their legislation. Unless the party's own supporters call a halt to this process—and there is no sign of this at present—the single-minded fervour and fanaticism of men like Dr Verwoerd, Mr Swart and Mr de Klerk, not to mention the Prime Minister himself, can have disastrous consequences for a country in which democracy is in any event very shallowly rooted, and in which it is so easy to rally white voters by a parade of colour bogies. It is true that the anti-Nationalist forces have been roused as seldom before, and the Cabinet is not being left in any doubt about the damage it has done to White race relations by this latest act. But it remains to be seen whether the public protests

which have been a feature of the agitation against the Bill can be sustained long enough and vigorously enough to make an impact on the Nationalist leadership.

It is the tragedy of South Africa today that the forces of determination and vigour seem to be mostly on one side, and that, on fundamentals, the forces defending such democracy as there is, are more timid, hesitant and unsure of themselves than they should be. This lends an air of unreality to a struggle on which the future of democracy in South Africa depends.

OEEC Meeting—I

Cushioning Convertibility

THE empirical approach and artistry in compromise have once again rescued a ministerial meeting of the Organisation for European Economic Co-operation which, until the last minute, seemed headed for deadlock. Last week, the year-long argument between the British, on the one hand, and most of the continental governments, on the other, about what should happen to the European Payments Union once sterling or other major currencies become convertible was, if not completely settled, at least brought a long step nearer resolution. About a year ago, the OEEC set up a special ministerial group to examine the problems which would arise in the trade and payments field when any of the large trading countries in the OEEC made its currency freely convertible with the dollar. By the beginning of this year agreement had been reached on the need for a European Fund to extend short-term credit to European countries in temporary balance-of-payments difficulties and on the indispensability of OEEC trade rules for the transitional period which would begin when a major currency became convertible and would run at least until the revised Gatt rules on quantitative restrictions were fully in effect.

But fresh and seemingly intractable difficulties arose when the Managing Board of the EPU came to reduce the broad agreement in principle to a firm plan for the liquidation of the EPU and establishment of a European Fund. Two opposing views developed which, it soon became clear, no group short of the Council meeting at the ministerial level could resolve. The nub of the argument was whether, with convertibility, the EPU should be "terminated" and its capital assets formally made over to a new institution, the European Fund, which would have no functions except to grant short-term credits (i.e., for two years or less) to member countries who were in temporary balance-of-payments difficulties, or whether the EPU should be "transformed," rather than terminated. In the latter case the EPU would not only assume the short-term lending functions envisaged for the Fund, but would retain its present function of multilateral compensation, but on a hundred per cent gold payments basis. In other words, with convertibility there would, on this alternative plan, continue to be a clearing mechanism but no automatic credit facilities as at present, except the interim credits which develop within a particular accounting period.

The British delegates who argued the first case, felt that with convertibility there would be no room for a European clearing system and that there were psychological advantages (and presumably some tangible financial ones for the Bank of England) in a clean break with a system which was identified with the post-war transitional period. The majority of the continental countries argued that the psychological advantages were all on the side of not jettisoning a proven instrument of European co-operation and that in the uncertain period when some, but presumably not all, European currencies were convertible, a multilateral compensation mechanism, even on a 100 per cent gold payment basis, would be of positive help in making it possible to resist the temptation to reimpose restrictions.

Directly connected with this controversy was the question of the system of exchange rates to be adopted with convertibility. The British were determined to protect their reserves with a flexible exchange rate; the continentals, who were in any case scared that Britain was planning a premature plunge into dangerous waters, feared the repercussions if sterling were free to float too far and too soon. On both these basic questions the opposing schools were well dug in, and until one or the other could be moved, not only was post-convertibility planning stalemated but agreement on an extension of the EPU held up as well.

The compromise which was reached last week breaks the log jam. But it is constructed of so many interlocking and carefully counterbalanced undertakings that the whole structure could come tumbling down in the middle of July if the technicians cannot work out the details of the agreements that have been reached in principle. Happily, this seems unlikely and with luck the ministers can escape another bout with this problem until the over-heralded convertibility is really upon them.

Eleventh Hour Compromises

Briefly, what has emerged from the eleventh-hour compromises in Paris is this. The EPU will be extended for another year, as from July 1st. For the month of July settlements will be on a 50 per cent gold, 50 per cent credit basis, as at present. After that, the system will be "hardened" and 75 per cent payment in gold will be required of both debtors and creditors. The EPU will be "terminated" (or "transformed") and the post-convertibility arrangements will come into effect when a group of countries whose trade accounts for at least 50 per cent of the total trade of the group decides to become convertible. But this decision is made subject to the establishment by the OEEC not only of a European Fund but of "a multilateral system which will facilitate settlements between member countries."

The agreed sections of the managing board's report on the nature of the European Fund are to be put into final shape and submitted to the Council before July 15th. At the same time the managing board is to submit to the Council a report on a system for multilateral settlements, taking as a basis the so-called Dutch compromise. The essential elements in the Dutch scheme are, first, that Britain and any other countries with flexible exchange rates should indicate at the beginning of each accounting period the margins within which they would allow their exchange rates to fluctuate, and second, that countries should deposit gold in advance to cover any deficits they expected to incur in the clearing. In addition, it has been agreed that, at any rate initially, the new scheme will be for a limited period only.

The cynic will be quick to say that the British representatives have gained the substance of their position and yielded, to good advantage, on the form. But such a judgment ignores the strength of the psychological arguments, which have from the start been the most stubborn. The continent has obtained agreement on a settlement mechanism which, even if it is not used to any great extent, could be easily modified if the need for a new system of intra-European credit arose; it has received reassurance from Britain that the exchange rate would be permitted to float only within defined limits; and perhaps of most importance, it has heard from Mr Butler's own lips that the time is not ripe for convertibility. Furthermore, true to the best OEEC traditions, the council also agreed that a new high-level committee (Sir Leslie Rowan has been mentioned as the British member) will be created to discuss on a regular basis the problems that convertibility will bring in its train and, in particular, the effect of exchange rate policies on trade.

The trade rules which have been evolved during the lifetime of the EPU will be continued "for an unspecified period" after the adoption of convertibility, with relatively minor amendments. The possibility of an eventual conflict with the Gatt has been awkwardly side-stepped for the present, although again July 15th is the awful date by which more precision has to be given to the agreed principles.

(To be Concluded)

The Voice of the Soviet Army

THE Soviet army, silent in Stalin's day, is increasingly finding its voice. Recently, it openly staked a claim for more and better publicity as well as for the recognition of its wartime achievements. The occasion was provided by a special conference of novelists and other writers dealing with military subjects. The army itself may sometimes speak with several voices, but this time all the speakers were clamouring for less censorship, more accurate reporting and also for better "write-ups" of prominent army leaders.

In one respect the revision of history now demanded by the army will tend to vindicate its own role in the war. The Stalinist version of events was purposely idealised; it played down the initial defeats and ascribed ultimate victory to the masterly strategy of the "Leader of Genius." The retreats of the early part of the war were subsequently described as Kutusov-like manoeuvres destined to trap the enemy, as part of a conscious policy of "active defence." At the conference pains were taken to destroy this legend; "Writers are trying," said one speaker, "in contradiction to real facts, to show that this active defence was planned in advance and calculated by our command . . . which creates the impression that these are possible and recommended tactics."

By pricking the Stalinist myth the soldiers can underline their share of fame and, since the general picture is a glorious one, they do not mind revealing the shades. Indeed, at the conference, they explicitly asked for the shades to be put in and attacked the censor—that "man with leaden eyes"—on whom often the fate of a book depends. The delegates went further than ever before, since even at the height of the liberal phase in literature critics were told to keep off the army. Now, these taboos are openly mocked. One of the speakers described how the censor struck out a passage from a novel because it showed a woman-doctor frightened of travelling in a boat on a stormy sea; the woman was an officer and—argued the censor—officers know no fear. Apparently the army no longer wants to be protected and glorified in such a crude fashion.

Army spokesmen carried their campaign against primitive propaganda methods one stage further still. They asked writers not to present the enemy always as a foolish villain and argued that much, in fact, could be learnt from him. Western methods and ideas should not be simply dismissed; on the contrary western books should be translated and studied. "Why can we not afford to publish them now—asked one delegate—if after the revolution we dared to print the memoirs of a Denikin (White Russian general)? Here the conference began treading on really dangerous ground. It advocated the publication, on the Western model, of reminiscences or memoirs by Soviet generals and commanders of lower ranks, of documents old and new. This suggestion, if followed faithfully, would necessarily lead to the complete revision not only of the military but of the political history of the Soviet Union as well. The rehabilitation of Tukhachevsky and other marshals executed in the 'thirties would be merely the first step towards the denunciation of the Moscow trials and the restoration of the opposition exterminated by Stalin to its proper place in Soviet history. It is doubtful whether the conference was really aiming so high.

Soldiers in the Limelight

It should not be thought, however, that the whole conference was merely a modest exercise in self-debunking. Having criticised the crude methods and the primitive cult fostered by Stalin, the soldiers went on to claim a bigger share of publicity. The literary publication *Znamya*, for example, is now to become a military magazine. More important still, an appeal was made for the publication of full-scale biographies of marshals Zhukov and Konev, Bagramyan and Rokossovsky. Stalin kept his lieutenants so much in the background that their lives are not really known to the general public and no attempt has been made as yet to build up his successors. Now we are told that a Soviet Plutarch should turn his pen not to the biographies of a Khrushchev or Bulganin but to the illustrious lives of the Soviet marshals.

This was probably the most significant feature of the conference. It is impossible to say whether the whole performance was the army's own work or whether it was partly prompted by the Party. There are signs, in fact, of divisions and struggles within the army itself. The absence of Marshal Vassilevsky, the first deputy minister of defence, from the projected portrait gallery may be an interesting pointer in this direction. There are also indications that the old rivalry between Zhukov and Konev is being revived by Stalin's heirs. Most striking, however, is the army's political come-back. Stalin, always very sensitive to the Bonapartist threat, pushed the soldiers into the background as soon as they had finished their wartime job. They flocked back to the centre after his death and advanced onto the political arena after the falls of Beria and Malenkov. Now they are apparently claiming their share of the limelight.

AIR TROOPING

THE PATTERN OF DEFENCE now being shaped by the western powers has as one of its essential elements the speedy movement of troops by air to trouble spots and strategic outposts. For Great Britain, in particular, the need to move reinforcements quickly—perhaps a battalion at a time—to such widely scattered places as Malta, Gibraltar, Bermuda, the Caribbean, West Africa, Cyprus, Aden, Singapore, Hong Kong and elsewhere has made the use of aircraft obligatory. Air trooping has been steadily increasing the part it plays in such movement and is the method now used for nearly 50 per cent of the total Army trooping to and from theatres other than Germany.

The speed of the trooping aircraft, as against travel by sea, is self-evident. Sea transport moreover has the disadvantage that in carrying a much larger number of men per unit it is keeping them inactive in the "pipeline" for a comparatively long period. In effect this delay means that an increased number of men must be kept ready under arms; whereas by air, troops need not be out of action in transit for more than about twenty-four hours. By the proper use of the air, therefore, fewer men are needed to guard the widely dispersed outpost defences of the democracies. The manpower saving on the Far East route alone is estimated by the War Office to be one-seventh, so that out of every 10,000 moved in a year, there are 1,400 or 1,500 more men effective in the field.

Another feature of air trooping which has directly influenced the three Service Departments in their decision to expand its volume, is the net saving of air travel over most sea routes. From the United Kingdom to Egypt, for instance, in 1952/3 the average fare per head by sea was officially stated to have been £30, compared with £22 using charter aircraft. This is considerably less than even tourist fares on the scheduled airlines, since on troop charter work every available seat can be filled.

In 1950, the Government decided that the British independent operators should provide the bulk of the extra capacity needed to develop the air trooping scheme. In this way, a measure of stability would be given to these operators enabling them to invest in modern equipment and so provide an important strategic reserve of aircraft to supplement Transport Command when required.

The aircraft at present operated are mainly suited to the medium haul routes such as those to the Mediterranean, and there has been a shortage of large, long-distance airliners. The three Bristol Britannias recently ordered by the Government for trooping operations will be capable of doing the work of six of the smaller capacity machines now used.

The maintenance of British Commonwealth and Colonial communications has always taken into account the possibility of the hostile seizure of large areas normally open to air passage, and the denial of intermediate landing facilities calls for aircraft able to fly large loads rapidly and non-stop over long distances. This is the special characteristic of the Bristol Britannia. For example, in its Long Range version it would be able to fly from England to Singapore with one stop at Aden. Its trooping capacity on a shorter route is indicated by the fact that thirty 100-seat Britannias would be capable between them of moving 20,000 troops of Britain's future Home Strategic reserve to, say, the Middle East in a week.

THE BRISTOL AEROPLANE COMPANY LIMITED

364P

Burma's Economic Monsoon

FROM A CORRESPONDENT LATELY IN BURMA

THE people of Burma, whose Prime Minister, U Nu, is in London this week, have experienced a succession of crises since gaining their independence. But the next crisis, if it comes, will follow a new pattern. Burma still has a big internal security problem, and only in the larger towns is the writ of the government accepted without question. But rebellion is now reduced to banditry, sabotage and blackmail. The insurgents cannot hope to challenge the expanded and reorganised Burma army in the field ; indeed, all the time the army is driving the remaining rebels into ever more remote hide-outs.

Burma is now faced with something much less dramatic but no less dangerous: a balance-of-payments crisis. Despite the rebellion, with its destruction of capital assets (notably the railways), restriction of economic activities and the fading away of the national revenues, the Government has hitherto managed to keep the machinery of administration turning over and has even begun to lay the foundations of a welfare state. This has been achieved almost entirely from the profits obtained from one staple commodity, rice. The export of rice is a state monopoly ; it is bought from the cultivator and sold overseas through the State Agricultural Marketing Board. Thanks to a world scarcity and the Korean War, prices rose from £40 per ton in 1949 to £60-70 per ton in mid-1953. The price to the cultivator remained constant at £22 per ton: the government took the difference. Between 1948 and mid-1953, Burma's foreign exchange reserves were trebled, until they stood at some £97 million.

As world rice prices weakened after June 1953, Burma, with its state-trading, tried to stand against the tide. But negotiations with other governments met with increasing resistance and at length Burma had to bring down prices. Because of this delay, less than half the 1953-54 crop was exported ; 1½ million tons remained in store. During recent months, the Government has been obliged again to lower its prices—even those laid down in long-term agreements. Thus, in February, Ceylon pressed for and obtained a reduction from the agreed price of £48 to £42 per ton for the current year. The disposal of the rice carried over from 1953—and even from 1952— has been difficult: some has gone at £15 per ton as animal feeding stuffs. The Government now has to dispose of an estimated 1¾ million tons from the recent harvest and there is a frenzied search for new buyers.

It is hoped that promising new markets may be found in China and Japan. Last November, a barter deal was signed with China, and in March a further exchange, rice for cotton and silk goods, to the value of £6 million was announced. Japan has been buying increasing quantities of rice for about five years. Both countries stand to gain from the relationship: Burma wishes to draw heavily on Japan for manufactures and for "services"—the employment of Japanese experts in the rehabilitation of Burma. Japan needs to replace the rice it used to get from Manchuria: this year it is buying 220,000 tons of Burma rice. Burma would have liked to send more, but in the past Japan has not been too pleased with the quality received.

Meanwhile, Burma is in the middle of the first stage of a national investment programme ; factories, power plant, diversification of agriculture, better communications, hospitals, schools, an expanded university. Some of these projects originated before independence, but virtually all capital investment came to a halt between 1948 and 1952. In the latter year, the *Pyidawtha* conference and the two thousand page report of a group of American engineers and economists (usually termed the KTA Report) opened up a wide vista of economic and social development. After the relatively inexpensive planning phase, Burma has now entered the expensive building phase. The construction of new schools and hospitals is ahead of the new factories and power stations. A great deal of money is required, and for several years—an optimist might say four or five—this huge expenditure will show no dividend in the shape of new or increased economic output. Already Burma's reserves have fallen to one-third of the 1953 total, and the KTA plan which was based on a calculation that the price of rice would not fall below £55 per ton, provided for an investment programme of some £600 million by 1960. Clearly, something must be done.

Help from Abroad?

The Government can institute drastic cuts in its development programme. This possibility is already being explored. The civil servants in charge of such key departments as finance, national planning, trade development and industry are continually in conference at the Prime Minister's residence, scrutinising all projects that make heavy demands on foreign imports or require the aid of many foreign experts. But a half-built steel mill or pharmaceutical factory cannot just be abandoned. Much of the programme must be carried on, although, no doubt, at a reduced tempo.

An attempt to expand and improve rice production, which is still little above one-third of its prewar level, is unlikely. The organisation of the State Agricultural Marketing Board is barely competent to handle the existing quantities of rice, while the rigid price-system would make the cultivator laugh at any suggestion of improving his crop. The Marketing Board and the Dock Labour Board are riddled with corruption and inefficiency which lead to delay, thefts, rotten packaging, inferior quality and hazy bookkeeping. Moreover, at the International Rice Conference held last November in Rangoon, U Kyaw Nyein, the Minister for Industries, came out flatly against further efforts to increase rice productivity.

There remains the possibility of obtaining outside assistance. An application last year for a loan from the World Bank has not yet met with a definite response. American aid, cancelled by Burma in a moment of anger in March 1953, is not at present available. Colombo Plan assistance is useful, but is not the answer to the present pressing problems. In these circumstances, Burma's success last September in concluding a reparations agreement with Japan, is of some importance. Japan is to pay $200 million in the form of capital goods and services. In addition, it will invest $50 million in Burma in "joint enterprises"—co-operative industrial and commercial activities. The annual Japanese contribution will represent one-quarter to one-third of the public capital formation of Burma for a period of ten years, and it is possible that Burma's trade, hitherto thickly woven into the sterling area, will have assumed a very different pattern at the end of the coming decade.

Notes from New Zealand

(These Notes are Contributed by Our Correspondent in Wellington)

Embarrassing Surplus

NEW ZEALAND'S new Finance Minister, Mr J. T. Watts, will be under considerable pressure to make substantial reductions in taxation when he presents his first budget after the House of Representatives resumes in mid-July. The public accounts for last year, recently released, showed a surplus of £9.9 million, but transfers to various other accounts made the actual surplus over £20 million. There were two major causes for the surplus: considerably increased tax returns from all sources and an under-expenditure of £7 million on works, which was chiefly due to shortages of labour and materials. Although the present Government has made modest, but steady, tax reductions in successive budgets, tax returns have continued to increase. For instance, despite last year's concessions in this field, income tax returns last year are now shown to have been £7 million above the estimates.

The Government can point out that it has a very large works programme ahead of it, including the essential development of further sources of hydro-electric power. It can also point out that its defence commitments must increase with the assumption of new responsibilities in South East Asia. Nevertheless there will be very strong pressure upon it to reduce the burden of taxation. Mr Watts may find it politic to concede the point because, in spite of the present level of prosperity, the Government has suffered some loss of popularity which it cannot afford to ignore. After the general election last November, it was returned to power with a sharply reduced—though still adequate—majority and with a more vigorous opposition to contend with. Since then it has been subject to strong criticism on several politically important domestic issues, notably shortages of electric power and cement, its administration of the police force and continuing difficulties with housing.

* * *

Cement in the Works

CEMENT, or the lack of it, has for some time grated in the works of the New Zealand building industry and matters came to a head early this month, when the Government convened a meeting of representatives of the cement manufacturers and importers with its own representatives and announced that imports during the next two months would be doubled. It also announced that storage plants would be built as soon as possible at several North Island ports. One such plant has already been built at Wellington but is not yet fully operating. At the conference, representatives of the Master Builders' Federation, incensed by repeated shortages, and dismayed by the prospect of laying-off men, told the Government that their patience was exhausted and that the New Zealand cement makers had fallen down on the job.

New Zealand, which is at present one of the largest users of cement in the world (532 lb of cement per head of the population last year) has only three cement works—one in the north, with headquarters in Auckland, one in the centre with headquarters in Wellington and one in the south with headquarters in Dunedin. These three companies do not compete against each other, but divide the country into three zones. Plans are well advanced for the establishment of two more smaller cement companies.

Under an arrangement made in 1949 by the Labour government, the three existing companies also control all imports of cement through an ancillary, non-profit making company which has the task of balancing home production and imports with demand. It collects a levy on cement made in New Zealand—at present five shillings a ton—to cover the cost of imports and the equalisation of prices; the latter are fixed by the Government which, through its various works agencies, is the major user of cement.

Recurring shortages have led to charges that, through the exercise of a virtual monopoly, the New Zealand cement manufacturers have kept supplies too tightly screwed down, and have lagged behind in providing storage space for imports. But the three companies have in fact nearly quadrupled their fixed assets in land, buildings and plant since 1949 and, in doing so, have increased their production considerably. There is now strong agitation for more freedom to import cement and some criticism of an agreement made by New Zealand to take the bulk of its overseas supplies of cement from the United Kingdom, on the grounds that the British Cement Federation itself tightly controls prices and supplies.

* * *

Prescription by Commission

FROM April 28th until May 25th, when proceedings were adjourned for a fortnight for recovery of breath, New Zealand listened—or did not listen—to a Royal Commission on Monetary Affairs taking evidence on a wide variety of subjects related to the banking and general financial system of the country. What the commission is likely to achieve, how long it will take to conclude its discussions and present its report and whether the Government will take any notice of it when it does, are anybody's guesses. The attitude of most New Zealanders is that this is just another commission and that they have had too many of them already.

The commission was established largely at the instance of the Prime Minister and (then) Minister of Finance, Mr Holland, after the general election last November when the National Party had its majority of 20 cut down to 10, and the New Zealand Social Credit League polled 112,000 votes or over 11 per cent of the total, to the astonishment and chagrin of both established parties. Mr Holland, in a mood for soul searching after the election, decided to find out what was wrong; and one means of investigation is apparently to be the monetary commission which is intended, among other things, to bring social credit theories impartially under examination and, presumably, to show them to be impracticable. That, of course, is not on the commission's order of reference but, in the judgment of most bystanders, it is one of its purposes. In fact the commission, so far, has been chiefly occupied with a rather unrewarding effort to ascertain the respective spheres of influence of the Reserve Bank, the Treasury and the Government in the evolution and administration of banking and credit policy.

The commission consists of six members with the Judge of the Court of Arbitration, Mr Justice Tyndall, as chairman. The other five members are a barrister, a public accountant, a managing director of a farmers' co-operative trading company, a general manager of a large furniture and hardware retailing firm, and the managing editor of a provincial newspaper. In an effort to establish the impartiality of the commission, the Government announced that it would not invite anyone to join it who had written or spoken extensively on banking and economic subjects. This provision may well vitiate the usefulness of the tribunal a good deal. It is also difficult to reconcile with the fact that the chairman of the commission has made many pronouncements on monetary and allied matters in their bearing on wage demands before the arbitration court. Moreover the outspoken president of the New Zealand Federation of Labour, Mr F. J. Walsh, who has devoted a lot of time to economic criticism, was also invited to join the commission but refused. He is now appearing before it as a forthright critic of Government, Reserve Bank and Treasury policy. The fortuitous arrival in New Zealand of the distinguished Oxford economist, Mr Colin Clark, has added spice to the proceedings. Mr Clark, ever an outspoken critic, offered the commission some blunt views on New Zealand inflation which he asserted was largely of its own making. Of the country's housing shortage, he characterised the government's policy as "trying to bale out a boat with a sieve." And when asked to comment on Social Credit theories Mr Clark said "they had well-intentioned features but mistakenly interpreted facts." The Government, which is beset with many difficulties, both political and commercial, may find this constant public examination of its financial machinery decidedly embarrassing.

* * *

The Case of Mr Compton

ONE of the most contentious domestic issues encountered by the present New Zealand Government has been the administration and state of mind of the New Zealand Police Force. Some of the dissatisfaction within the force goes back a number of years and follows the familiar pattern of pay and conditions and recruitment difficulties. But in December, 1952, the Government appointed a comparatively junior sub-inspector, Mr E. H. Compton, then aged 51, over the heads of 33 other officers, first to the position of Assistant Commissioner and then, on the sudden death of the then Commissioner, to the senior position. This sudden preferment of Mr Compton was not well received.

Shortly after Mr Compton took office as Commissioner, allegations were made by a national weekly newspaper that he had tapped the telephones of bookmakers while he was head of the anti-gaming squad in Wellington. It was also alleged that after he became Commissioner he had improperly used police materials and workmen to carry out certain work at his private residence. Although these charges were at first denied, the Government later agreed to hold an enquiry to be conducted by a retired Judge of the Supreme Court, Sir Robert Kennedy. The scope of the enquiry included charges that certain police officers had accepted "hush" money from bookmakers, that the police had been lax in their administration of the liquor licensing laws, and that there were officers serving in the police force who had criminal convictions.

The two interim and one final report presented by Sir Robert Kennedy found that Mr Compton had tapped bookmakers' telephones on two widely separated occasions—which he admitted—but that it was then legal to do this. He also found that Mr Compton had had certain work improperly done at his residence. On all other counts the police were exonerated. Sir Robert did, however, comment upon the difficulty of obtaining evidence from witnesses who might incriminate themselves.

* * *

Explosive Police Debate

Soon after the tabling of the third Kennedy report, the Prime Minister, Mr Holland, announced that the police force was to be temporarily controlled by a commission of three senior officers, all with equal powers and with Mr Compton as its chairman. This was followed by an announcement in April that the Government had accepted the voluntary resignation of Mr Compton. It proposed to compensate him for loss of office by a cash, tax-free payment of £6,000, to make him a superannuation allowance of £812 a year and to pay him approximately £1,400 in lieu of accumulated leave.

This announcement precipitated a thoroughly explosive debate in the House of Representatives when Mr Holland introduced a bill to validate the proposed compensation and to replace the commission by a civilian Controller-General, Mr S. T. Barnett. The Opposition fought the bill through a non-stop session of 36 hours including 18 divisions, but without persuading the Government to agree to any substantial amendment. There was strong condemnation of the compensation to be paid to Mr Compton, even stronger condemnation of the Government for its handling of police matters, and some adverse comment on the policy of bringing in an outsider to control the police force.

The debate aroused widespread interest throughout the country and by no means along party lines. The solution that Mr Holland forced through the House, has in the main, been accepted. But the affair has left its marks on the Government. Mr Holland is obviously staking a good deal upon the ability of Mr Barnett to reorganise the police force, remedy its grievances and improve its efficiency during the next two years. If the new Controller-General can do this before the next election, Mr Holland will be able to claim that the highly controversial settlement with Mr Compton has turned out to be for the public benefit.

ISSUED THIS WEEK

Our three-monthly reports on business conditions in

URUGUAY & PARAGUAY
FINLAND
CENTRAL AMERICA
INDIA
SPAIN
JAPAN

Fifty similar reports, covering seventy countries, are issued every three months. The annual subscription to one country or territory is £10 and there are discounts when more than five reports are taken. Subscribers receive ANNUAL SUPPLEMENTS giving useful background data. (Single reports cost £3.)

For full information about this and other services apply to:

The Economist Intelligence Unit
22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.

American Survey

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

Candidates for 1956

Washington, D.C.

A COMBINATION of various events and disclosures has now produced a clearer picture than is usually obtainable so early of who will be the contestants in the next presidential election, in November, 1956. The way seems to have been almost completely freed for Mr Adlai Stevenson to have another try as the Democratic candidate, and those close to the President are now becoming convinced that Mr Eisenhower will agree to run for another term. There have been vast fluctuations of opinion on both these points and recent visitors to Washington from the hinterland were surprised to find some even-money wagering going on that the President would not face another campaign. Now all this is changed, and he is regarded as a candidate.

Two important developments have produced that same view about Mr Stevenson. When he returned from his recent trip to Africa, he talked with several of his closest friends and supporters, and the newspapers were suddenly flooded with reports that he had made up his mind to run again. Capping this series was a story sent to the *New York Times* from Chicago saying flatly that he would accept the Democratic presidential nomination in 1956. Mr Stevenson was not quoted directly, but it was perfectly evident to those familiar with American political techniques that the reporter had talked either with Mr Stevenson or with someone having the knowledge and authority to speak in his stead. In other words, the story was accepted as having the full weight of an "announcement," while leaving Mr Stevenson still technically uncommitted. There are both legal and tactical reasons for deferring a formal statement, and there is a strong possibility that it may be many months before Mr Stevenson himself announces his candidacy.

At about the same time, other men who were regarded as being competitors seemed to remove themselves from consideration. These included Senator Stuart Symington, of Missouri, Senator Estes Kefauver, of Tennessee, Senator Richard B. Russell, of Georgia, and Senator Robert Kerr, of Oklahoma. However, Mr Kefauver maintained a claim on the right to enter the contest by saying that he might change his mind about not being a candidate. The two most challenging figures left in the field with Mr Stevenson are Governor Averell Harriman, of New York, and Governor Mennen Williams, of Michigan. They have both said they will defer to Mr Stevenson if he wants the nomination again, but they have also made it plain that if he does not want it, they will try hard for it. This is for the present an entirely amicable arrangement, but that it may not be strong enough to withstand the pressures of politics and presidential ambition is the one cloud on the Stevenson horizon.

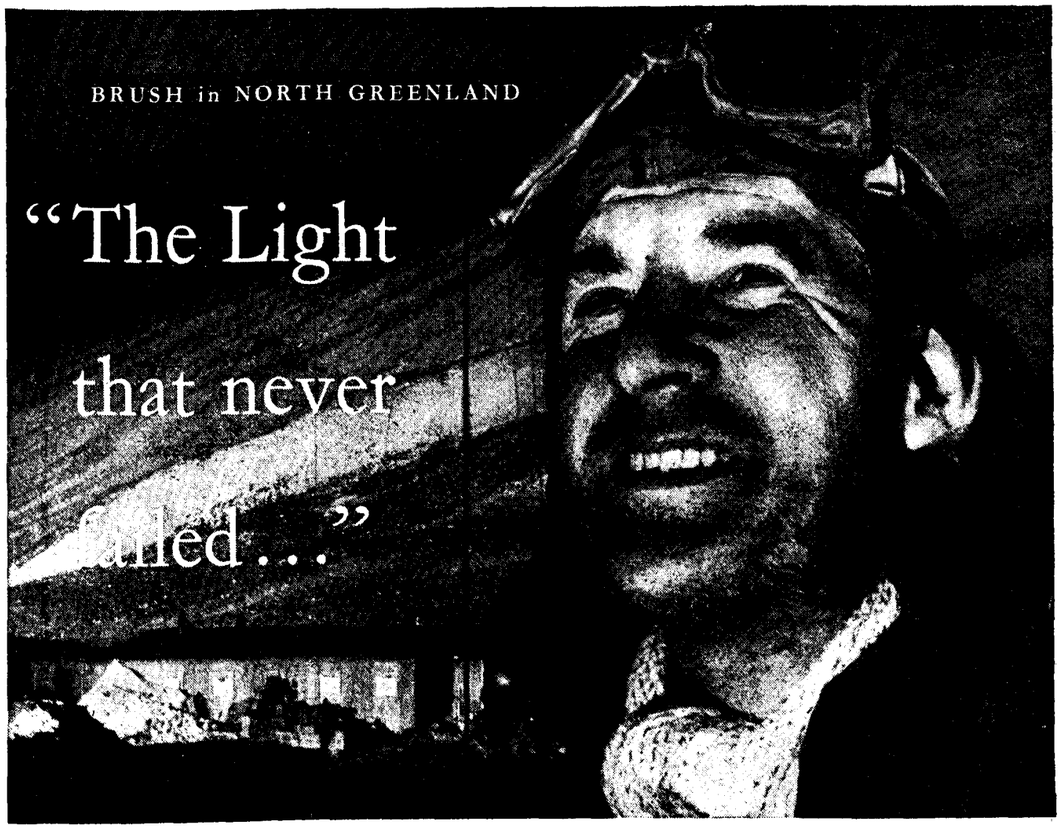
Mr Stevenson and Governor Harriman came to a personal understanding in a week-end of face-to-face conversations at Mr Harriman's official residence earlier this year. However, Mr Harriman, as the head of government in the great State of New York, is a tremendously influential figure in Democratic politics. He is ambitious, he likes the large affairs of the world, and he is of an age, nearly 64, which means that, if he does not try for the Presidency in 1956, his last opportunity is almost certainly lost. While he and Mr Stevenson deal with one another with the best of manners, they exchange no deep personal devotion.

Even if Mr Harriman successfully controls his own ambitions, there are other powerful men, ambitious in his behalf, who might try to make him the nominee anyway. In this category are the political leaders of New York City, especially Mr Carmine De Sapio, head of the Democratic organisation there. They have no love for Mr Stevenson and owe him nothing, and must naturally be fascinated by the prospective rewards of placing their own man, Mr Harriman, in the White House. Similarly, the labour leaders of industrial Michigan might be stirred to efforts on behalf of the young Governor Williams, who has had a spectacular Democratic success in what was a Republican state until he came along.

★

It is quite clear that Mr Stevenson is prepared to make a real fight for the Democratic nomination, if necessary, and a much more militant struggle for the Presidency than he did in 1952. He was not spurred, that year, by any real feeling that the election of Mr Eisenhower would be bad for the country. Now, Mr Stevenson and the Democratic intellectuals who surround him are genuinely disenchanted with the Republican rule, and will fight vigorously to bring it to an end.

Mr Stevenson has dropped the self-consciously statesmanlike approach to political conflict. He has criticised the Administration's policy in the Far East extremely sharply. In a recent speech in New York, he hit hard at the Administration's handling of the anti-polio immunisation programme and at what he asserted was its neglect of





41° BELOW ZERO. In North Greenland, 800 miles beyond the Arctic Circle, lie endless wastes of ice over 10,000 ft. thick. This is the Arctic where breath freezes with a hiss. It is also a 'weather factory' for more temperate regions. That is why 25 scientists and officers of the British North Greenland Expedition are spending two years there to study meteorological conditions. To provide power for lighting and radio communication at their Britannia Lake Base Camp the expedition chose a Brush Group Diesel Generating set. During midwinter, when North Greenland is totally dark for two months on end, this generating set runs for twenty hours a day. Last winter, operating at an outside temperature of −41°F, this Brush equipment never, at any time, gave trouble in starting, running or maintenance. From laboratory prototype to production unit all Brush manufactured equipment is subjected to a rigorous testing process. It is the strict system of tests and controls at all stages which results in the outstanding performance of Brush units under the toughest operating conditions all over the world. Today, the up-to-date production facilities and skilled engineers of the Brush Group organisation are joined to a vigorous development policy and a thorough grasp of world requirements. That is why Power Engineers all over the world increasingly look to Brush to provide them with the reliable job-tested type of Power Equipment they need.

THE GROUP APPROACH. As rationalisation progresses in Britain's major industries, there is a growing trend for complementary companies to combine together into larger, more effective units. The Brush Group is an outstandingly successful example of this grouping of old-established companies into an homogeneous production and selling organisation. The Brush Group is the world's biggest exporter of diesel engines. Last year Group companies manufactured and sold over £20,000,000 worth of electrical and diesel equipment. The immense and mounting resources of this remarkable consortium of men, machines and enterprise is playing an ever-increasing part in building the economic future of Britain.

THE Brush Group LIMITED • WORLD'S LEADING POWER ENGINEERS

DUKE STREET, ST. JAMES'S, LONDON, S.W.1

BRUSH ELECTRICAL ENGINEERING CO. LTD · MIRRLEES, BICKERTON & DAY LTD · J. & H. MCLAREN LTD · THE NATIONAL GAS AND OIL ENGINE CO. LTD · PETTERS LTD

research in public health. There was a clear implication of a coming attempt to picture Republicans as being people so essentially cold-blooded that they do not care whether Americans are well or not. The Democratic party is not fully agreed on how to deal with President Eisenhower, but Mr Stevenson has shown that he, at any rate, intends to attack directly, no matter how popular the adversary may be.

The new and firmer belief that Mr Eisenhower will run again is supported by the greater pleasure that he is now taking in his office. At a recent press conference, he delivered a homely little talk on the subject. He said he still did not like politics, in the derogatory sense of that word, but he went on to describe in most glowing terms the "fascinating" experience of having "thousands of unique opportunities" to meet leaders from all over the world, and of possessing the authority and the influence to work toward the establishment of peace.

At the same time, the President spoke of the utter necessity of an identity of views between a President and his Vice President. He went so far as to say that if a vice-presidential nominee were not acceptable to the presidential nominee, then the presidential nominee should immediately step aside. The political analysts immediately took this to be an endorsement of Vice President Nixon and an indirect criticism of Senator William Knowland, the Republican leader in the Senate, who has differed with the President on very important matters of policy, and who probably has vice-presidential ambitions himself.

Senator Knowland, a natural rival of his fellow Californian, the Vice President, would certainly cry for the presidential nomination if Mr Eisenhower did not want it, and the possibility exists that Mr Knowland is considering an open break with the President. The Senator has repeatedly implied that the course of presidential action which is generally described as disengagement and negotiation is flirting with appeasement. The time bomb in this situation is the destiny of Quemoy and Matsu. If they passed to Communist China, then Senator Knowland, who sincerely believes that matters of the gravest principle are involved, would almost certainly make that the breaking point between him and the President. Few observers believe that there is any large or strong body of opinion in the United States on Mr Knowland's side, but he could still create an extremely difficult political situation within the Republican party. It is the sort of thing President Eisenhower has always liked to avoid, but he now seems to have made up his mind that there is going to be no appeasement of Senator Knowland.

Exploring Avenues

HURRYING from embassies on Massachusetts Avenue to presidential offices on Pennsylvania Avenue, officials have been gathering their diplomatic baggage for the coming expedition into the jungle of negotiations with the Soviet Union. The route is well-mapped—from western foreign ministers in New York this week through foreign ministers of all kinds in San Francisco next week to heads of government in Geneva in a month's time—and the dangers and frustrations are well-known. But this time there is genuine hope, if not all over Washington, at least in the White House, that the explorers may come back carrying an armistice in the cold war. President Eisenhower has warned Americans that this would be only a beginning, that it may take a generation of constant vigilance to reach a lasting and just peace. But he believes that a significant change is taking place in relations between the East and the West. In stressing this, he is as usual interpreting the mood of his countrymen more sympathetically than is his Secretary of State. Meanwhile, Mr Dulles, answering all questions with damping diplomatic caution, is being accused by Mr Stevenson of lacking the flexibility to compromise.

Even Mr Dulles, however, admits that encouragement is to be found in the signing of the Austrian treaty and in the Russian approach to Jugoslavia. In his opinion these moves suggest that the Soviet might now possibly be persuaded to go a little way toward honouring the Yalta and Potsdam pledges and allowing the satellite countries—Czechoslovakia, Hungary and Poland—more freedom. This is naturally one of the main topics which Mr Dulles wants to discuss at Geneva. One he does not want to discuss is the situation in the Formosa straits; he feels that any attempt to put the informal cease-fire there on a more permanent footing would be likely to lead only to a new outbreak of hostilities. Mr Krishna Menon has not been very warmly received in Washington partly because he is stirring up this sleeping dog in his attempt to foster a general settlement in the Far East. But another reason why he is suspect is because he represents a neutral power. By contrast Dr Adenauer, already a Washington hero, has justified the enthusiastic confidence placed in him by his firm agreement that "the concept of neutrality is in no way applicable" to his country, even should the Russians make it the price of reunification between Western and Eastern Germany.

Wages for Tomorrow

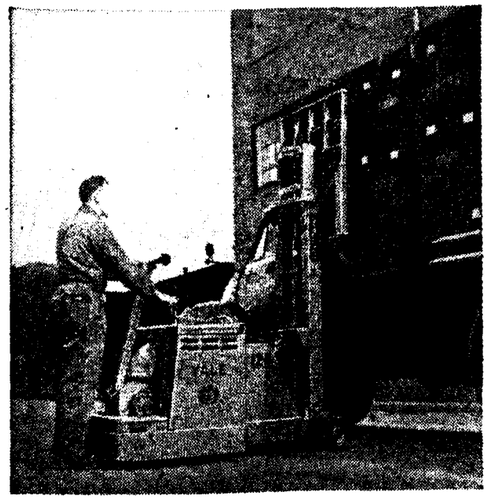
AT dawn on Monday the General Motors Corporation and the United Automobile Workers signed a momentous contract, after more than sixty days of negotiation and under the immediate pressure of unauthorised strikes in some twenty plants. Like the contract agreed to a week earlier by the Ford Motor Company, the new pact commits the world's largest manufacturer of automobiles to the principle of supplemental unemployment benefits, based on a trust fund of $150 million to be set up by the corporation. The General Motors contract differs from the Ford agreement in several important respects; but it joins Ford in the essential recognition that employees who are laid off are to receive substantial benefits—varying between 60 and 65 per cent of take-home pay—for as long as twenty-six weeks. To call such an arrangement a "Guaranteed Annual Wage" is to be inaccurate, but there can be no doubt that it represents a tremendous victory for organised labour and will deeply affect the national wage picture.

Already, there are dire prophecies that smaller industries and businesses will be forced to merge or disappear because they cannot afford the enormous reserve funds required to

In Belgium

Here a YALE fork-lift truck is handling boxes on a road having an 18% grade at **Electricité Industrielle Belge** in **Dison.**





In Denmark

This YALE "Worksaver" Electric Fork-Truck is loading a lorry with cases of bottled beer at the **Tuborg Breweries** in **Copenhagen.**

In Morocco

This YALE truck, equipped with a gooseneck boom is handling quickly and safely bundles of telegraph poles in **Casablanca.**



. . . all over the World

Yale Trucks are on the job!

YALE
REGISTERED TRADE MARK

REPRESENTATIVES

FRANCE Fenwick Paris
SPAIN Fenwick Barcelona
SWITZERLAND Forrer-Fenwick Zurich
HOLLAND Van Eyle & Ruygers Rotterdam

Industrial Lift Trucks are manufactured by:

THE YALE & TOWNE MFG. CO.

Wednesfield, Staffs, England • Velbert Rhld., Germany
Philadelphia, Pa., U.S.A.

and under licence by **FENWICK** St.-Ouen, France

YALE & TOWNE

ITALY Fenwick Milan
BELGIUM Fenwick Liége
DENMARK V. Løwener Copenhagen
NORWAY A/S Løwener, Mohn, Oslo
SWEDEN A/B V. Löwener, Stockholm

THE YALE & TOWNE MANUFACTURING CO. CHRYSLER BUILDING, N.Y. USA

finance the new wage plan. Economists are pointing out, moreover, that the Ford and General Motors agreements pre-suppose sustained prosperity. Others argue, however, that once the fund is established, it will act as a brake on deflation and will stabilise consumption. In fact, the impact of GAW on the rest of American industry will not be immediate or universal. In 1956, it will become a basic issue in the steel industry—where the idea was first conceived—and "some kind of similar plan" will be asked for by the electrical workers' union in September. But few unions wish to risk driving their employers out of business; later on drawbacks in the whole scheme may be discovered.

Not the least of these will be the legal problems attached to reconciling GAW with present state unemployment benefit laws. In most states, an employee is not eligible for state unemployment compensation if he is being paid by an employer, but GAW is based on the idea that corporations will not pay benefits except as a supplement to those given by the state. The Ford contract specifies that unless state laws are adjusted before June 1, 1957, the GAW plan will terminate. In such states as Michigan and Ohio—where a great percentage of automobile workers is concentrated—quick action is likely, but the same may not be true elsewhere.

Up to the President

THE new trade agreements Bill, giving the Administration power to negotiate tariff reductions of 5 per cent a year for three years in exchange for concessions from other countries, has been finally approved this week, after a month's delay. This was caused by the reluctance of members of the House of Representatives to agree to the protectionist amendments added by the Senate; since the Administration had accepted these amendments, the struggle against them was in fact almost pointless.

One small concession was, however, obtained: in the clause providing that, for a higher duty to be recommended by the Tariff Commission, an industry need only prove that it was being injured "materially" by imports, the operative word became "substantially." In the old Act imports had to be the sole cause of an industry's difficulties for it to become eligible for relief. The Senate also made it possible for an industry to claim relief if only one section of its output is being harmed by competition from imports, even though in its operations as a whole it is still doing well. These and other amendments will undoubtedly add both to the number of appeals to the Tariff Commission and to the pressure on the President to allow a higher duty when this is recommended by the commission. But at least the final decision is still up to him and there is no reason to suppose that he will be any more ready to allow tariff increases in the future than he has been in the past.

Almost the only example, but a notorious one, of such an increase being allowed was the rise in duty on Swiss watches a year ago; it was excused on the grounds of the importance of the domestic industry to the national defence, something which the new Bill specifically instructs the President to consider. The psychological impact of this increase has just been slightly mitigated by compensatory reductions in other tariffs, although the amount of trade involved is too small to make up to the Swiss for the full effects on their chief export to the United States. The new agreement with Japan, also just negotiated under the old foreign trade Act, may not, however, lead to so many claims of injury as had been forecast. The Senate saw to it that Japan should not be eligible for the additional concessions obtainable under the new Bill. Furthermore, no tariff reductions have been granted on higher grade cotton piece goods, which means that the threat to American textile manufacturers is not so serious as they expected. Their fear of Japanese competition has given Senator George a chance to try to enlist their support for an easing of restrictions on east-west trade. Such a relaxation would enable the Japanese to find markets in Communist China and lessen their dependence on exporting to the United States.

Competing in the Sky

New York

AS Capital Airlines prepared to bring into service the British Vickers Viscount, the first turboprop airliner to be certified for commercial operation in the United States, and as Continental Airlines was hinting that it may follow Capital's example and buy Viscounts, two developments have made it clear that the American aircraft industry intends to dispute the British lead in both turboprop and pure jet civil airliners. As its first American competitor the Viscount will have the Lockheed Electra, 35 of which have just been ordered by American Airlines at a cost of about $1.8 million each. The Electra, a four-engined turboprop with a cruising speed of over 400 miles an hour, is said to be 100 miles an hour faster than the Viscount, with a range of 2,000 miles compared with the Viscount's 1,650 and seats for 64 passengers compared with the Viscount's 44. But as the Electra exists only on paper, its claims are still unsubstantiated. The first aircraft is optimistically due for delivery towards the end of 1958, with all 35 to be in America's hands by mid-1959.

It is significant that, although the Lockheed design provides for the installation of General Motors' turboprop engines, the 3,750 hp Allison 501 recently certified for commercial operation, the selection of this engine has not been confirmed, and the aircraft will be designed to use, with little modification, engines developing up to 5,000 hp. The field is still open, therefore, to a British turboprop engine, and American Airlines is reported to be well disposed at present towards the Rolls-Royce RB 109 turboprop, if the exacting standards of performance and delivery dates can both be met. Now that American Airlines has taken the plunge, Eastern Airlines, which has similar requirements for a medium-distance aircraft, is expected to follow suit with a larger order.

Meanwhile, in the Douglas Aircraft Company's Californian factories, a competitor to the de Havilland Comet is taking shape. Last week, in what appeared to be an attempt to beat the Lockheed gun, Douglas announced that it had decided to build, without government backing, its DC-8 pure jet commercial airliner and to have it ready for flight testing by the end of 1957, and for initial airline delivery in 1959. The DC-8, to be powered initially by four Pratt and Whitney J-57 jet engines, is to be capable of cruising at 550 miles an hour, carrying 80 to 125 passengers, and completing a non-stop New York to Paris flight in 6½ hours.

No order from an airline for this aircraft has yet been announced and the prospect of early commercial certification is still bleak. But Douglas has begun an intensive sales campaign, looking to United Airlines, known to favour the pure jet for trans-continental flights, as a most likely first customer. Both American and Eastern are expected to round out their fleets, with jets for trans-continental flights supplementing the turboprops on the middle distance hauls. Nevertheless, the large backlog of orders for the latest versions of the Douglas DC-7 and the Lockheed Super Constellation shows that, although the piston engine has at last begun to give ground to the turboprop in America, the transition is certain to be slow.

Verdict on the Vaccine

LAST Friday the Public Health Service at last issued its report on what went wrong with the Salk poliomyelitis vaccine, which was approved with so much publicity two months ago, only to be withdrawn when a number of children developed infantile paralysis after being inoculated. The blame is pinned to the mass output which had been organised in order that all children of the most vulnerable ages might be immunised before the present polio season opened. The fault apparently lies not so much with the methods used for this large-scale production as with the unexpected fact that Dr Salk's process was not so safe as he had originally supposed. A certain proportion of the vaccine was found to contain live virus which the established tests were not strict enough to detect.

Now the official requirements have been made much more stringent and the government has set up a new Division of Biologics Standards. This is designed not only to keep a better check on future supplies of the vaccine but also to ensure that similar disasters do not occur when other virus vaccines are developed. Probably the most important aspect of Dr Salk's work is the prospect it has opened up of vaccines against other hitherto intractable diseases, influenza, for example, and even the common cold. That new standards and a new agency are considered necessary is an admission of error by the government. And there still remain many questions to be answered, regarding in particular the timing of the inoculations and their after-effects in certain cases.

Nevertheless, the basic trouble undoubtedly arose from the sensational leap out of last year's trial inoculations into this year's nation-wide programme of immunisation. If a further experimental scheme, even a very large-scale one, were all that had been attempted this year and if the public had been warned that there were still risks attached to the vaccine, then the terrible disappointment of recent weeks would have been avoided. But it must be remembered that the National Foundation for Infantile Paralysis, the independent charitable organisation on which the main responsibility rests, would not have had the money to finance the development of the vaccine and the free inoculations if it had not for years been employing all the arts of the publicists to raise funds. Even now practically no one suggests that the Salk vaccine is not an extremely valuable weapon against the polio menace.

Box Office Recovery

New York

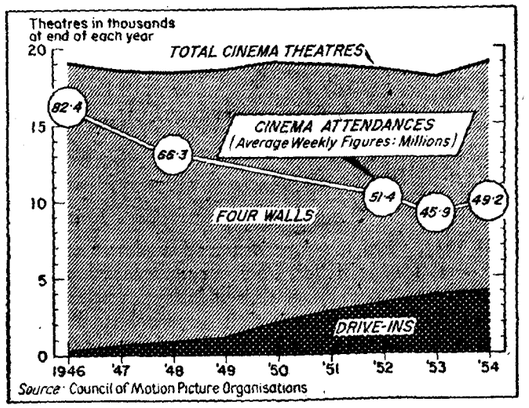
IN 1953, when the American motion picture exhibitors were seeking relief from entertainments tax, they gave a dismal account of their industry. Weekly attendances had been almost halved, from an average of 82 million in 1946 to 46 million in 1953, and of the 19,000 indoor cinemas operating in 1946 over a quarter had closed their doors by the end of 1953. A year later, attendances, although still well below their postwar peak, had begun to rise, and nearly a thousand of the closed theatres had reopened. Exhibitors can now view the future with less apprehension, though not all of the new trends are to their liking, and some ominous clouds can be seen rising on the television horizon.

The reversal of the long decline was caused by the happy coincidence of three factors: the success of the exhibitors' well organised campaign for tax relief; the welcome discovery that in city after city the inroads of television into receipts at cinema box offices had reached at least a temporary saturation point; and the adoption of the new wide screen techniques and the increasing use of colour. But although the film industry's share of the entertainment cake has stopped shrinking, the exhibitors are still dissatisfied with their portion, and claim that the producers and distributors have stolen most of the icing. Film rentals, paid by the exhibitors to the distributors, have risen sharply from the traditional 30 to 40 per cent of box office takings to a more frequent 50 per cent, and in special cases run as high as 70 per cent.

The cause of these higher rentals, according to the exhibitors, is a shortage of films. The Hollywood studios, which turned out well over 400 pictures in each of the early postwar years, made only 303 feature-length films in 1954. This, the exhibitors allege, was the result of a deliberate policy of restricting production to force up film rentals. These allegations are, of course, denied by the producers who claim that higher rentals merely reflect higher production costs. Shortages are caused by the difficulties of meeting the demands of a more discriminating public for films of a consistently high quality.

What the public is demanding are spectacles based on the Bible, on best-selling novels or the most successful stage plays and musical comedies, starring the most renowned actors, and produced in colour on one of the new wide screens. Today's lavish productions take longer to shoot and cost more to make than previous films. In some studios, output was also retarded last year by the technical problems of conversion to the new widescreen techniques. Of the feature films produced by Hollywood in 1954 over one-half—for the first time—were filmed in colour, and

nearly a quarter were filmed in Twentieth Century Fox's "Cinemascope," Paramount's "Visa-Vision" or similar processes. Other producers are free to use both Cinemascope and Vista-Vision (although they are charged a fee of $25,000 a film for Cinemascope and required to shoot



in colour), but some held up production until it was quite clear from the reaction of audiences which way the cat had jumped.

Technological changes in the studios have their counterpart in the cinemas, which must be adapted, often at considerable cost, to show the films made with new processes. Few cinemas can match the 70 by 28 foot Cinemascope projection on New York's Radio City screen or provide such a full range of stereophonic sound effects, but over 13,000 of the country's 15,000 indoor theatres have now been converted at a cost varying from $5,000 to $30,000 each to show some form of Cinemascope. Cinerama, for which installation costs run to $150,000, has had a more limited impact so far. But a new process, known as "Todd-AO," which makes its debut in the film version of "Oklahoma," is being watched with interest.

★

As fewer films are available, the single-feature attraction is replacing the double programme. This trend seems to be approved by a "television-conditioned" public. Many theatres that once changed programmes twice or three times a week can now change only once. Simultaneously, exhibitors have had to adjust to a marked seasonal change in attendances. Ten years ago, before television opened its umbrella and when "drive-in" theatres were almost unknown, cinema attendances were fairly constant throughout the year, with a slight dip in the summer months. Now theatres remain half empty in winter, and there is a pronounced peak attendance in summer. This is due partly to the concentration of the best television shows in the winter months, and partly to the spread of air-conditioning, which boosts summer attendances in indoor theatres (and is even advertised, on occasion, more prominently than the film).

But the main reason for the summer peak in attendances is the striking growth of drive-in theatres. These are little more than outdoor car parks, equipped with a giant screen and hundreds of individual loudspeakers. The customers drive in, park facing the screen, hook up to a loudspeaker, and remain in their car throughout the programme. To Americans accustomed to living—and courting—on wheels, this form of entertainment has great attractions; not the least of these is its convenient solution of the baby-sitting problem—the child asleep on the back seat. As land costs on the outskirts of cities are not prohibitively high, a drive-in theatre can be built at half the price of a "four-wall" or indoor cinema.

But the popular drive-in, ill-suited for showing films in Cinemascope, is not the complete solution to the television age. To compete with television the cinema must offer the kind of superior spectacle provided by the widescreen techniques, coupled with the use of colour. And the difficulty of outbidding the attractions of television could be increased by the development of cheap colour television. What disturbs the cinema owners even more is the possibility that subscription television, a system in which the viewer pays for each programme received, may be widely adopted. This would offer to the film producers a home box office big enough to encourage them to release first-run films to television. But the film producers, who are already spending $80 million a year producing films specially for television, will undoubtedly attempt to maintain profitable outlets in the cinema as well.

Send the Gun-Boats

THOSE members of the Foreign Office charged with writing "very strong protests" to the American government have not had much practice since the Alabama case during the Civil War. But last week, with the arrest of Mr Ronald Cook, the British consul in Norfolk, Virginia, Whitehall had a splendid opportunity for indignation. Mr Cook was briefly detained for contempt of court on two counts. Acting in accord with instructions from London and with consular protocol, he had refused to testify in a suit for damages brought by a Pakistani seaman against the Weir Shipping and Trading Company of London. Moreover, it was alleged—at third hand—that Mr Cook had stated that "all American lawyers are crooks." Judge Walter Hoffman took the view that "British consuls cannot go out and slander lawyers." Is the implication that lesser men can? Mr Cook denied having made the statement in the first place and was released on bail.

It is odd that this storm in a tea-bag cup should have taken place in Virginia, a state that calls itself "the old dominion" and which has the unique tradition of flying British colours on the state house at Williamsburg. But then, it is from Virginia too that sprang most of the leading spirits of 1776. So far, nothing has been heard from the State Department which has been asked to obtain an apology from the judge. The suspicion that the arrival of the British note caused Mr Dulles and his colleagues to evacuate Washington on a three-day civil defence exercise is thought to be unfounded. One thing is certain: if the exchange of sharp messages can be protracted for a bit, leader-writers in *Pravda* may have some explaining to do about the "49th state."



MORE POWER AT LOWER COST

What the roc did for Sinbad, Napier will do for the air passengers of the near future. Napier engines will give helicopters their vertical lift and then, once airborne, their forward power. ***Eland*** *turbo-props will be fitted in the Fairey Rotodyne, and the* ***Oryx*** *turbo-gas-generator in a new Percival helicopter.*

Both these engines are variations on the general Napier theme: more power at lower cost.

NAPIER

Partners in Progress with The ENGLISH ELECTRIC Company

• ELECTRONIC TUBES AND SEMI-CONDUCTORS • INCANDESCENT, FLUORESCENT, MERCURY AND SODIUM LAMPS • AMPLIFIERS, MICROPHONES AND LOUDSPEAKERS • RADIO AND TELEVISION RECEIVERS • MEASURING APPARATUS • ELECTRIC DRY SHAVERS • HEARING AIDS • GRAMOPHONE RECORDS • HOUSEHOLD APPLIANCES • RADIO BROADCASTING AND TELEVISION TRANSMITTERS •

• PHARMACEUTICAL AND CHEMICAL PRODUCTS • VITAMINS AND VITAMIN PREPARATIONS • RADIO-ACTIVE ISOTOPES • WELDING ELECTRODES AND MACHINES • MAGNETIC TAPE RECORDERS • CINEMA EQUIPMENT •

March into the future... No. 6



Maybe one day...

That microscope is one of her most treasured possessions. For Mary likes facts — and she likes to see for herself.

Maybe one day that interest will lead her to a career in the X-ray department of a great hospital. There she will find Philips X-ray apparatus for diagnosis and therapy. And there, also, close and continued watch on processes hitherto hidden from the human eye will be made possible by Philips X-ray image intensifiers and radio-active isotopes — brilliant scientific achievements in comparison with which her old microscope will seem a plaything indeed.

PHILIPS

CONTRIBUTE TO THE BETTER WORLD OF TO-MORROW

• RADAR EQUIPMENT • AUTOMATIC AND LINE TELEPHONE INSTALLATIONS • MEDICAL AND X-RAY APPARATUS • SCIENTIFIC EQUIPMENT • DIAMOND TOOLS •

THE BUSINESS WORLD

Taxation of Profits and Income—I

A Philosophy of Corporate Taxation

IN the vast field for debate opened by the final report* of the Royal Commission on the taxation of profits and income, the consideration of the proper basis for the taxation of corporations must have a primary place. It is not the easiest starting point because much of the ground is unfamiliar; different aspects of company taxation have often been reviewed, but only now have they been brought together for the first time, and it is an advantage to all but the Chancellor that opposing viewpoints are deployed. If they can be satisfactorily resolved a fundamental advance in the development of fiscal principles will have been made.

Companies have been subject to separate taxation of their profits for more than a century and a half (is the Royal Commission's reference to "Addington's" Income Tax Act of 1803 his first official recognition?). But until quite recently companies were thought of as large partnerships paying tax on behalf of their shareholders and recouping themselves by deducting tax from the dividends they paid. They retained a comparatively modest amount of profits, and on these retentions tax at the standard rate seemed a reasonable substitute for the average tax rate that shareholders would have paid on them if they had been distributed. Even as late as 1920, when the Colwyn Committee reported, no specific conceptions covering the taxation of company profits were thought necessary.

Since then the distinction between corporations and their owners has been sharpened, not least because large retentions of profits have become a feature of company practice. The Commission finds no theoretical justice in taxing undistributed profits at the standard rate; nowadays that is a mere rung in a ladder stretching from the lowest reduced rate of 2s. 3d. in the £ to the highest combined rate of income tax and surtax of 18s. 6d. in the £. In 1954-55, the yield of direct taxation on the undistributed profits of companies reached £848 million—two-fifths of the total yield from all sources of income tax, profits tax and surtax combined. If personal taxation is largely governed by relative capacity to pay, what concept is valid for taxing the undistributed profits of companies? The majority propound five governing conditions:

(1) Undistributed corporate profits should not escape taxation.

(2) It would be wrong to tax those profits without recognising that they represent, though in a special form, income belonging ultimately to individuals.

(3) Because of its special form that income is *sui generis*.

(4) The special features which distinguish it are that generally speaking an individual shareholder has no direct ownership of, or control over, his "share" in those profits or the assets by which they are represented.

(5) Income represented by a right of this kind has a lower taxable capacity than ordinary income by any method of comparison that treats each as part of the total income of some individual.

This analysis will be generally accepted, but as the report admits it yields no principle to relate the burden of corporate taxation and the burden of personal taxation. The conclusion is pragmatic:

> Any corporate taxation that is not merely a method of taxation at source has to be measured according to its effect upon the undistributed profits upon which its burden will fall and . . . we must expect that the rate will be determined primarily by the current need for revenue and by the economic objects that it may be hoped to achieve by changes in the impact of taxation.

* Cmd. 9474. The subject of corporate profits is discussed *passim*, and especially at pp. 13-18, 24, 155-166, 180, 240-244, 345-347 and 382-390.

The final severance of the nexus between corporate profits and personal incomes undermines any remnant of authority that the standard rate of income tax should apply to company profits. It is small enough already since the standard rate has for years been augmented by the separate charge to profits tax, which is limited to corporate profits. Is this two-tier structure justified? Mr Crick thinks not: "The resulting tax system is an unrecognisable hybrid, complex in its application, fruitful of misunderstanding and unidentifiable with clear fiscal principles." He would substitute a single corporation tax (in place of the existing income tax plus profits tax) which would be flexible and variable to meet the requirements of economic policy and would be independent of the tax on personal incomes. His colleagues who signed the main report examine the possibilities of amalgamation sympathetically, as do the minority (though their related proposals for a capital gains tax and the separate taxation of dividends break the continuity of their argument); but they run into difficulties —administrative, rather than of principle—when they consider how credit can be given for a corporation tax paid by the company when dividends paid enter into the personal incomes of their shareholders. Their final rather disappointing conclusion is that the attractions of a single-tier corporation tax, considerable as they are, do not outweigh its disadvantages, especially as there seems little likelihood of a "negative" rate of profits tax—that is, a corporation tax at a rate below the standard rate of income tax.

★

In the view of the majority, therefore, profits tax must remain to supplement the standard rate of income tax. The way is then clear for the question: what form of profits tax? Here, to everyone's relief, there is unanimity (shadowed only by the minority's insistence that the change should be coincident with a capital gains tax). The differential rates for retained (2½ per cent) and distributed profits (22½ per cent) must go. The fiscal objections to the additional charge now levied on distributed profits are notorious. The burden of the tax on preference dividends falls on the equity shareholders. The capital structure of companies is being distorted. Above all, the provisions governing the withdrawal of non-distribution relief are unfair in themselves and lead to the accumulation of a heavy potential charge which cannot be ascertained until a distribution takes place. Distribution charges were levied on £37 million over three recent years, but no estimate of the huge quantum of potential charges is given.

On the economics of company savings the report is equally forthright. The majority have doubts whether productive investment is necessarily encouraged through the means of undistributed profits. The differential rate

> does not encourage companies to plough back profits so much as to retain them. . . . The mere retention of profits cannot be rated as an economic advantage: on the contrary it would better serve the public interest that a company should be encouraged to distribute those profits which it cannot put to fruitful use, in order that there may be a chance that they may be invested effectively elsewhere. Nor is it advantageous for the economy that the level of dividends should be kept down.

And the minority, who see in the rise in share prices (which would follow increased dividends) additional fuel for their capital gains proposals, are sceptical of the anti-inflationary virtues of dividend restraint:

> The doubling of all dividend payments—which would do no more than restore the pre-war relationship between dividends and earnings—would only add something of the order of 2 per cent to total consumers' expenditure . . . the spending of the proceeds of higher dividends is not likely to make a great difference to inflationary pressure.

So the additional charge on distributed profits is found to be indefensible on fiscal and economic considerations. Indeed, any discrimination should logically be against undistributed profits (a step recently introduced in South Africa), since these are the profits which escape the rigours of individual surtax. The differential profits tax has no friends, and should be brought to an end.

★

To make good the loss of revenue would require an increase in the new flat rate of profits tax over the existing minimum of 2½ per cent. The majority say that the appropriate rate would be "a good deal nearer" to the minimum than to the 22½ per cent maximum, and estimates given by the minority suggest that 7½ per cent would be a round guess, making the total charge on company profits 10s. in the £. Ordinary shareholders of a company having a substantial preference issue would still be at some disadvantage, but far less than before. A change of this kind would be of greater advantage to companies which have been making large distributions, such as mining and property concerns, than to cautious dividend payers who would suffer. Both majority and minority agree that the existing provisions relating to the exemptions and abatement of profits tax should be abolished.

The report rejects the suggestion that bonus issues of shares created by capitalisation of reserves give rise to any taxable capacity that did not exist before: the shareholders possess two pieces of paper, instead of one, leaving their real interest unaffected. But a bonus issue in the form of debentures, says the report, creates an entirely new right, and it proposes that the law should be altered to the taxpayer's disadvantage by making such a distribution chargeable to surtax. It is true that the company has become the shareholder's debtor; but equally his real interest in the company as a shareholder has been correspondingly affected. The most surprising discovery in the whole discussion of the taxation of corporate profits is the majority's closely reasoned argument for charging dividends paid out of realised capital profits to surtax. Such capital dividends have long been regarded as free from any charge in the shareholders' hands. It has, indeed, been a sore point that they are regarded as "distributions" for profits tax purposes.

To what extent does the report, and in particular the majority view, establish a measure of equity between the taxation of corporate profits and of individual incomes? Debate on this point will long continue and cannot be decided to the full satisfaction of either side. It would be a misfortune if it were conducted on party lines: despite the prejudices, based partly on confusion with a capital levy, that are aroused by any suggestion of a capital gains tax (which must be left to a subsequent article) the issue is not one between Right and Left. Granted the need for a revenue of given size, the issue is how much should be contributed from the profits of corporations and how much from the incomes of individuals. To the extent that one side gains, the other will suffer.

Thus the question turns on the taxation of corporate savings, and the majority put it explicitly: "The saving of other taxpayers . . . must be found out of income after taxation. A company, on the other hand, can set aside out of profits, without any question of surtax arising, whatever amounts are necessary or advisable for the maintenance and development of its business." A sole trader with an annual profit of £15,000 is left with £4,500, after tax; a company with the same profit, and assuming a combined income tax and profits tax rate of 10s. in the £ would have £7,500. Companies have increasingly relied on the profits that they generate to supply their capital needs and one need not quarrel with the minority's figure of 28 per cent. as the proportion of net earnings which are being distributed. Between 1938 and 1953 corporate savings, after taxation, increased eight and a half times, from £95 million to £811 million, although gross profits had increased only four times and dividends were up by less than one half. Surtax-free saving on this scale is no doubt convenient to the companies concerned—the chairmen of the biggest companies insist that the capital markets of the world are incapable of supplying their needs. And although retained profits are not automatically reflected in the market value of the companies' shares they tend nowadays to be acknowledged rather more quickly than the majority and minority suggests—as witness the recent buying of shares showing high earnings yields.

There will be some who have an old-fashioned preference that companies, after full provision for capital replacement, should distribute the rest of the profits to their shareholders, leaving to them the decision whether to reinvest or to invest the money elsewhere. However this may be, it remains to decide whether the standard rate of income tax together with a flat rate of profits tax, making, say, a combined charge of 10s. in the £, is necessarily right. Much can be made of the surtax free advantages of corporate savings. But the incidence of tax on the total flow of savings, personal and corporate, is infinitely variable. The small saver does not pay surtax; the employee with a large income who subscribes to a pension scheme pays neither tax nor surtax in respect of his contributions. Individuals who have to look for their savings to the residue of incomes subject to the higher rates of surtax may think that companies get off lightly—though some of them could enjoy the same advantages if they changed their status. After all, accountants practise as companies in Germany and Switzerland and solicitors can be incorporated in Thailand. The Royal Commission has not given a final answer to this problem of taxes and savings, nor has it spoken in unison. It is impossible to prove that 50 per cent is the right rate for Corporations, and at least conceivable that it ought to be lower.

Spring-cleaning in Adelphi

BY the Government's decision to transfer responsibility for most of the metals and engineering industries to the Board of Trade, the Ministry of Supply becomes what some of its critics have demanded—a government department devoted largely though not exclusively to aircraft production. The Prime Minister described the change (which was planned as long as two years ago) as one that would free the Ministry from matters not directly concerned with "its prime task of supplying the armed forces." The way in which the Ministry has been performing this task has come in for growing criticism during the past year first from the services who were not getting their equipment on schedule; later from the public, which found the Ministry's apologia—the White Paper on Aircraft Production published early this year—somewhat complacent. Since then, there have been more signs of reappraisal inside the Ministry. It is now exclusively concerned with the supply of military equipment and the most important suppliers to the armament industries, such as light metals and electronics; some discussion is continuing about the possibility of further relieving it of responsibility for these sub-contracting industries. The Ministry continues to buy and supervise the production of all equipment used by the Army and Air Force, and all aircraft and clothing required by the Navy which otherwise buys its own equipment.

The most important armaments for which the Ministry is responsible are aircraft and atomic weapons. They are the backbone of the country's defence, consume the lion's share of the arms budget and make the heaviest demands on scientific ingenuity and productive

technique. Both are so complex that a small fault in design may be disastrous and a wrong choice of design catastrophic. The Ministry of Supply appears to have had remarkable good fortune in the development of atomic weapons, from what the layman can judge. Its record on aircraft delivery, by contrast, is chequered—so much so as to raise doubts both about the methods of co-ordination used so far and the internal administrative changes that now appear to have been made. These changes affect the method of placing development contracts, the arrangements for testing, the review of progress and the direction of pure research in advance of design. More are promised. But there seems some risk that these may treat the symptoms only—not the cause of the disease.

★

The record of aircraft development over the past ten years leaves no margin for complacency. In less than ten years, the Ministry has paid out nearly £300 million to the aircraft industry for research and development. For this sum it has received a magnificent series of aircraft engines of all types and powers that remain unbeaten anywhere in the world. It has also sponsored some good aircraft, the original Meteors and Vampires (the latter still in production) and the Canberras, the Viscounts and the big bombers. But there is also a long list of aircraft, some of which have grown old in development, others whose bones are discarded in forgotten corners: Tudor and Brabazon; Apollo and Marathon; the paralysed Princesses; the Swift and the Wyvern and a forgotten flock of little research machines beginning with the Miles supersonic project abandoned in the forties and continued year after year in big and small factories.

The ultimate responsibility for this mixed record lies at the door of the Ministry of Supply. Serious mistakes have been made at the factories. The Services for their part have contributed to delays by chopping and changing specifications. But such changes should be a direct concern of the Ministry of Supply; it should not be a mere pillar-box through which the requirements, much less the whims, of the service ministries are posted to the manufacturers. If a supply department is necessary, then its function is two-fold:

(1) The service ministries frame their requirements in the light of what they believe to be technically possible in Russia; that is, in the light of the threat they expect to meet. The first positive contribution that a supply ministry has to make is to examine those requirements and use its knowledge of industry to advise the Services on whether they can be reasonably met.

(2) The Ministry's second function is to supervise and assist industry in producing the arms. Here its relations are difficult and delicate. As the sole buyer of military aircraft, and the arbiter of much civil design, the Ministry has virtual powers of life and death over individual manufacturers. It provides them with much of their working capital as well as with their orders. In particular, under such a system the initiative to abandon work on a project must come from the Ministry; in the past it has been reluctant to exercise this power.

The Ministry needs to tackle with real energy the two basic reasons for delay: over-exacting demands from the Services, and failure by industry to meet requirements. Much of its attention so far has been concentrated on their secondary manifestations: the delays that affect flight testing and development after the aircraft has been built. The White Paper on Aircraft Production showed signs of a fresh and less rosy outlook about designers' abilities to work miracles. Never again, it promised, would the aircraft industry be asked to miss out a generation of aircraft and leap ahead to the next (though the industry is at this moment being asked to take just such a leap on the grounds that the intermediate stage is difficult and unnecessary). There is reason to believe that both the services and the Ministry are coming round to the view that if one set of requirements must be pitched as far ahead as the experts think they can see across the iron curtain, then a second, less advanced set is necessary as insurance lest the ultra-ambitious projects should fail. Such an "insurance" policy is more expensive than deliberately pitching Service requirements in a lower key, but it is the only compromise that the Supply Ministry can advise. It prevents a disastrous gap appearing in the air defences should one of two designs fail to live up to its promise.

In the past, the Ministry has not always had full value for the money it has lavished on research and development inside the aircraft industry. It is small wonder that sectors of the industry have come to assume that whatever they offer will be ordered, whether or not it fulfils the performance for which the Services had asked. Companies are at last being given to understand that they must take more active responsibility for the progress of work at their factories, and serious consideration is being given inside the Ministry to ways of writing a penalty clause into future development contracts—so that some positive sanctions can be applied to companies that fail to meet specifications.

★

Arrangements are also being made for the ministers concerned to review the rate of progress of development and production more frequently. This last change tacitly admits the basic weakness of the present system, its excessive dependence on the advice of technical experts. These experts are indispensable, but they suffer the common failing of overwhelming optimism; they never willingly admit defeat on projects that too often develop into pets. This optimism can give a company work that is more advanced and difficult than it can handle. It takes more than a good idea to build and deliver an aircraft. A designer, however inspired, must be backed by a design team at least as good as himself. Critical development contracts have been placed, even very recently, with companies about whose ability to handle the work there might fairly be some doubt.

However high the level at which progress is reviewed, the ministers who will review it have still to be advised by experts—as things stand now, mainly by the same experts who were originally responsible for drawing up specifications and for placing orders. Technical advice is invaluable if it is unprejudiced, but even when it is not it cannot easily be overridden. It should not be beyond the wit of ministers to devise some advisory counterweight to the over-enthusiastic expert: a "devil's advocate" department of comparable stature has been suggested. But there seems to be only one way of getting to the heart of the difficulty. This would be to postpone the placing of development contracts until a company has something tangible for which it can seek support.

At present, the industry has had some interest in its discussions with the Ministry in making the most of the cost of development of a project in its early stages. But development costs, even for aircraft, are not inherently beyond the means of companies of reasonable and even modest resources. If orders were placed after the Ministry had a palpable project to buy instead of financing a gleam in the designer's eye, it would become easier to judge between competing designs and to assess the probable rate of their progress in production. It would not be unreasonable for the Ministry to ask manufacturers to demonstrate confidence in their designs by backing them financially in their early stages; a number of companies have already done so when they failed to win official support. Such a policy would not be immediately popular, but it would remove many of the anomalies and inconsistencies of which the industry at present complains and go a long way towards putting competition between manufacturers on a more normal footing. In the United States, where aircraft development is sponsored in much the same way as in this country, development troubles have been just as severe and the record of achievement as chequered. Some British observers find this a source of comfort, but it suggests very strongly that if the same system works unevenly and not very well in two separate countries both with aircraft industries of high standing, something is radically wrong with the system, and that administrative tinkering alone cannot put it right.

Business Notes

Industrial Shares Ride Ahead

ORDINARY share prices this week have gone from strength to strength; fixed interest securities have barely held their own. That is the story of the security markets shown by the indices. The *Financial Times* index of government securities stood at 95.48 on Wednesday, and at 95.15 on Thursday compared with 95.50 on Wednesday of last week. The ordinary share index in the same period reached the record figure of 213.7, compared with 211.3 a week earlier. But the bald picture needs qualification. Although the ordinary share index rose on Wednesday (by 1.1) following the railway settlement, the buying movement did not really gather momentum on the news; indeed it seemed to have lost a little of its force, and on Thursday profit-taking spread further and though it was fairly well absorbed the industrial index fell to 212.2. That is logical; it is in anticipation of good news that investors usually buy; on its achievements profits are often taken. But in the industrial market investors seem still to be on the feed. All the profit-taking has been well absorbed and buying of selected industrials has found the market narrow, so that price movements have been big.

Almost the opposite conditions prevail in the gilt-edged market and in other types of fixed interest securities. The institutions that make much of the running there are not on the feed for the funds and are hesitant even about the best debentures until the interest basis is firmly established and it seems unlikely that the Chancellor's cautious speech in the Economic debate will change that view. Dealings in gilt-edged are narrower than usual, and the turn, when it comes, may for that technical reason be sharp. But two considerations must be holding investors back. First the rail strike (and the dock strike not less) must have caused damage to the British economy that will take time to make good, and during that time it will be as important as ever to keep the money reins tight. Secondly, a heavy programme of borrowing, with the British Electricity Authority probably high on the list, remains to be done, and new issues would check any premature market recovery. The lists for conversion applications for exchanging the maturing New Zealand 3 per cent stock 1952-55 into the new 4¼ per cent stock 1970-73 remain open until Monday; its outcome will be of particular market interest.

Railway Strike Tally

IT is too early to arrive at any reasonable calculation of the cost of the railway strike. The loss of revenue by British Railways, the forfeiture of a little coal and steel output are roughly measurable: the disruption in the rest

of industry is not. Physically, it has certainly been small and much less than most people expected ; but it may have been costly. Moreover, the dock strike still goes on ; only a third of the 400-odd ships at the six ports affected are fully manned.

With only a sixth of the footplate staff on duty (there were far fewer firemen than drivers at most depots) the Transport Commission managed to carry over a quarter of the normal number of passengers in a sixth of the usual number of trains, and perhaps a third of the normal freight traffic in a fifth of the normal number of trains. This was achieved, of course, by squashing passengers and partly by concentrating on the essential supplies that have to go by rail, such as mail, coal and minerals. These, not surprisingly, are the loads for which trains are used efficiently: good wagon loadings are possible and profit margins, incidentally, are higher. The railways may have learnt some lessons of permanent value from this experience. Without the 17-day strike the railways could have expected to earn rather more than £20 million worth of passenger and freight business. Between £12 and £15 million of this may have been lost with a very much smaller saving in train operating costs—but much of the traffic is still there to be carried and freight rates jumped by 7½ per cent on June 5th (15 per cent for consignments under 1 ton).

The turn-out of footplate staff was fortunately highest in the midlands, north-east, and in Scotland, where the bulk of coal and steel is produced, and the dock strike did not reach ports in Scotland and the north-east. With an intensive use of road haulage and no slackening in the pits the loss of coal and steel output may have been under 150,000 tons of each, which seems insignificant against the year's output hopes of 215 million and 19½ million tons. But a big task faces coal transport in shifting the 1¼ million tons or so of colliery stocks that special coal trains and lorries could not clear away, and certain steel products appear to have fared worse than others.

The clearing of this backlog and that of industry's general merchandise will take a little time, but it can be spread over the general haul. Clearance may, unhappily, benefit from the lack of demand for transport to take goods to the ports. Another week or two would have seen progressively worse trouble than this, with far more than 7,000 persons unemployed or taking premature summer holidays. But many engine drivers must be privately asking themselves whether their journeys are really as necessary as they had thought.

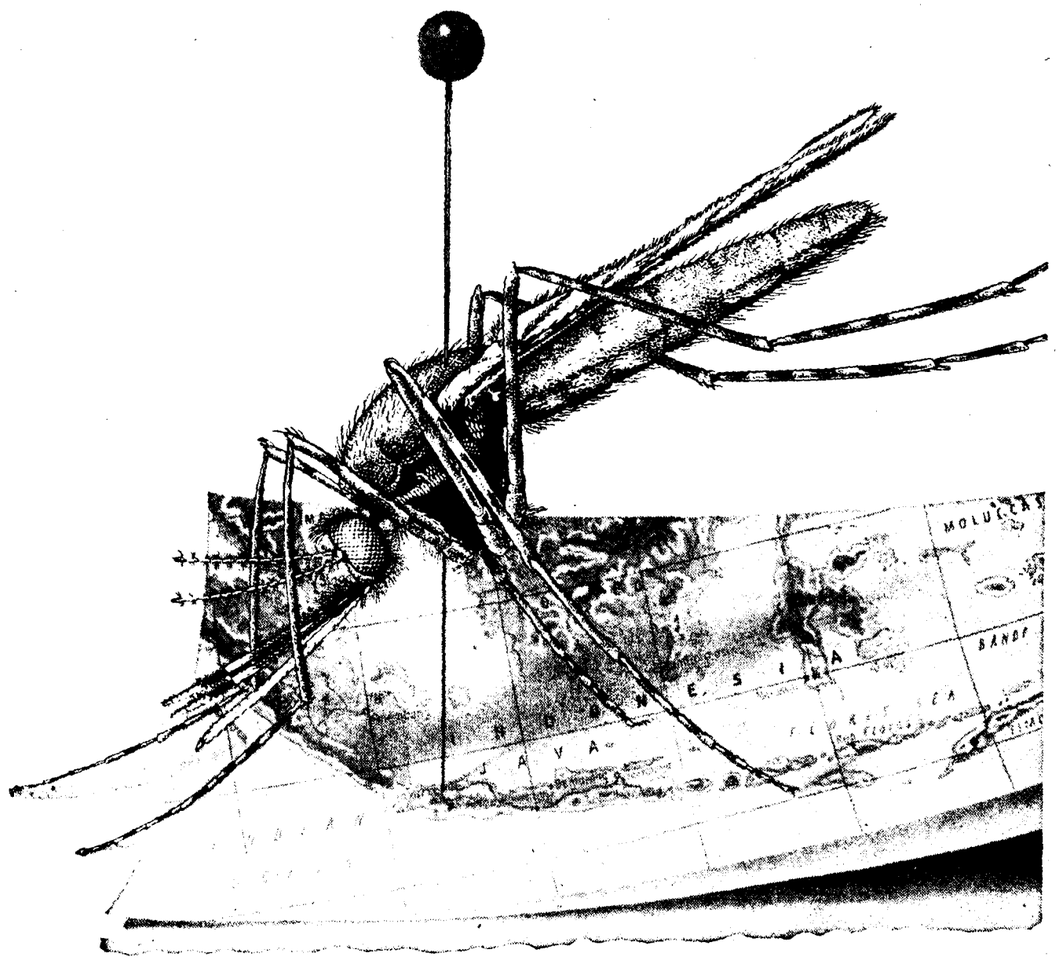
AEA Expands

THE Atomic Energy Authority is about to build six additional atomic piles for the production of plutonium ; it has already two in full production at Sellafield, and another two of similar capacity are under construction at Calder Hall on the same site. The new plants, which are almost exact replicas of those now going up at Calder Hall, will therefore provide for a very large increase in plutonium supplies and since, again like Calder Hall, they will have electricity generators attached to them, they will add token but useful supplies of electricity to the grid. This expansion by the Atomic Energy Authority, which is already streamlining its metal and chemical processing plants to deal with the increased flow of materials through them, is for military needs. The civil programme of 12 atomic power stations, which was announced by the Government in February, will be built and owned not by the AEA but by the Central Electricity Authority which is also expected to produce some plutonium in them that it will sell to the atomic authorities.

The additional plutonium is needed mainly to meet the demands of the services for atomic weapons. But another big development put in hand by the AEA this week is connected with the chemical side of atomic physics. A new branch at Harwell has been created to develop the use of what are now fission waste products—the split fragments of uranium atoms left after fission. These give two intensely powerful and long-lived sources of radiation. Irradiation—treatment with this radiation—can bring about certain chemical changes that are at present achieved by a combination of heat and pressure—including polymerisation, vulcanisation of difficult materials like silicones or the vulcanising of rubber without using sulphur ; it can overcome some of the limitations of transistors ; it can sterilise food, at any rate for short periods, and be used in oil refining techniques. Enough preliminary research has been done to show that the main difficulty may not be to develop uses of these fission materials but to give industry assurance of sufficient supplies. It is possible that these violent, unpleasant and unusual products, of which "caesium 137" is likely to be the first to be developed, may eventually alter techniques throughout industry more than the larger amounts of cheap energy promised by the atomic power stations in which they will be produced.

Automation Down to Earth

THE very word "automation," like the conference on the subject organised by the Institution of Production Engineers this week, has been part of what might be called the creative vulgarisation of automatic control in industry that is now in spate. Few things embarrass the technical purist more than, for example, talk about "factories without workers" in terms couched just this side of science fiction ; but on balance this ferment of discussion at variously-informed levels will probably widen the use of his recondite methods inside industry in general. This process of vulgarisation of complex techniques, at one level, is what allows an electrician whose electrical theory derives largely from how water flows through a pipe to repair a television set ; at another, it enables a managing director, occasionally but how triumphantly, to seize on an essential technical improvement in a project his technical director is trying to sell him. As such, the popularising process has often a valuable part to play in making innovation acceptable. Automatic control technique is not developing at the rate of applied nuclear engineering, where fantasy has trouble keeping ahead of the apparently firm claims of the physicists. At best, the potential pace is slower. But whether that potential pace will in fact be achieved—whether automatic control systems are adopted in industry



The case of *Anopheles sundaicus* . . .

In the Republic of Indonesia, as in many other lands where malaria is highly endemic, energetic measures are being taken to bring under full control the mosquitoes that carry the disease.

The low-lying coastal area around the capital, Jakarta, offers ideal breeding conditions for many malarial species. Here, the Indonesian Malaria Control Board is relying largely on dieldrin for mosquito destruction. Dieldrin, an insecticide recently developed by Shell, not only gives longer-lasting protection, but is also very effective against *A. sundaicus*, a locally prevalent species which has previously proved difficult to control. By the end of December 1954 approximately 28,800 dwellings were treated and some 200,000 of the population were protected.

In Indonesia one spraying a year of dieldrin, at 50 milligrams per sq. ft., gives full control over all mosquitoes and brings better health to millions of people.

Dieldrin's range of control is unique : all mosquitoes and all other major disease-carrying insects. More powerful, exceptionally persistent, giving surer kill at lower dosages, dieldrin is the outstanding insecticide developed in recent years for the protection of health against insect attack.

Another recent Shell development is aldrin, fast becoming recognised as the most widely effective and most economical of all insecticides for use in the soil.

Have you an urgent pest problem in your area ?

dieldrin

dieldrin and aldrin are SHELL insecticides for world-wide use

For further information apply to your Shell Company.

Issued by The Shell Petroleum Company Limited, London, E.C.3, England

ROLLS-ROYCE

AERO ENGINES

LEAD THE

WORLD

The United States of America
buy Rolls-Royce
propeller turbine aero engines.

as widely and as fast as profitably they might be—depends partly upon the success of publicity and conferences such as this week's in opening industry's mind.

Most of the papers presented to the production engineers' conference were well designed to do just that—to promote fruitful discussion among the 850 people attending the conference, most of whom knew a good deal about industry but little about automatic control. To expect them to break new ground in control technique or theory would have been to miss the point of the conference ; and if, with one or two exceptions, they did not achieve much in the way of a general conspectus of the whole field, that is perhaps to be explained by the diversity and in some respects the lopsidedness of control development. In this general field, few of the papers rivalled the quality and clarity of thinking (Marxist jargon once removed) of one or two Russian papers that have recently become available in Britain ; and there were perhaps too few of the detailed case studies, showing a factory problem and how automation was used to solve it, with costs and savings, that some American companies have been able to produce in recent years. But both those shortcomings arise from the fact that automation has been, perhaps, more intensively applied here and there in Russia and certainly has been far more widely applied in the United States. This week's conference is a part of Britain's attempt to pull itself up by its own bootstraps to catch these two technical rivals.

Trade Deficit Cut Again

THE improvement in British overseas trade in April was carried further in May: exports remained high and imports again fell sharply. Monetary policy can surely claim some credit for that result ; it seems improbable that the partial strike of dockers that began on May 23rd could have had much effect on the May clearances. But the effects of the dock and rail strikes will certainly be apparent in the June trade figures, and the damage to Britain's export trade of these strikes—coming not long after the complete dock strike last year—will be increased by the frustration of

UNITED KINGDOM TRADE
(£ million—monthly averages)

	Imports c.i.f.	Exports f.o.b.	Re-exports f.o.b.	Trade Deficit
1954 :—				
1st quarter....	273·8	224·5	9·3	40·0
2nd „	284·1	223·9	8·6	51·6
3rd „	279·2	221·1	7·9	50·2
4th „	289·3	222·0	7·8	59·4
1955 :—				
1st quarter....	335·1	247·3	10·6	77·1
May*	290·3	249·4	8·4	32·5
April–May*...	304·2	247·1	8·4	48·7

* Provisional.

some seasonal exports and the diversion of current orders to other countries. May was a short working month (though it had 25 days, one more than April). Exports rose by £4.6 million to £249.4 million fob ; the April-May average of £247.1 million was the same as for the first quarter and 9 per cent higher than in the same two months of last year.

The big change was in imports, which fell by £27.7 million to £290.3 million cif ; the April-May average of £304.2 million was £30.9 million—9 per cent—below the first quarter's average and only 8 per cent higher than in the same months of the last year. Another measure of the recent contraction in imports is that their average value in the first five months was 16 per cent higher than in the same period of last year, whereas the first four months' average was 20 per cent higher, and the first quarter's average 23 per cent higher than in the same periods of last year. With re-exports unchanged at £8.4 million, the gross visible trade deficit fell by half to £32.5 million, easily the smallest deficit for seven months, and the average deficit of £48.7 million in April and May was £28.4 million below that of the first quarter.

Exports to North America rose sharply by £2.1 million to £28.3 million, thanks to what must have been a largely seasonal jump of £3.6 million to £15 million in shipments to Canada. The average rate of shipments to North America in April and May, at £27.2 million, was 15 per cent higher than in the first quarter and 8 per cent higher than in the same two months of 1954.

Coal Stock and the Market

THIS week's issue of compensation stock for the nationalised coal mines has a wider significance than the issue itself suggests. It is a small allotment ; compensation for the mines proper in Yorkshire, South Wales and South Staffordshire has been completed and some payments on account of ancillary assets in other areas have been made. Compensation amounting to about £10½ million is being satisfied by the issue of Treasury 3½ per cent Stock 1977/80 taken at £88 7/16 (Wednesday's market price). These half-yearly payments on account of the mines nationalised at the beginning of 1947 are now shrinking. Towards the compensation of the coal mines proper valued at £164,660,000 over £160 million has been paid and all districts except Lancashire and North Wales have been paid in full. Towards the cost of the whole industry including its ancillaries estimated most roughly at £300 million, £284 million has been paid. There is not now much more compensation to come.

What is significant about this week's issue is its handling in the market. As with earlier allotments, the government broker found himself obliged to stand behind the market and buy where necessary at the issue price. As most of the colliery companies are now liquidating, most of the stock is being sold and much of it had to come the government broker's way. This was the first occasion since the tighter money policy was put into full force that the government broker has been a buyer ; but for good measure on this special holiday he was prepared to help the market a little further. If the jobbers preferred to keep the coal stock and offer him something else on the gilt-edged list instead—he tried to oblige them, provided naturally that he bought the right amount of stock.

These arrangements, it will be clear, involve no breach in monetary policy, though they take a slight edge off its

austerities. The government broker is now on occasion prepared to do switches with the market—to buy one stock from them and sell them another in exchange. Until recently he was only willing to do the selling half of a switch: he would not buy even when the purchase could be matched by a sale of the same value.

Stocks in the Balance

BETWEEN the point of import or production and the point of sale, Britain at any one time holds stocks of goods worth about half as much as its total output of goods and services during the year. For most economic purposes, the absolute value of these stocks and work in progress—they are said by the Treasury to have totalled some £7,500 million at the end of 1954—matters much less than how that value changes during any given period. Their magnitude, certainly, implies that any general change of mind among businessmen about how long a stock of materials or goods they should hold—or about how much money they can afford to tie up on the ground, such as may have been induced by this spring's increases in the cost of borrowing—can have a very significant effect upon demand in the economy and hence on production. Businessmen are always other businessmen's customers: the effects of stocking policy on demand are always illustrated, for example, when rumours of a steel shortage get around.

THE VALUE OF STOCKS AND WORK IN PROGRESS, END-1952
(£ mn.)

Manufacturing:		3.366
of which—		
Metals, engineering and vehicles	1,783	
Textiles, leather and clothing	531	
Food, drink and tobacco	453	
Chemicals and allied	224	
Other	375	
Mining		110
Electricity and other utilities		123
Total industry		**3,599**
Agriculture		635
Retail trade		598
Central Government		580
Other		1.788
Total stocks and work in progress		**7,200**

When changes in the value of stocks are so significant to the economy, considerable importance attaches to the degree of error in their measurement. Here the Government statisticians, since the war, have not been lucky: the revisions upward and downward in estimates of changes in stocks used in national income figures have been endemic. Various statistics are collected of stocks, and the coverage is uneven; figures for stocks of raw and intermediate materials are fairly good (though there have been difficulties, for example, with the census of merchants' and consumers' steel stocks), and the Government should be able to measure its own and the nationalised industries' holdings fairly quickly and accurately. Its information about stocks held in industry and commerce varies widely in comprehensiveness and certainty. Preliminary data from the census of production for any year is ready before the middle of the next, and for some time the Board of Trade has been collecting information more frequently about stocks in manufacturing industry on a sample basis.

The Rise in Advances

THE most striking feature of the current monetary stringency has been the reluctance of the banks to check the expansion in their advances, notwithstanding the losses through liquidations of investments that this has involved. The quarterly analysis published by the British Bankers' Association now provides an accurate measure of the amount of the increase in advances since mid-February (one week before the increase in Bank rate to 4½ per cent) and of the sources to which the money has gone.

The picture that emerges shows clearly the extent to which the banks have been under pressure from the nationalised utilities; but equally it demonstrates that the greater part of the increase in advances has been attributable to the demands of private industry and trade—and of hire purchase too. Total advances rose in the quarter by £95 million, to the new peak of £2,190 million. That did mark some slackening from the extraordinary pace of the expansion (of £142 million) in the previous three months; but it was still just about double the size of the increase twelve months before. Just over two-fifths of this year's expansion went to the utilities, actually carrying their total bank indebtedness to more than £200 million, a new peak both absolutely and in proportion to the banks' total advances. Plainly a public issue to fund these borrowings cannot long be postponed—acute as may be the problem of the authorities of floating such an issue without taking the sting from the money squeeze.

More bank finance has been secured by most groups of private borrowers. The largest proportionate gain is actually recorded by the hire-purchase finance companies, whose borrowings now amount to £42 million (compared with £31 million in February and a mere £12 million in May of last year). The banks were officially requested in February to grant no additional credit lines to these companies; so that the increase evidently reflects drafts upon "unavailed" margins. Appreciable increases in advances were also secured by the food, drink and tobacco groups, agriculture and fishing, retail trade, builders and contractors and cotton, and by the personal and professional group. The expansion in every group save retail trade was proportionately larger than a year ago. Reductions in outstanding advances were registered by five groups. Loans to local authorities fell by £19 million (£11 million more than last year). Further repayments, of £5½ million, by the iron and steel group reduced these advances to £27½ million (against the high point of £61 million reached in August, 1953). Loans to stockbrokers fell by £4½ million (reversing the increase in the previous three months); and small decreases were shown by the "other financial" and wool groups.

British Shipyards Too Busy

WHY does it cost more to have a ship built in a British shipyard than abroad? Mainly, it is fair to assume, because the British yards are busier. They cannot lay the keel for a considerable time, and wages and materials costs are likely to have risen by then; from then until completion costs are likely to rise more; the margin of uncertainty rises as one's orderbook grows longer, and the British shipbuilder suggests cost plus a whacking escalator clause, or—very infrequently—a fixed price pushed up to the roof to cover all his risks of further inflation.

If that were all the explanation—and if it has been impossible to increase capacity more than the British yards have done since the war—it would be a matter for regret when Blue Star and now Shaw Savill go to Germany for faster deliveries and lower prices than they can get in Britain, but not for reproach. The industry can say "Nobody buys much elsewhere until British yards are full for years." It is not easy to be satisfied that that is all. British yards get their steel markedly cheaper than German yards, and for many of the bought out assemblies and fabrications British engineering ought to be competitive. Labour costs make up a large proportion of what the yards do in constructing and assembling a ship, but it remains to be proved that British wages are very significantly higher than German wages plus fringe benefits; though it is certainly fair to say that wages in British shipyards have been rising faster than in German and shipbuilders here can reasonably expect only that they will go on rising faster. Germany certainly has more unemployed; there are enough men to work shifts and use yard capacity more efficiently. In Britain, whether or not there is the will, there simply may not be enough men. Not many reliable data exist about comparable building periods, but it is hard for any visitor to avoid the impression that wherever jobs are man-paced German labourers simply work harder. And though there have been certain increases in output in British yards recently without a commensurate increase in the labour force, there are few signs that productivity here is increasing enough to offset this extra manual effort abroad. When British yards are next able to compete for orders on equal terms, with berths to spare, will they be able to match foreign prices?

America Buys British

FOR the buoyant market in British ordinary shares since the election American investors are partly responsible. American investment in this country in recent years has been important, but it has taken the form mainly of direct investment by manufacturing concerns in their British subsidiary and allied undertakings; portfolio investment—the buying of stocks and shares in British companies for income or appreciation—has had little appeal. This latest wave of portfolio investment—it may have approached £20 million in the last month—is something new.

American trust companies and individual investors have taken a fancy to a limited group of leading British ordinary shares. ICI easily heads the list. At least 500,000 shares—possibly as many as 700,000—have been bought on American account. Others that have been bought include Ford Motor, Courtaulds, Rolls-Royce, and British Petroleum, and to a smaller extent Burmah Oil and British Motor Corporation together with modest purchases of steel stocks. In the early stages of the operation there was substantial buying of Bowaters and of English China Clay but demand for those stocks seems now to have dried up. Though American brokers with London offices were largely responsible for starting the buying movement it has subsequently been more widespread, with the merchant banks becoming involved. The plan of the Irving Trust Company for issuing depository receipts against the shares of 34 British companies may also have helped. These receipts are more acceptable to American investors and simpler from the double tax angle, but the list of companies chosen suffers from having been drawn up some time in advance of the present buying wave.

The appeal to the American investor of British ordinary shares hangs on the high earnings and asset cover that the London "blue chips" offer. On dividend yield the London market offers the American investor no marked advantage over Wall Street. But on earnings cover, thanks no doubt to the restraint of the British profits tax, London does offer a clear advantage, even though that advantage is not quite so great as some market letters imply. American earnings yields are free of all tax. British profits tax needs to be recalculated on the assumption of full distribution to reach a fair comparison.

Switch sterling is being used for the American purchases. Therefore it is not in the fullest sense new net investment. The proceeds, for example, of the recent repatriation of 500,000 Distillers ordinary units and perhaps of some sales of British fixed interest stocks are the probable sources of this sterling. At $2.77¼ to $2.77¾, it stands only at about one per cent discount below the official quotation. American investors thus obtain a modest price advantage, though the narrowness of the discount shows that the floating supply of switch sterling is no longer large.

Japan on Gatt's Threshold

THE final stage in the protracted negotiations for making Japan a full contracting party of the General Agreement on Tariffs and Trade has now been reached. Tariff negotiations between Japan and seventeen other countries

"Motor Business"

The current issue of this quarterly research bulletin for the motor and allied industries includes:

The domestic and export markets for commercial vehicles 1955-1960.

A financial and economic study of two major British motor manufacturers.

Second hand price indices of cars and vans.

The U.K.'s leading export markets for parts and accessories.

The Bulletin is fully illustrated by charts.

For full particulars of this service apply to:—

THE ECONOMIST INTELLIGENCE UNIT
22 Ryder Street, St. James's, London, S.W.1
Whitehall 1511. Ext. 47

which began in Geneva on February 21st have been concluded. The most important of these negotiations were with the United States and in the course of them sizeable concessions have been made to Japan. To enable Japan to accede to the agreement two legal instruments have now been drawn up: first, a protocol of terms of accession which is open for signature at Geneva; and secondly a decision agreeing to the accession of Japan which must be approved by two-thirds of the members if Japan is to be accepted as a full member. The decision of the contracting parties must be given by August 11th.

Among the countries that refused to negotiate on tariffs with Japan were the United Kingdom, France and the Benelux countries, Australia and India. The British Government's attitude towards the accession of Japan remains unchanged. It is one of sympathy in the most general terms towards Japan's aspirations to be a contracting party of Gatt but unwillingness at the moment to enter into any hard and fast commitments on this issue. For the time being Great Britain prefers a bilateral approach in its commercial and financial relations with Japan.

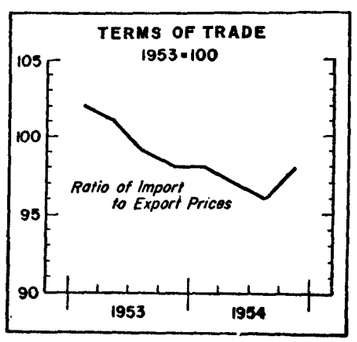
The payments agreement between the two countries expires at the end of this month, and discussions for its renewal will probably take place in Tokyo. As usual the extension of the payments agreement will be made the occasion for a general review of the balance of payments between Japan and the sterling area. In recent months Japan has been gaining sterling at a rapid rate, in marked contrast to the situation a year ago, when Japan was still scraping the bottom of its sterling barrel. By the end of 1954 its sterling balances had grown to about £50 million and the present figure must be well above this. In the coming discussions between the two governments, Japan will no doubt be reminded of the previous understanding that each side to the payments agreement will use its best endeavours to keep the balance of payments between them in approximate equilibrium. Japan will therefore be encouraged to step up its purchases from the sterling countries or alternatively confronted with the possibility of further restrictions on its exports to the sterling area.

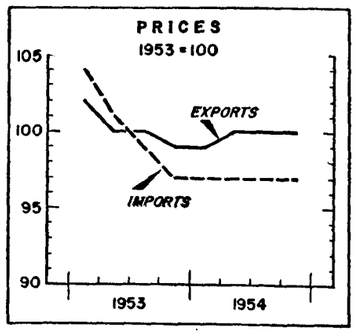
Agreement in Coffee?

SINCE the coffee boom was pricked last year by the refusal of consumers to pay extravagant prices the market has languished. Brazil, the largest producer, has been chiefly to blame; it has tried every trick of marketing except allowing the market to work freely. Buyers have therefore had no confidence in prices and have bought only their immediate needs, leaving producers to carry stocks that would normally be held in consuming countries. The

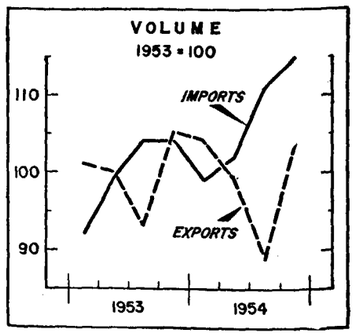
Terms of Trade of the Sterling Area

THE terms of trade of the sterling area with non-sterling countries improved again last year. The Board of Trade's indices show that the ratio of import to export prices fell from 98 (1953=100) in the first quarter to 96 in the third, and reverted to 98 in the fourth; the average was 3 per cent better than in 1953. As is often the case, that movement masked dissimilar gains in Britain's terms of trade with non-sterling countries, and those of the rest of the sterling area. British export prices were 1 per cent lower than in 1953, but prices of the rest of the sterling area's exports were 1 per cent higher, despite the fall in the price of its major export, raw wool; prices of British imports were 3 per cent lower, while prices of imports into the rest of the sterling area were 4 per cent lower. Britain's terms of trade therefore improved by only 1 per cent, while those of the rest of the sterling area were 4 per cent better than in 1953. As Britain and the rest of the sterling area each transact roughly the same amount of trade with non-sterling countries, the terms of trade of the sterling area as a whole changed to a smaller extent.





Changes in the volume of trade that Britain and the rest of the sterling area each transacted with non-sterling countries were also dissimilar. While the volume of British exports rose by 2 per cent compared with the 1953 average, the volume of exports from the rest of the sterling area fell by 4 per cent; the volume of imports into Britain rose by 5 per cent, while imports into the rest of the area rose by 10 per cent.



By the fourth quarter, however, the cost of larger imports into Britain was accentuated by a rise in prices which continued into 1955, and the deterioration in the balance of trade led to a stiffening in monetary policy. In the rest of the sterling area the rise in the volume of imports was tempered by the improvement in the terms of trade, but the strain was too much for Australia, which had to tighten its restrictions on imports from non-sterling and sterling countries as well. Since then the British balance of trade with non-sterling countries has taken a small turn for the better, but the terms of trade of the rest of the sterling area have probably suffered from the fall in prices of beverages and other commodities. In that sense, the other sterling countries' losses are Britain's gain.





The Quality Cigarette

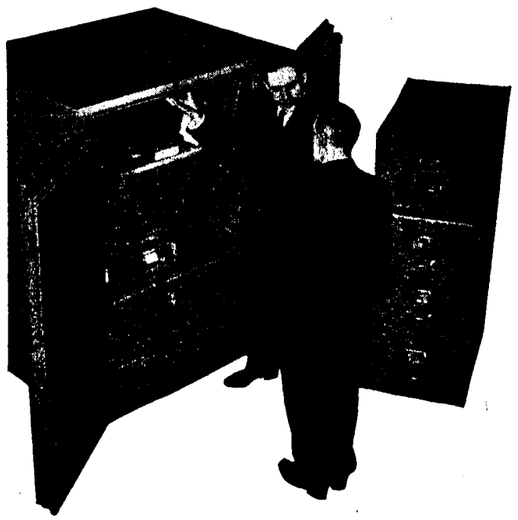
[3P 126]



One of these is sure *to please* —

GONZALEZ BYASS

Sherries of Distinction



FOR NEW IDEAS ✳

ON BUSINESS SAFETY

At any hour, any day or night, fire may strike at the nerve centre of your business—at the irreplaceable records and documents, the loss of which means business paralysis. You cannot insure against such a disaster, you *can* prevent it. Call in the Man from Remington Rand and he will suggest the plan and equipment to provide night and day safety for your business records.

✳*REMINGTON SAFE PRODUCTS* are monolithically constructed with an insulation which never deteriorates. They provide point-of-use protection for business records through the intense heats and impacts incidental to the severest fires. Safe Cabinets are certified to withstand fire rising to 2,000°F, up to three hours; Safetifile 60, fire rising to 1,700°F, for at least one hour. Do they sound like the answer to your fire-risk worries? Let us prove that they are.

Send for the Man from

Remington Rand

COUPON: I would like to learn more about Remington Rand Safe Products. *Please ✳ arrange for a representative to visit me* ☐ *✳ send me informative free literature* ☐ *(tick course of action required)*

NAME .....

POSITION .....

ADDRESS .....

.....



REMINGTON RAND LTD, 1-19 NEW OXFORD STREET, LONDON, WC1

Telephone: CHAncery 8888

ONE

carry-over in Brazil at the end of this month will be over 6 million bags (of 132 lb), nearly twice as large as a year ago, and the Brazilian government itself owns over 3 million bags. Refusing to learn from experience, Brazil, Colombia and other Western producers have apparently decided that the road to stability lies not in free markets, but in an international attempt to restrict exports. After negotiations in New York these countries have drawn up a provisional scheme which they hope their governments will approve in time for it to be introduced when the new crop year starts on July 1st.

It is proposed that Brazil should have an export quota in 1955-56 of 15,350,000 bags, Colombia 5,650,000 bags, and the other countries 5,250,000 bags. The total of 26,250,000 bags is certainly generous, and it compares with an estimate for their exportable production of 29,400,000 bags. The surplus would be held in reserve by the producers under the ægis of the proposed International Coffee Bureau, and Brazil and Colombia would have priority in meeting any increase in demand. The African and Asian producers would be invited to join the scheme. No range of prices has been mentioned: the aim is evidently to maintain prices at about the present level—now 54 cents a lb fob for Santos 4's—which the Brazilian representative has gone so far as to say is "fair" to producers and consumers.

It may seem a pity, when lower prices are beginning to encourage consumption, that the producers should pin their hopes of stability to a restrictive scheme, backed though it may be by an expanded promotional campaign. If the scheme is approved it will severely test the loyalty of the member countries, especially if the "outside" producers do not join but try to increase their exports at the expense of the member countries. And will buyers, having seen Latin-American policies change overnight, be convinced that the surplus stocks are in safe hands?

Viscounts for America

THE American Civil Aeronautics Administrator, Mr Fred Lees, this week made a special journey to hand over "type approval certificates" for the Viscount, its engines and propellers. These certificates give blanket approval to the Viscount design and automatically clear the way for the issue of certificates of airworthiness for the sixty Viscounts ordered by Capital Airlines and now in process of delivery. Hitherto individual aircraft imported into the United States —such as the de Havilland Dove—had to be separately approved. Negotiations between the British Air Registration Board and the Americans that preceded the certification of the Viscount have been long and detailed but the American authorities have been fair and courageous in establishing what both sides recognise to be an important precedent for the treatment of British aircraft in the United States.

An order for nine Viscounts has been placed by KLM, the Dutch airline. KLM has always bought new aircraft after they had been proved by other airlines, and it has shown considerable shrewdness of judgment. This and other small orders brings the Viscount's tally up to 214: the last four, ordered by United States Steel and by Standard Oil of California, are for use as "executive aircraft." This is a tempting new field for the Viscount, though it is much bigger and faster than most of the "management's own" aircraft used in the United States. The one cloud on Vickers's horizon is the announcement that Lockheed plans to build a direct competitor with the Viscount, the turbo-prop Electra. American Airlines has ordered 35 of these but observers note that Lockheed have not finally decided about the engines to be used in the Electra.

A Chocolate Boycott

DURING July 1,800 chocolate and sugar confectionery wholesalers intend to go on strike against one of their biggest chocolate suppliers; they will neither buy nor sell any goods made by Cadbury Brothers for one month. This was agreed by the members of the British Federation of Wholesale Confectioners after a heated debate at their annual conference this week because none of their pleas for bigger margins have been granted. Trouble about margins in this trade has been brewing for some time. But as sweet sales have now more or less stopped rising after a fifty per cent increase in the last two years and fierce competition has broken out, no chocolate or sweet maker will be willing to see shop prices rise or let his own profit margin fall.

Distributors' margins on sweets and chocolate have fallen by about half since 1938. Wholesalers then got about 8 per cent on the supplies they handled and retailers about 33⅓ per cent. These margins are now about 7-8 per cent and 14 per cent respectively. But trade turnover is many times higher with slightly more consumption and very much higher prices; chocolate turnover, for instance, has risen from £34 million in 1938 to £138 million last year. The manufacturers claim that this increase has more than offset higher costs and say that the higher sweet consumption in this country justifies the smaller margins they offer to home distributors.

The boycott seems destined to fail. Even if all 1,800 wholesalers in the Federation abide by the resolution, there are another 2,000 wholesalers who are not parties to it—though they handle much less tonnage. And the retailers have not joined in, though both have participated in representations to the manufacturers. The boycott may well speed up the shift away from wholesale trade to direct dealings with retailers that has occurred since sweets rationing was abolished. Wholesalers now handle only about half total sweet supplies against two-thirds or so three years ago—and their proportion of Cadbury's trade is even lower. Moreover, the wholesalers have chosen the time of the year when sales are at their lowest and stocks in the shops are abnormally high.

Equity's Share

SHAREHOLDERS are receiving a much smaller slice of company profits than they did before the war. That doleful platitude has been current in the City for years. Now it has been given new life by two economists, Professor

F. W. Paish and Mr Nicholas Kaldor. Professor Paish has published his findings in an article, "Company Profits and their Distribution since the War," in the District Bank Review, while Mr Kaldor recently presented his in a paper read before the Manchester Statistical Society on "The Economic Effects of Company Taxation."

In both papers the discussion ranges beyond dividend distributions, but using similar material, notably the researches of Mr Phillip Redfern on "Net Investment in Fixed Assets in the United Kingdom," both economists reach similar conclusions on matters of statistical fact. Today, they agree, profit margins are not much higher in those industries that were prosperous before the war but they are notably higher in those that were then depressed and working below capacity. But, as the accompanying table shows, the Government now takes a much bigger proportion of those profits in tax; the share of profits distributed in dividends has been sharply reduced but the proportion saved by the companies and carried to their

HOW PROFITS WERE SPLIT

	1938	1952	1953	1954
	%	%	%	%
Taxation	31	58	53	49
Tax reserves	−1	1	1	5
Net preference dividends	10	2½	2½	2½
Net ordinary dividends	37	11	12½	13½
Dividend reserves	1	1	1	1
Companies' reserves	22	26½	30	29
Total: *profit before tax*	100	100	100	100

Source: Professor Paish's estimates.

reserves has not been cut. Voluntary dividend restraint and the distributed profits tax, at a penal rate, seem to have done their work well enough.

Both economists carry their statistical reasoning a stage further. Professor Paish estimates that (at constant 1938 prices and after allowing for changes in stock values) companies saved £150 million net in 1938 and £218 million net in 1954, but that their net fixed capital formation (again at constant 1938 prices, after allowing for depreciation at replacement cost) was only £64 million in 1954, compared with £73 million in 1938. Hence investment by companies in their own fixed capital at home has lagged behind the savings they have made, leaving a surplus to be invested abroad or lent to other sectors of the British economy. This may be true for the whole of the corporate sector, but it does not follow that individual concerns have not been hampered by a lack of funds. Substantial additions to fixed capital, notably in plant and machinery, have of course been made, and they have had the effect of raising the yield of earnings on employed capital. At the same time restricted dividend payments have kept down the dividend yields on employed capital, widening the gap between those and earnings yields. As investors tend to regard dividends as the yardstick for the valuation of shares, dividend restraint (whether it has been voluntarily accepted by directors or forced upon them by profits tax) has thus meant that the market value of securities is often less than the value of the business as a going concern, or even the break-up value of its assets. The steady rise in Throgmorton Street has gone some way to correcting this state of affairs.

Profits from Rayon

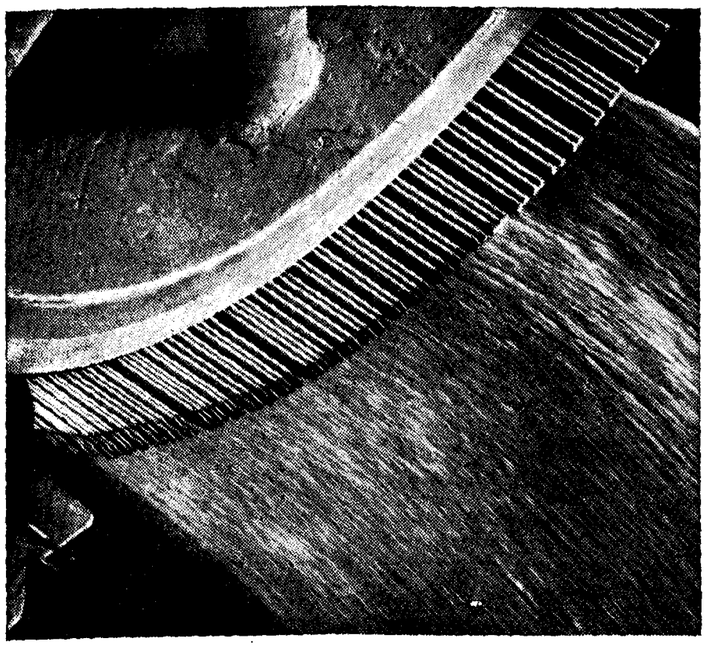
THE inevitable comparison between the earnings of Britain's two leading rayon producers, Courtaulds and British Celanese, was made again in Throgmorton Street this week. The comparison came down in favour of Courtaulds. Both companies have effectively raised their ordinary dividends: Courtaulds from 8 to 10 per cent and British Celanese from 9 to 10 per cent. But Courtaulds ordinary stock, which has attracted some American buying, was marked up while the British Celanese stock was marked down. The profit figures explain the contrast. Courtauld's profits before tax have risen handsomely from just under £19 million to over £20 million, and its net profits even more handsomely from £7½ million to £11 million. But British Celanese profits before tax have declined from £4 million to £3.3 million and its net profits have remained unchanged at £1¾ million. Another reason for the strength of the Courtauld ordinary stock was that the report from British Nylon Spinners (in which Courtaulds and ICI have each a 50 per cent interest) showed an increase in ordinary dividend payments from £880,000 to £1,100,000 (or from 20 to 25 per cent) and this increase was more than matched by an advance in net profits from £2.1 million to £3.5 million. The directors report that the weight of sales in 1954 was almost 50 per cent higher than in 1953 and production will be increased still further this year by the use of new capacity at Pontypool and Doncaster. In the future nylon should make a growing contribution to the Courtaulds profit.

EARNINGS AND DIVIDENDS
(£'000)

Years ended	Courtaulds		British Celanese	
	Mar. 31, 1954	Mar. 31, 1955	April 3, 1954*	April 2, 1955
Profit, before tax	18,975	20,048	4,069	3,341
Taxation	11,411	8,773	2,292	1,631
Net profit	7,564	11,016	1,777	1,777
Ordinary dividends	2,112	2,712	372	427
Ordinary dividends %†	8	10	9	10
Current price	49/6		31/0	
Current yield	£4·0·10		£6·9·0	

* 53 weeks. † Equivalent dividends on present capital.

Courtaulds manufactures both vicose and acetate rayon while Celanese concentrates on the more expensive acetate. From the preliminary figures it seems that Courtaulds was able to increase production last year as might indeed have been expected, since the group is a big producer of the cheapest of textile raw materials—vicose rayon staple, and the directors, having reported that trading was "satisfactory in most sections of the company's business," are also able to say that "exports have been increased in spite of highly competitive conditions." Competition both at home and abroad seems to explain why the British Celanese profits have fallen—and investors will note that the directors of Courtaulds refer to the effect that "difficult conditions in the textile industry" have upon some sections of the business.



Photograph by courtesy of British Needles Industries Ltd.

Sharp as a needle

AT THE LOW PRICES that housewives pay for needles, the quality of modern needles is something to wonder at: the finely formed and highly finished eye, the high polish over all, and the point, which has become a byword for sharpness. To produce such quality at such prices, needle makers use some ingenious manufacturing methods.

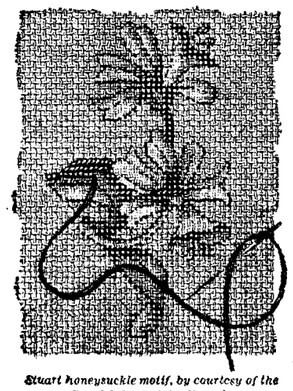
Our illustration shows how needles are sharpened. They are fed from a hopper to a guide-wheel which rolls them across the concave face of a grinding wheel. At the beginning of their journey across the grinding wheel their ends show the circular cross-section of the wire they are made from. At the end of the journey they are as sharp as . . . a needle. Sharpened needles come from this machine at the rate of 13 every second—380,000 in a normal working day.

Grinding wheels for needle sharpening are among the many specially formed wheels that CARBORUNDUM make for special purposes. Most of these special wheels do work that *could* be done by other means—but do it better, or more economically, or more quickly. Some of them show all three of these advantages, as the needle-sharpening wheel does.

CARBORUNDUM are continually invited to co-operate in the development of special wheels for new uses. We are always glad to have opportunities of that kind for extending still further the usefulness of our products to industry.

Abrasive and Refractory products by CARBORUNDUM

THE CARBORUNDUM COMPANY LIMITED, TRAFFORD PARK, MANCHESTER



Stuart honeysuckle motif, by courtesy of the Royal School of Needlework

ACCOUNTANTS WANTED

for the ARMY EMERGENCY RESERVE

to spend

FIFTEEN DAYS IN CAMP

earning full pay and allowances plus a total of

£9

IN TAX FREE BOUNTY & EFFICIENCY GRANT

You can spend fifteen days with your friends, earning full Regular Army pay and allowances. As a member of the Army Emergency Reserve (Cat. IIA) *you have no other duties during the year.* If a grave national emergency should arise, you may be called up for service in the United Kingdom. *You can be called out for overseas service only by Proclamation.* Volunteers are accepted from 18 years of age and engagement is for two, three, or four years. If you have served before in a non-commissioned rank there is every possibility of your filling an existing vacancy or of being promoted as soon as a vacancy occurs.

Lend your skill to Britain, doing the job you know best

Send this coupon now for details of how to join to:

O.C. HEADQUARTERS, ARMY EMERGENCY RESERVE R.A.P.C.

District Pay Office, Aldershot District, Hospital Hill, Aldershot.

NAME .....

ADDRESS EO/563

THE BRITISH METAL CORPORATION LTD — BMC

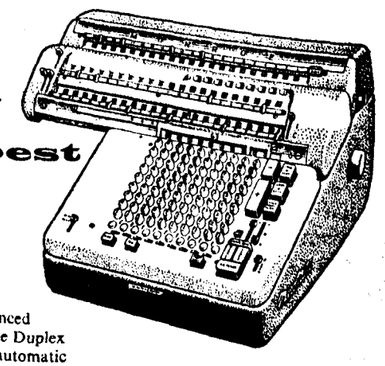
LONDON · BIRMINGHAM · SWANSEA · MONTREAL · TORONTO
VANCOUVER · SYDNEY · PERTH · MELBOURNE
CAIRNS · TOWNSVILLE · CALCUTTA · BOMBAY · KARACHI
LAHORE · DACCA · JOHANNESBURG · SALISBURY · BULAWAYO

ASSOCIATES:
C. TENNANT, SONS & CO. OF NEW YORK, NEW YORK, SAN FRANCISCO, BRAZIL AND PERU
HENRY GARDNER & CO. LIMITED, LONDON, CANADA AND MALAYA
VIVIAN YOUNGER & BOND LIMITED, LONDON AND NIGERIA

The Group trades in and markets non-ferrous ores, metals and minerals, many kinds of produce, timber and other materials: it provides ventilation plant for mining and other purposes and other specialised engineering equipment; and it furnishes shipping, insurance, financial, technical and statistical services.

THE BRITISH METAL CORPORATION LIMITED
PRINCES HOUSE, 93 GRESHAM STREET, LONDON, E.C.2

Telephone: MONarch 8055 · Telegrams: Brimetacor London · Telex: London 8408



easily the best

Latest developments in automation are brilliantly reflected in the Monroe range of adding-calculators. Now available, too, is the world's most advanced machine — the Monroe Duplex 66N. Here's the fully automatic calculator that does even more than you ask of it! Because not only does this years-ahead Monroe Duplex produce almost instantly the *immediate* figures you require, it also, at the same time, stores up and shows in a separate set of accumulating dials *intermediate* figures and results you will need later for final answers. These totals appear automatically with no extra effort on the part of the operator. They can also be held during other figuring operations until needed. Truly this is automation brought to business figuring of every kind. It's *unique* in the new Monroe Duplex Model 66N.

Monroe

Monroe Calculating Machine Company Limited, 10-11, Albemarle Street, London, W.1. GROsvenor 7541.



MONROMANTIC EQUATION No. 3

Miss Monroe's so jolly,
So pink-and-white-dolly,
You'd never believe her square roots were so good!
The true explanation's
A simple equation . . .
A Miss plus a Monroe's no Babe in the

Futures in Egyptian Cotton

BUYERS of long-staple cotton, both merchants and spinners, have naturally welcomed the Egyptian government's decision to allow the Alexandria futures market to be reopened in September, after an interval of nearly three years; December will be the first delivery month. The lack of facilities for covering the risk of price changes in Egyptian-type cotton has been keenly felt, but the Liverpool Cotton Association has sensibly been reluctant to introduce a long-staple contract while the Alexandria market was closed. The Egyptian government has long been pressed to restore the market, and its decision has no doubt been influenced by the need to stimulate exports.

The usefulness of a futures market in Alexandria will depend on the Egyptian government's success in striking a balance between giving the market the necessary freedom of action and preventing the repetition of past abuses, and it will require a radical revision of the present system of state trading in cotton. Happily the government seems to be anxious to co-operate with the Liverpool market, and to introduce a similar contract and system of control. These questions are shortly to be discussed with the Liverpool Cotton Association by representatives of the Egyptian government and exporters. The difficulties are weighty, but if they can be overcome it is likely that futures trading in long-staple cotton will start simultaneously in Liverpool and Alexandria.

Pointers in Consumption

MR BUTLER'S advisors should by now be receiving sufficient indications of the trend in personal buying since February to judge whether his tightening of hire purchase regulations and appeals for voluntary restraint have been effective, or whether something more is needed. Published information is subject to a certain time-lag but preliminary estimates of personal consumption up to March and retail sales in April both came out this week. Taken together, the two sets of information confirm that the new restrictions have imposed at the beginning only a minor check on the pace of advance.

Up to March personal spending was running nearly 10 per cent higher than last year; about half this increase was accounted for by higher prices. When full figures are available, the total for the three months may turn out to be not far short of £2,900 million, which has been exceeded only three times before. Food expenditure rose to £972 million, an increase of more than 13 per cent, or 4½ per cent in volume. Purchases of household goods jumped 12½ per cent to £233 million; prices fell slightly, so the increase in real terms was rather more. This figure was much closer to clothing sales than has been customary for the time of the year; these at £254 million were 5½ per cent up in value and half as much in volume.

Allowing for the earlier Easter buying season this year, the April retail returns show no general slackening in the growth of personal buying. The pace was even faster in clothing sales and about the same in food purchases. Sales of household goods were still appreciably higher than last year, but the rate of advance was a little less rapid. The Board of Trade admits to being unhappy with its sample of multiple stores, which reported a decline of 10 per cent in furniture sales in March and a drop of 23 per cent in April: inference from this sample could be misleading. But co-operatives, the department stores, and independent retailers were still increasing their business in furniture and radio and electrical goods at a pace that appears to have been dampened only very slightly.

Cocoa's Stable Front

AFTER falling more or less steadily for nine months, cocoa prices seem to have found stability. In recent weeks the price of Accra cocoa for prompt shipment has moved within a narrow range of 280s. to 295s. a cwt cif, and new crop cocoa has commanded a premium. This week prices have moved up to about 315s. a cwt for prompt shipment, and the market may be more delicately poised than its stable front suggests. The size of the temporao crop in Brazil can still only be guessed; it could be substantially above or below 1 million bags (of 132 lb). The crop is certainly late, and some sellers appear to be short. Hence Brazilian prices, which are already at a premium over West African, may be squeezed higher. On the other hand, if the Brazilian government devalues the exchange rate for exports of cocoa and the temporao crop is large, prices could fall quite sharply. The best hope for producers is that prices will not rise much above the present level. The period of extremely high prices was countered by a fall in consumption and an increased use of substitutes; it will take time to make up that lost ground.

Tighter Reins on HP?

THE latest statistics from HP Information appear against a background of rumours that controls on hire purchase are to be tightened—or at least that the Chancellor will be asked to consider such a suggestion. These figures of the number of contracts recorded in May cover only a limited field. They do not, for example, relate to furniture, where the controls have had a dampening effect. But they again show that the motor trade (which never did "no deposit" business and usually took a larger deposit than the mini-

NUMBER OF HP CONTRACTS

	May, 1954	March, 1955	April, 1955	May, 1955
Cars	27,268	38,308	41,433	41,588
Commercial vehicles	4,913	7,258	6,783	6,449
Motor cycles, etc.	18,017	19,715	24,760	24,977
Caravans	1,441	1,428	1,344	1,443
Tractors	831	1,433	1,094	849
Farm equipment	576	630	696	712

Source: HP Information.

mum now required by law) has not been affected. Not only were the number of contracts recorded by HP Information about 42 per cent higher than those in May, 1954, but also they run very close to the record number reported in April this year.

The evidence is so scanty that a conclusive judgment on the effect of the hire purchase controls might better be left until more complete statistics are published—a move that the Board of Trade is actively considering. But it has been sufficient to set suggestions flying in the City that a further directive to the banks, urging them to tighten the screws on the credit they give to the hire purchase finance houses, may be needed. Those rumours found no confirmation in the Chancellor's general undertaking in the economic debate on Thursday to "watch the effect of tighter credit on hire purchase."

Pyrene Expands

BRASS is used to make fire-fighting apparatus, and there is brass to be obtained from making it. Last year Pyrene, the biggest and best-known firm in this field, made altogether over half-a-million pounds before tax. This was the first full year for the company since control passed from the American Pyrene company into British hands. A year ago Pyrene paid another £240,000 to its former parent company for the Canadian business of the group; and Pyrene have now made an offer of twice that sum for the ordinary shares of Minimax, another of the fire-fighting equipment firms in this country, but one that has been having a bad time.

Pyrene sells a complete range of extinguishing agents (vaporising liquids, foam, dry chemicals, and carbon-dioxide) and apparatus, from the small scarlet hand-pump to 10-ton crash tenders for airfields, and has developed fire and smoke detectors. It will presumably use the Canadian plant and the Minimax production facilities to push further ahead in export business (outside the United States which has been left to American Pyrene). The company also makes one-third of the car and lorry bumpers manufactured in Britain, and markets anti-corrosion chemicals and metal finishing processes. There are several other more specialist manufacturers of fire-fighting apparatus here, such as Nu-Swift, Merryweather, and National Foam. Between them they must be selling several million worth of equipment and agents a year. Last year, the direct loss from fires exceeded £26 million, without counting loss of production.

SHORTER NOTE

An extensive list of further references to the Monopolies Commission was announced on Thursday. There is to be a general reference on the question of "level tendering" and specific references on: steel frames for buildings, tea, chemical fertilisers, and electric batteries.

Company Notes

METAL BOX. A spectacular rise of 19s. 3d. to 112s. 6d. in the Metal Box ordinary stock is evidence both of a well kept secret and of the brilliance of the group's latest results. The packaging industry has been doing extremely well but even so no one had expected quite such handsome news from Metal Box. Sales have risen by over 20 per cent, from £43.6 million to £52.6 million. Trading profits have advanced by 27½ per cent, from £3,838,000 to £4,893,000. Net profits have risen even more sharply, by 37½ per cent, from £1,617,000 to £2,227,000. To round off those increases, the ordinary dividend has been raised from 15 to 20 per cent. The latest dividend, absorbing £611,000, is covered more than three times by earnings.

	Years to March 31, 1954	1955
Consolidated earnings:—	£	£
Sales and investment income	43,580,000	52,603,000
Trading profit at home	2,837,000	3,587,000
Trading profit abroad	*1,001,000*	*1,306,000*
Total trading profit	*3,838,000*	*4,893,000*
Taxation	2,107,000	2,300,000
Net profit	*1,541,000*	*2,227,000*
Ordinary dividends	393,000	611,000
Ordinary dividends (per cent)	15	20
Retained profits	1,052,000	1,542,000

£1 ordinary stock at 111s. yields £3 12s. per cent.

There is thus room for a further increase—and the current yield of 3.6 per cent suggests that it is already being discounted. To encourage these hopes comes the announcement of a 100 per cent free scrip issue, which, even if it does not imply an increase in the amount to be distributed, will at least make the market price of the stock units less heavy. The company also intends to make an issue of 2,400,000 £1 ordinary shares for cash. About 350,000 of these shares are to be offered to employees at the same price as the rights issue of the remainder to ordinary stockholders, and the terms of the issue are likely to be favourable. But this week's jump in the market price of the existing shares will help the directors to raise a substantial sum and still offer the new shares on attractive terms.

★

ROLLS-ROYCE. This company is a pioneer in other fields than engine design. Long ago in 1920 it introduced a scheme as a result of which £145,000 of workers' stock is now held by employees. The directors believe that scheme needs refurbishing, as the issued ordinary capital has grown and workers' stock now represents less than 2½ of the equity. They therefore propose that the existing workers' stock should be converted into ordinary stock; that conversion will give the employees a substantial capital gain if they choose to sell. But the directors are convinced that many of them will continue to hold on to their investments.

The directors also propose to create £600,000 of workers' stock in 10s. units, re-establishing the ratio of one for ten between the workers' stock and the ordinary stock. The new workers' stock will be issued at par. It will rank *pari passu* with the ordinary units for dividends, voting, rights issues and in liquidation. On any future capitalisation of reserves the holders of the new stock will receive a parallel free scrip issue in workers' stock; under the old scheme the free scrip issues were made in ordinary stock units. The right to transfer the new shares will be restricted; the units can only be sold back to the trustees and then only at par. Hence the employee cannot realise the real capital value of his investment but he secures the same percentage dividend as an ordinary stockholder and naturally a higher yield on his investment since be buys at par.

No investor could buy for income on better terms. And there is no reason why the dividend of 17½ per cent should not be higher in the future. Last year Rolls-Royce achieved new records in turnover (including direct exports of £13 million), in profits and in royalties. The ordinary dividend absorbed £596,250 but it was paid out of a net profit of £1,968,818. The group added to its fixed and working capital and still further expansion is planned but, thanks to the successful debenture issue, it has ample liquid resources. Profits should again be buoyant this year and the current yield of 3.2 per cent on the £1 ordinary stock units at a market price of 113s. 1½d. shows the market's confidence that yet another increase in the dividend is expected.

MARKS AND SPENCER. Sales of the Marks and Spencer stores have now topped the £100 million mark. At £107 million in the year to March 31st last they were £13 million more than the previous year's figure and £22 million more than sales two years ago. Profits and dividends have expanded with turnover. That, as the chairman, Sir Simon Marks, points out in his address, is the fruit of the company's policy of expansion.

The building, modernisation and development of the company's stores was held up by building controls and restrictions. Nevertheless in the ten years to March 31st over £18 million, all of which has been found from earnings, has been spent on shop properties. Of that sum £15½ million represents the cost of re-equipment and development and the remaining £2½ million has been spent either on the purchase of new sites or on the conversion of a number of important leaseholds into freeholds. Development is by no means finished. A further £3 million will be spent in the current year upon about thirty stores. For most of them this will mean the complete transformation of the original store in size, appearance, and amenities for customers and staff. The directors plan to "continue this policy systematically." To do so will require substantial funds. Most of these will come from retained profits but "additional funds will be needed." Sir Simon's reference to the recently increased borrowing powers of the company under the debenture trust deed, to say nothing of the recent revaluation of the properties, is a pointer to the way in which the new money will be raised.

★

DUNLOP RUBBER. Riding two horses is a delicate exercise especially when one is fresh and the other already getting its second wind. But Lord Baillieu, chairman of the Dunlop Rubber Company, showed great adroitness when he tried the exercise at the shareholders' meeting on Monday. "Natural" and "Synthetic" are his pair and he pinned his faith to both of them impartially. Dunlop is considering — indeed discussing —a serious entry into the synthetic field. Lord Baillieu emphasised yet again that the small synthetic factory at Fort Dunlop is to be confined to new rubbers for special purposes and will not make general purpose synthetics on a commercial scale. But the company is also discussing with the oil and chemical industries the production of styrene and butadiene the basic raw materials of synthetic rubber "to determine if and when it will be practicable and economic, and in what form to undertake further development." In the meantime he believes that the company will be permitted to import "reasonable quantities of general purposes synthetic rubber which we hope will be sufficient for our requirements for some time to come."

Clearly Lord Baillieu, who is disturbed by rapid fluctuations in the price of natural rubber, is determined to enter the synthetic field. He is equally determined to ensure larger supplies of natural rubber. The group has decided to establish new rubber plantations in Nigeria; negotiations with the Nigerian government are proceeding most satisfactorily and it is hoped to start clearing several thousand acres of jungle this year. Lord Baillieu believes that these estates can in time become as efficient as the company's Malayan estates. He believes too that a consistent demand for the natural product will continue.

THE ACTUARIES' INVESTMENT INDEX

Group	Price Indices (Dec. 29, 1950=100) May 25, 1954	Feb. 22, 1955	Mar. 29, 1955	Apr. 26, 1955	May 31, 1955	Average Yields (per cent) May 25, 1954	Feb. 22, 1955	Mar. 29, 1955	Apr. 26, 1955	May 31, 1955
2½% *Consols*	94·1	86·3	89·4	86·5	84·9	3·76	4·10	3·96	4·09	4·17
Debenture stocks:										
Industrial	90·1	88·8	85·4	85·1	84·4	4·57	4·63	4·82	4·83	4·88
Investment trust	91·5	91·6	88·5	88·5	87·8	4·51	4·51	4·66	4·66	4·70
Preference stocks:										
Industrial	93·6	89·4	89·4	90·3	89·6	4·85	5·10	5·10	5·05	5·08
Investment trust	90·5	86·7	84·6	85·0	84·5	4·87	5·09	5·21	5·19	5·21
Ordinary stocks:										
Banks	101·4	108·0	107·3	106·5	108·0	4·35	4·40	4·43	4·46	4·40
Industrial insurance	116·4	127·3	128·7	127·4	136·9	5·01	4·75	4·99	4·99	4·64
Investment trust	162·3	212·2	195·8	202·6	216·0	4·70	4·19	4·62	4·46	4·33
Electrical engineering	120·3	150·0	143·2	151·4	159·0	5·16	4·53	4·82	4·77	4·62
Engineering	143·9	179·0	169·8	176·0	192·7	4·49	4·17	4·47	4·44	4·15
Motors and aircraft	141·2	173·6	170·4	174·7	193·0	5·38	5·05	5·20	5·11	4·14
Breweries	111·9	113·6	113·4	117·4	118·7	6·42	6·73	6·59	6·35	6·24
Chain stores	200·4	246·0	252·6	258·5	272·3	3·74	3·70	3·62	3·56	3·64
Cotton textiles	129·3	116·8	108·1	109·5	113·5	6·49	7·34	8·03	7·93	7·92
Household goods	136·0	158·3	153·3	151·1	159·1	5·24	5·30	5·98	6·05	5·82
Rayon	89·8	77·4	73·5	72·0	73·2	5·01	6·94	7·61	7·83	7·71
Tobacco	84·7	88·9	86·9	88·4	85·9	7·37	7·41	7·63	7·48	6·35
Wool textiles	113·5	124·5	116·3	117·5	120·3	5·90	5·84	6·38	6·46	6·30
Chemicals	157·1	188·8	184·6	194·4	210·6	4·46	4·14	4·29	4·40	4·16
Oil	157·7	183·6	187·8	187·9	200·0	6·10	6·03	5·91	5·96	5·87
Shipping	120·9	164·0	155·4	151·6	158·9	6·32	4·73	5·16	5·41	5·29
Total (capital goods)	*136·4*	*167·1*	*161·7*	*167·6*	*180·6*	*5·17*	*4·75*	*4·96*	*4·91*	*4·53*
Total (consumption goods)	*123·8*	*132·7*	*130·6*	*133·2*	*136·7*	*5·74*	*5·96*	*6·14*	*6·05*	*5·76*
Total industrial (all classes)	**131·4**	**148·4**	**146·5**	**149·9**	**156·9**	**5·51**	**5·45**	**5·58**	**5·55**	**5·29**

LONDON STOCK EXCHANGE

Next Account begins: June 22nd
Next Contango Day: June 22nd
Next Settlement Day: June 28th

ANOTHER advance in industrials was the feature of the stock markets this week. Gilt-edged securities were quiet, for the market was overshadowed by expectations of an issue of an electricity stock. In the foreign market renewed investment support in a thin market sent the price of Japanese stocks up; but later in the week profit-taking clipped some of the earlier gains and the market became much quieter. German issues, apart from a momentary rally in Konversionkasse, were generally weaker. Insurance shares were firmer and banking issues were strong.

The industrial market began the week with a bout of profit-taking, and though there were a few bright spots on Monday, notably among the steel equities, the Financial Times ordinary share index fell back to 210.0. But with the ending of the rail strike the Financial Times ordinary index had reached a new peak of 213.7 by the close on Wednesday despite substantial profit-taking on that day. The biggest advance in prices took place on Tuesday. Steel issues were prominent in this advance, but lost some of their gains on Wednesday. The market, however, boiled over on Thursday morning when losses were reported throughout. The losses were most marked in those sectors that had made strong advances earlier in the week.

Many rubber shares touched new high points for the year at the beginning of this week, following on the rise in the price of the commodity. Profit-taking was absorbed at first, but the market turned dull on Wednesday. Further good dividend statements from the tea companies led to some improvement in the prices of tea shares. Kaffirs opened the week quite strongly, with Buffels and Hartebeest leading the way on Cape support. But the rally soon died away and some losses were reported on Wednesday. Copper shares were firm.

FINANCIAL TIMES INDICES

1955	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
June 8	211·3	107·61	4·13	4·44
„ 9	210·7	107·53	4·13	4·45
„ 10	211·3	107·52	4·13	4·47
„ 13	210·0	107·46	4·14	4·50
„ 14	212·6	107·55	4·14	4·44
„ 15	213·7	107·62	4·14	4·42
1955, High	213·7	115·97	Total bargains 1955	
	(June 15)	(Jan. 7)	June 8	15,397
Low	175·7	107·46	„ 9	15,908
	(Mar. 15)	(June 13)	„ 10	13,421
1954, High	184·0	118·10	„ 13	15,413
	(Dec. 31)	(Nov. 18)	„ 14	14,968
Low	131·1	111·78	„ 15	14,589
	(Jan. 1)	(Jan. 5)		

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to June 15 High	Prices, 1955 Jan. 1 to June 15 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 8, 1955	Price, June 15, 1955	Net Yield, June 15, 1955 § £ s. d.	Gross Yield, June 15, 1955 £ s. d.	
100 5/8	97 1/2	Funding 2½% '52-57	97 11/16	97 5/8	2 16 2	3 19 11	l
100 1/4	97 1/2	War Bonds 2½% '54-56	98 1/16	98 3/8	2 16 2	4 4 0	l
100 1/16	96	War Loan 3% '55-59	96 1/2	96 5/16	2 12 2	3 19 3	l
100 3/32	99 1/2	Serial Funding 3% 1955	99 5/16	99 5/16	2 9 9	4 0 10	
100 1/2	96 1/2	Serial Funding 2½% 1957	96 7/16	96 1/2	2 17 6	3 17 9	
99 11/16	92 1/2	Conv. 2% 1958-59	93 3/16	93 1/16	3 4 2	4 1 5	l
97 1/8	91 1/2	Exchequer 2% 1960	91 15/16	91 15/16	3 0 8	3 19 11	
104 1/8	96 3/8	Exchequer 3% 1960	96 7/16	96 5/16	2 8 11	3 16 7	
100 11/16	90 3/8	Savings Bonds 3% '55-65	91 1/2	92 1/16	2 13 6	4 1 4	l
100 3/8	91 3/8	Funding 2½% '56-61	91 7/16	92	2 19 9	4 2 10	l
97	86 1/4	Funding 3% '59-69	86 1/16	86 1/16	2 18 1	4 6 3	l
103 7/16	97	Funding 4% '60-90	97 1/16	97 1/8	2 17 2	4 12 8	e
96 1/8	85 1/8	Savings Bonds 3% '60-70	86 1/8	86 1/8	2 16 11	4 5 5	l
102 1/8	92 3/16	Exchequer 3% '62-63	93 1/16*	93 1/8	2 13 0	3 19 7	l
99 3/16	87 1/8	Exchequer 2½% '63-64	88 1/8	88 1/16	2 19 1	4 2 2	l
95 1/16	84 1/2	Savings Bonds 2½% '64-67	85 1/16	85 1/16	2 18 10	4 2 5	l
94 1/16	83 3/8	Savings Bonds 3% '65-75	84 1/2	84 1/16	2 15 0	4 4 0	l
105 1/8	98	Victory 4% '20-76	99	99 1/8	2 9 1	4 4 6	†
98 1/2	87 1/2	Funding 3% '66-68	88 1/2	88 11/16	2 16 5	4 4 11	l
103	92 1/2	Conv. 3½% 1969	93 3/8	93 3/8	2 12 10	4 4 10	
98 3/8	87 3/8	Treas. 3½% '77-80	88 1/16*	88 1/16	2 13 0	4 5 2	l
99 1/16	88 3/8	Treas. 3½% '79-81	89 1/8	89 1/8	2 12 5	4 5 3	l
88 1/4	78	Redemption 3% '86-96	79 1/2	79 1/2	2 11 1	4 1 6	l
95 11/16	86 1/2	Funding 3½% 1999-2004	86 3/8*	87*	2 9 4	4 2 1	l
97 3/8	90 1/2	Consols 4% aft. Feb. '57	91 1/2	91 11/16	2 10 8	4 8 8	f
88 3/16	79 1/4	War L'n. 3½% aft. Dec. '52	81 1/2	81 3/8	2 9 6	4 6 2	f
89 11/16	79 1/2	Conv. 3½% aft. April '61	81 7/16	81 5/16	2 9 7	4 6 7	f
78 1/2	69 1/2	Treas. 3% aft. April '66	72	71 1/2	2 8 4	4 4 4	f
66 1/8	60	Consols 2½%	60 1/2*	60 3/8*	2 7 7	4 2 8	f
66 1/8	59 1/2	Treas. 2½% aft. April '75	60 1/2	60 1/8	2 8 1	4 3 11	f
94 1/16	84 1/2	Br. Elec. 3% '68-73	85 1/2	85 1/8	2 16 0	4 4 7	l
93 1/16	83 1/2	Br. Elec. 3% '74-77	84 1/2	84 3/8	2 14 2	4 3 0	l
109 7/16	99 3/8	Br. Elec. 4½% '74-79	100 1/2	100 3/8	2 8 10	4 5 7	e
98 1/16	87 3/8	Br. Elec. 3½% '76-79	88 1/2	88 1/16	2 12 11	4 5 3	l
105 1/2	97 1/2	Br. Gas 4% '69-72	98 1/2	99	2 8 7	4 4 0	
102 1/4	91 1/2	Br. Gas 3½% '69-71	92 1/2	93	2 11 8	4 3 7	l
88 7/16	78 1/8	Br. Gas 3% '90-95	79 1/2	79 1/2	2 10 11	4 0 11	l
94 1/16	84 3/8	Br. Trans. 3% '68-73	85 1/2	85 3/8	2 16 0	4 4 7	l
105 1/16	96	Br. Trans. 4% '72-77	96 1/2*	96 3/8*	2 10 0	4 4 9	l
88 1/16	78 1/2	Br. Trans. 3% '78-88	79 1/2*	79 1/2*	2 13 7	4 3 3	l

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

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan 1 to June 15 High	Prices, 1955 Jan 1 to June 15 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, June 8, 1955	Price, June 15, 1955	Yield, June 15, 1955 £ s. d.	
97 1/8	90 1/2	94 1/8	86 1/2	Aust. 3½% '65-69	88 1/2	88 1/2	4 7 7	l
101 1/2	97 1/2	101 3/8	95 1/2	Ceylon 4% '73-75	97 1/2	97 1/2	4 3 9	l
106 1/2	98 1/2	103 1/2	94 1/2	N. Zealand 4% '76-78	94 1/2	94 1/2	4 7 9	l
79 1/2	71 1/2	75 1/2	66 1/2	L.C.C. 3% aft. 1920	67 1/2	68	4 8 3	
99 1/2	95	99	88 1/4	Liverpool 3% '54-64	90 1/2	90 1/4	4 5 11	l
87 1/2	80 1/4	84	73 1/4	M.Wtr.'B'3% '34-2003	74 1/2	74 1/2	4 5 0	l
104 1/2	100	102 1/2	99	Agric. Mort. 5% '59-89	100 1/2	101	4 14 5	e
109 1/2	71 1/2	120	91	German 7%	119 1/2	117	...	
168 1/2	102	187 1/2	149	German 5½%	187 1/2	186 1/2	...	
171	132 1/2	193 1/2	160	Japan 5% 1907	185 1/2	192 1/2	...	
198 1/2	167	232 1/2	190	Japan 5½% Conv. 1930	222 1/2	231 1/2	...	

Prices, 1955 Jan. 1 to June 15 High	Prices, 1955 Jan. 1 to June 15 Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, June 8, 1955	Price, June 15, 1955	Yield, June 15, 1955 £ s. d.	
		%	%		BANKS & DISCOUNT				
58/6	48/9	5	*a*	7	*b* Barclays £1	55/-	56/-	4 5 9	
76/7½	64/-	7	*a*	8	*b* Lloyds 'A' £5, £1 pd.	67/-	68/-	4 8 3	
89/3	76/9	8	*a*	10	*b* Midland £1, fully pd.	79/-	81/-	4 8 11	
87/-	76/-	8½	*a*	9½	*b* N. Prov. 'B' £5, £1 pd.	78/6	82/6	4 7 3	
96/10½	84/6	8	*a*	8	*b* Westmstr 'B' £4, £1 pd.	87/-	88/-	4 10 11	
69/-	50/-	7½	*a*	8½	*b* Alexanders £1	52/6	51/6	4 17 1	x
58/6	47/6	5	*a*	7	*b* Nat. Disc. 'B' £1	50/-	50/-	4 16 0	
60/-	51/-	5	*a*	7½	*b* Union Disc. £1	54/-	52/6	4 15 3	
48/10½	39/6	4	*b*	4	*a* Barc. (D.C.O.) £1	42/6*	45/6*	3 10 4	
51/9	42/3	7½	*a*	7½	*b* Chart. Bk. of India £1	44/-	45/-	6 13 4	
					INSURANCE				
19½	14½	50	*a*	110	*b* Leg. & Gen. £1, 5/- pd.	18½	19	2 1 1	
25½	20½	20†	*a*	45†	*b* Pearl £1, fully pd.	24½	24½	4 11 4	
50½	41½	112½†	*c*	117½†	*c* Prudential 'A' £1	48½	50	4 1 9	
					BREWERIES, ETC.				
141/-	127/-	33	*b*	10	*a* Bass £1	130/-*	128/9*	6 13 7	
30/10½	22/-	25	*c*	10	*a* Distillers 6/8	29/3	30/-	3 6 8	h
49/6	40/3	15	*b*	8	*a* Guinness 10/-	47/6	48/1½	4 11 5	
93/9	81/-	7	*a*	14	*b* Whitbread 'A' Ord. £1	82/6	82/6	5 1 10	

Prices, 1955 Jan. 1 to June 15 High	Prices, 1955 Jan. 1 to June 15 Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, June 8, 1955	Price, June 15, 1955	Yield, June 15, 1955 £ s. d.	
		%	%		STEEL & ENGINEERING				
45/7½	35/9	17½	*a*	4	*a* B.S.A. £1	43/6*	45/-*	3 17 9	*p*
13/10½	10/-	3½	*a*	10½	*b* Cammell Laird 5/-	13/3	13/3	5 5 8	
39/3	27/-	...		3	*a* Colvilles £1	37/4½*	38/9*	4 12 11	*o*
36/-	23/-	...		8	*c* Dorman Long £1	35/6	35/6	4 10 2	
97/9	62/4½	5	*a*	15	*b* Guest Keen N'fold £1	95/-	97/6	4 2 1	
79/9	42/-	12½	*c*	5	*a* Stewarts & Lloyds £1	73/9	78/1½	3 4 0	
47/-	27/6	6⅜	*b*	4	*a* Summers (John) £1	43/9	45/7½	4 7 8	*m*
50/-	28/6	4	*a*	6	*b* United Steel £1	44/4½	48/1½	4 3 2	
47/10½	35/9	2½	*a*	6	*b* Vickers £1	46/-	46/-	3 13 11	
					TEXTILES				
4	*a*	6	*b*	6	*b* Bradford Dyers £1	23/6	24/3	8 4 11	
4	*a*	7	*b*	7	*b* Brit. Celanese £1	34/6	31/-	6 9 0	
3	*a*	6½	*b*	7	*b* Coats (J. & P.) £1	27/6*	28/6*	6 2 10	
4	*a*	6	*b*	6	*b* Courtaulds £1	46/3	49/6	4 0 10	
10	*a*	7½	*b*	8	*b* Lancs. Cotton £1	31/-	32/6	7 13 10	*v*
15	*b*	2½	*a*	6	*b* Patons & Baldwins £1	34/6	33/-	6 1 3	*m*
					MOTOR & AIRCRAFT				
17½	17/4½	3½	*a*	6½	*b* Bristol Aeroplane 10/-	21/1½	20/10½	4 15 10	
4	*a*	8½	*b*	8	*a* British Motor 5/-	13/6	13/3	4 14 4	
Nil	9/10½	7½	*c*	Nil	*c* De Havilland £1	26/3	25/9	Nil	
10	*b*	7½	*b*	10	*b* Ford Motor £1	56/10½	58/9	2 11 0	*n*
5	*a*	3	*a*	7½	*b* Hawker Siddeley £1	62/-	65/-	3 4 8	
25	*c*	30	*c*	30	*c* Leyland Motors £1	45/-	46/10½	4 5 4	*m*
5	*a*	12½	*b*	12	*b* Rolls Royce £1	110/7½	113/1½	3 1 11	
12	*c*	12	*c*	12	*c* Standard Motor 5/-	8/9	9/-	6 13 4	
					SHOPS & STORES				
10	*a*	17½	*b*	20	*b* Boots Pure Drug 5/-	36/-	38/-	3 12 4	
20	*b*	7½	*a*	20	*b* Debenhams 10/-	42/3	44/1½	6 4 8	
15	*a*	Gt. Universal 5/-				56/6	58/6	5 2 7	
17½	*b*	Lyons (J.) 'A' £1				106/-*	105/-*	4 5 9	
30	*b*	Marks & Spen. 'A' 5/-				71/3	72/6	3 2 1	
36½	*b*	Woolworth 5/-				67/-	66/6	3 15 6	*l*
					OIL				
14	*b*	British Petroleum £1				106/3	108/9*	2 15 2	
13½	*b*	Burmah £1				136/3	140/-*	3 0 0	
10	*b*	Royal Dutch 100 fl.				£54*	£55½*	2 14 2	
10†	*b*	Shell Reg. £1				129/4½	130/7½	3 19 11	
5†	*a*	Trinidad L'holds 5/-				33/-	34/-	5 2 4	
					SHIPPING				
7	*b*	Cunard £1				29/-	29/6	6 15 7	*m*
12	*c*	Furness Withy £1				48/6	50/6	4 15 1	
13	*b*	P & O. Def. £1				69/6	68/6	4 13 5	
					MISCELLANEOUS				
14	*c*	2½	*a*	Assoc. Elect. £1		82/6	86/3*	3 4 11	
5	*a*	15	*b*	Assoc. Port. Cem. £1		113/9*	120/-*	3 6 8	
15	*b*	7½	*a*	Bowater Paper £1		120/-	125/-	2 17 7	*u*
8	*b*	7½	*a*	Brit. Aluminium £1		50/6	52/-	4 12 4	
5†	*a*	Brit. Amer. Tob. 10/-				58/-	57/-	4 11 7	
3	*b*	3	*a*	Canadian Pacific $25		$62½	$62½	4 5 10	
6½	*a*	Decca Record 4/-				43/6	42/6	3 10 7	*r*
10	*b*	Dunlop Rubber 10/-				32/6	32/-	4 7 6	
8½	*b*	English Elect. £1				75/-	75/9	3 6 0	
4½	*a*	General Elect. £1				65/-	66/3	3 15 5	
6	*b*	Imp. Chemical £1				55/4½	55/9	3 11 9	
12½	*b*	Imp. Tobacco £1				65/-	65/-	6 9 3	
$2·90	$2·90	Inter. Nickel n.p.v.				$126½	$126½	4 2 1	
10	*b*	London Brick £1				71/3	71/3	4 18 3	
15⅜	*b*	Monsanto Chemicals 5/-				36/6	34/6	3 3 9	
14½	*b*	Tate & Lyle £1				75/6*	75/-*	4 5 10	*s*
10	*a*	Tube Investments £1				91/3	92 6	4 6 6	
5	*a*	Turner & Newall £1				117/6*	113/9*	3 19 2	
9⅜	*b*	Unilever £1				88/6	89/-	3 10 10	
11½	*b*	United Molasses 10/-				35/9	38/-	5 16 4	*l*
27½	*a*	Cons. Tea & Lands £1				34/6	37/9	27 13 0	
15	*c*	London Asiatic Rbr. 2/-				2/5½*	2 5½*	12 6 3	
20	*b*	United Sua Betong £1				47/6	50	11 0 0	
					MINES				
50	*b*	Anglo-Amer. 10/-				8⅛	8⅛	4 2 4	
120	*b*	De Beers 5/- Bearer				121/3	125/-	8 0 0	
...	...	Free State Geduld 5/-				87/6	92/6	Nil	
10	*a*	Randfontein £1				51 10½	57/6	6 19 2	
24	*c*	Rhokana Corp. 10/-				8/6	8/6½	13 1 7	
50	*a*	Rhokana £1				39½	39½	6 6 7	

New York Closing Prices

	June 8 $	June 15 $		June 8 $	June 15 $		June 8 $	June 15 $
Balt. & Ohio	48⅛	49½	Am. Smelting	51⅝	52⅜	Inter. Paper	112	113½
Can. Pac.	34⅝	34⅞	Am. Viscose	51⅝	55⅜	Nat. Distill.	21	21
N.Y. Cent.	43⅜	44⅝	Cel. of Am.	23⅜	23½	Sears Roebuck	90⅜	91⅛
Pennsyl.	29	29⅛	Chrysler	77⅛	78	Shell	61⅛	61½
Amer. Tel.	183⅛	184	Gen. Elec.	54⅛	55	Std. Oil of N.J.	116⅛	119½
Stand. Gas	10⅛	10	Gen. Motors	100⅛	102½	U.S. Steel	48⅜	50
United Corp.	6⅜	6⅞	Goodyear	65⅛	62⅞	Westinghouse	69¼	69⅜
W. Union Tel.	27⅞	26⅞	Inter. Nickel	70	70⅛	Woolworth	47	47⅛

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1%. (*h*) On 15%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8⅓%. (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*u*) Dividend for 15 months. On 18%. (*v*) On 7½%. (*x*) On 12½%.

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	June 4th	Western Europe Production and Trade	May 7th
Production and Consumption	June 11th	British Commonwealth	June 11th
Manpower	This week	Western Europe Prices and Money Supply	This week
External Trade	May 28th	United States	May 28th
Financial Statistics	This week	World Trade	April 30th
Industrial Profits	April 30th		

Manpower in Great Britain

	Unit	Monthly averages 1952	1953	1954	1954 Mar	April	May	1955 Feb.	Mar.	April	May
TOTAL MANPOWER (1)											
Working population:											
Total	'000s	23,294	23,373	23,667	23,543	23,608	23,658	23,833	23,800	23,836	...
Men	"	15,864	15,883	15,974	15,943	15,973	15,984	16,072	16,052	16,060	...
Women	"	7,430	7,490	7,693	7,600	7,635	7,674	7,761	7,748	7,776	...
Armed Forces	"	872	865	839	846	842	841	829	824	818	...
Civil employment:											
Total	"	22,119	22,238	22,604	22,585	22,472	22,570	22,726	22,732	22,807	...
Agriculture, forestry and fishing	"	1,112	1,087	1,074	1,040	1,055	1,069	1,017	1,022	1,032	...
Mining and quarrying	"	875	877	867	869	870	869	868	868	869	...
Building and contracting	"	1,435	1,437	1,453	1,429	1,444	1,456	1,421	1,428	1,440	...
Distributive trades	"	2,616	2,664	2,743	2,708	2,722	2,737	2,772	2,767	2,782	...
Public administration	"	1,336	1,320	1,326	1,321	1,323	1,325	1,311	1,310	1,310	...
Manufacturing industries	"	8,626	8,746	8,976	8,927	8,941	8,967	9,216	9,210	9,233	...
CHANGES IN EMPLOYMENT (1)											
Increase or decrease since June, 1950:											
Employees in engineering(2)	"	+ 212	+ 213	+ 338	+ 310	+ 320	+ 332	+ 500	+ 507	...	...
" " consumer goods industries(3)	"	− 126	− 8	+ 59	+ 43	+ 46	+ 57	+ 92	+ 79	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	414·2	342·0	284·8	342·8	316·6	289·4	281·6	269·9	260·1	223·6
" " —men	"	227·8	218·2	184·4	224·1	203·3	184·7	179·0	173·6	167·6	136·2
" " —women	"	186·4	123·8	100·4	118·7	113·3	104·7	102·6	96·3	92·5	87·4
Temporary or under 2 weeks—men	"	87·8	68·7	58·0	63·2	59·8	55·3	54·1	54·0	64·3	47·5
" " —women	"	94·7	43·9	36·4	38·0	37·7	36·3	36·5	34·9	37·0	38·0
Over 8 weeks—men	"	85·9	96·7	81·7	106·9	101·0	91·8	77·0	79·8	71·0	63·1
" " —women	"	50·2	46·3	37·1	49·4	47·6	42·9	36·0	36·3	33·6	29·8
By industry (4):											
Textiles	%	8·6	1·4	0·9	1·0	0·9	1·0	1·1	1·4	1·7	2·2
Clothing	"	2·9	1·3	1·3	1·3	1·2	1·2	1·0	0·9	0·9	0·8
Vehicles	"	0·7	0·8	0·5	0·6	0·6	0·5	0·4	0·4	0·4	0·3
Engineering, etc.	"	1·4	1·4	1·1	1·4	1·3	1·2	0·9	0·9	0·8	0·7
Coal-mining	"	0·2	0·2	0·2	0·2	0·2	0·2	0·1	0·1	0·1	0·2
Distributive trades	"	1·5	1·5	1·3	1·6	1·4	1·3	1·3	1·2	1·1	1·0
By regions (4):											
Great Britain	"	2·0	1·6	1·3	1·6	1·5	1·4	1·3	1·3	1·2	1·0
London and South Eastern	"	1·3	1·2	1·0	1·2	1·1	1·0	0·9	0·8	1·0	0·7
Eastern	"	1·3	1·3	1·2	1·6	1·4	1·2	1·3	1·3	1·1	0·8
Southern	"	1·4	1·4	1·1	1·4	1·3	1·1	1·1	1·0	1·0	0·8
South Western	"	1·5	1·6	1·5	1·9	1·6	1·5	1·5	1·4	1·2	1·1
Midland	"	0·9	1·1	0·6	0·7	0·7	0·6	0·5	0·5	0·5	0·5
North Midland	"	1·0	0·7	0·6	0·7	0·6	0·6	0·7	0·7	0·6	0·5
East and West Ridings	"	1·9	1·2	0·9	1·1	1·0	1·0	0·8	0·8	0·8	0·7
North Western	"	3·6	2·1	1·5	1·7	1·6	1·5	1·4	1·4	1·5	1·4
Northern	"	2·6	2·4	2·2	2·7	2·5	2·3	2·2	2·3	2·0	1·7
Scotland	"	3·3	3·1	2·8	3·3	3·1	2·9	2·9	2·8	2·5	2·2
Wales	"	2·9	3·0	2·5	2·8	2·8	2·5	2·3	2·1	1·9	1·7
VACANCIES											
Unfilled vacancies notified to Employment Exchanges:											
Total	'000s	230	270	338	288	326	331	352	371	416	426
Men	"	131	147	191	154	176	180	199	207	230	239
Women	"	99	123	147	134	150	151	153	164	186	187
DISPUTES (5)											
Workers involved	"	35	114	57	43	30	27	46	52	61	...
Working days lost:											
Total	"	149	182	205	177	77	111	156	149	214	...
Mining and quarrying	"	55	33	39	91	37	41	103	49	83	...
Engineering, etc.	"	66	127	62	22	16	19	22	24	19	...
Other industries and services	"	28	22	104	64	24	51	31	76	112	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding and electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) United Kingdom.

Prices and Money Supply in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
WHOLESALE PRICES (1) (1948 = 100)												
1938	31	25	44	6	51	0·4	43	2	36	55	52	21
1953	239	107	134	155	111	173	129	96	134	152	139	107
1954	250	106	134	152	110	194	126	97	136	154	139	118
1954, December	258	106	136	151	110	200	127	98	136	155	140	121
1955, January	260	107	137	152	111	202	...	98	138	154	140	123
„ February	258	107	136	151	111	199	...	98	137	153	141	125
„ March	258	107	138	151	112	199	...	98	136	153	142	...
„ April	258	...	138	151	...	200	...	...	...	153	143	...
COST OF LIVING (2) (1948 = 100)												
1938	31	27	60	6	64	0·4	55	2	49	63	65	29
1953	205	106	123	144	108	160	126	117	129	136	130	112
1954	213	107	124	143	108	184	126	120	137	142	131	123
1954, December	214	107	...	145	110	188	...	121	137	144	131	125
1955, January	217	108	127	145	110	188	...	121	140	143	131	127
„ February	216	107	...	145	109	187	127	121	140	142	131	128
„ March	215	107	...	145	109	191	...	...	...	142	132	...
„ April	214	106	129	145	...	191	...	...	...	...	...	...
IMPORT PRICES (3) (1948 = 100)												
1938	27	27	40	7	39	...	39	2	24	32	45	21
1953	270	119	119	168	108	...	121	102	117	125	139	89
1954	258	114	113	166	102	...	122	101	111	122	139	92
1954, November	245	114	114	163	103	...	126	102	109	123	139	79
„ December	256	113			102	...	125	101	109	118		88
1955, January	260	114	...	...	103	...	...	103	113	121		91
„ February	255	115	...	...	102	...	...	101	...	124	139	...
„ March	249	...	...	...	104	...	...	...	...	127		...
EXPORT PRICES (4) (1948 = 100)												
1938	33	25	40	6	51	...	37	2	25	32	42	24
1953	239	105	110	147	123	...	127	97	104	119	132	110
1954	237	99	108	140	118	...	125	101	99	118	130	107
1954, November	234	99	112	137	117	...	125	99	101	119	130	110
„ December	237	98			117	...	126	101	98	118		107
1955, January	237	99	...	...	119	...	...	100	102	124	131	117
„ February	239	100	...	...	118	...	...	100	...	126		...
„ March	240	...	...	...	120	...	...	...	...	121		...

CURRENCY IN CIRCULATION (5)

End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. £T.
1938	...	23·6	425	112	...	...	18·2	19	1,048	455	1·04	213
1953	10·25	105·9	2,032	2,310	11·98	3,503	74·3	1,424	3,394	3,002	4·90	1,461
1954	11·98	106·7	2,054	2,551	12·78	3·47	78·2	1,533	3,682	3,187	5·16	1,527
1954, December	11·98	106·7	2,054	2,551	12·78	3·47	78·2	1,533	3,682	3,187	5·16	1,527
1955, January	11·60	105·8	...	2,523	12·59	...	77·5	...	3,630	3,018	4·94	1,582
„ February	11·73	106·8	...	2,548	12·71	...	77·1	...	3,676	2,983	4·87	1,625
„ March	...	...	...	...	12·91	3·77	78·0	...	3,705	3,029	4·84	1,626
„ April	...	...	...	...	...	...	77·2	...	...	...	...	1,660

GOLD AND FOREIGN EXCHANGE HOLDINGS (6) (mn. US Dollars)

1938	...	780	76·7	2,791	...	26·8	59	201	1,003	128·3	512	34
1953	271·4	1,090	166·8	956	1,984	10·5	234	952	1,161	138·3	425	212
1954	371·9	1,046	143·4	1,369	2,682	10·8	260	1,041	1,276	122·8	385	206
1955, January	364·8	1,064	141·5	1,430	2,724	10·8	253	...	1,299	108·8	387	218
„ February	363·1	1,074	131·4	1,474	2,750	10·8	257	...	1,264	98·3	372	215
„ March	359·0	1,095	131·3	...	2,762	10·8	253	...	1,268	90·4	368	215
„ April	346·8	1,114	133·0	...	...	10·9	250	...	1,264	...	339	210
„ May	340·8	...	...	...	...	...	...	...	...	...	...	...

(1) Relates only to prices in capital cities for Austria, France, Greece and Turkey. *Cost of living in Paris based on 1949=100, and wholesale prices in Western Germany on July-December, 1948=100.* (2) Index numbers of unit value which compare the current average value of trade with its value in 1948; they are influenced by changes in the composition of trade as well as price movements. Index numbers for Germany based on 1950. (3) Notes only for France and Austria. (4) Holdings of the government and central bank at end of period; figures for Greece are gold reserves only. (5) Beginning May, 1954, a new drachma equal to 1,000 old drachmas was introduced. (6) 1937. (7) New series, original base 1953=100. (8) Average for fourth quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended June 11th there was an "above-line" deficit (after allowing for Sinking Funds) of £34,864,000 compared with a deficit of £24,392,000 in the previous week and a deficit of £35,162,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £2,783,000 bringing the total cumulative deficit to £184,679,000 (£147,895,000 in 1954-55).

£'000	Estimate, 1955-56	April 1 1954 to June 12, 1954	April 1, 1955 to June 11, 1955	Week ended June 12, 1954	Week ended June 11, 1955
Ord. Revenue					
Income Tax	1877,400	183,026	179,089	7,173	10,279
Sur-tax	136,000	18,300	16,200	1,100	1,100
Death Duties	185,000	35,200	37,000	3,100	2,800
Stamps	74,000	13,100	13,300	1,000	900
Profits Tax & EPT	180,000	24,700	25,400	2,000	2,000
Excess Profits Levy	25,000	12,400	8,000	900	700
Special Contribution and other Inland Revenue	1,000	350	150	50	50
Total Inland Rev.	2478,400	287,076	279,139	15,323	17,829
Customs	1131,700	224,305	223,171	18,278	23,733
Excise	796,050	150,340	158,600	3,640	3,440
Total Customs and Excise	1927,750	374,645	381,771	21,918	27,173
Motor Duties	80,000	8,067	9,180	324	331
PO (Net Receipts)	...	4,300	5,800	50	550
Broadcast Licences	25,000	2,500	3,300	...	...
Sundry Loans	24,000	2,023	2,171	...	75
Miscellaneous	175,000	32,336	17,053	...	7,592
Total	**4710,150**	**710,847**	**698,414**	**37,618**	**53,550**
Ord. Expenditure					
Debt Interest	600,000	140,647	148,685	5,607	11,238
Payments to N. Ireland Exchequer	53,000	8,737	9,286	...	1,747
Other Cons. Fund	10,000	632	966	...	...
Supply Services	3862,875	660,713	629,212	66,300	74,800
Total	**4525,875**	**810,728**	**788,149**	**71,907**	**87,784**
Sinking Funds	36,000	5,985	5,424	870	630
"Above-line" Surplus or Deficit	**105,766**	**95,159**	**35,162**	**34,864**	
"Below-line" Net Expenditure*	42,130	89,520	3,087 Cr.	2,783	
Total Surplus or Deficit*	**147,896**	**184,679**	**33,125**	**37,647**	
Net Receipts from					
Tax Reserve Certificates	92,070	26,887	3,076	764	
Savings Certificates	2,900	5,000	300	900	
Defence Bonds	7,186	971	667	300	

* Since end September, 1954, the capital expenditure of the Post Office has been charged directly on the Exchequer (instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at June 11th this item stood at £10,000,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1954					
June 12	3,320·0	1,332·8	274·6	...	4,927·3
1955					
Mar. 12	3,170·0	1,710·8	274·6	...	5,155·4
„ 19	3,180·0	1,731·3	297·4	...	5,208·7
„ 26	3,180·0	1,741·5	329·1	...	5,250·6
„ 31	4,931·4		315·2	...	5,246·6
April 9	3,200·0	1,801·9	274·1	...	5,276·0
„ 16	3,220·0	1,830·5	269·8	...	5,320·3
„ 23	3,240·0	1,766·2	315·9	...	5,321·0
„ 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
„ 14	3,270·0	1,760·7	275·8	0·8	5,307·2
„ 21	3,270·0	1,768·8	295·7	...	5,334·5
„ 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
„ 11	3,240·0	1,903·6	282·7	...	5,426·3

THE MONEY MARKET

At the Treasury bill tender on Friday last the discount houses again reduced their bid by 2d., to £99 0s. 1d. per cent—raising the rate to within 1/64 per cent of 4 per cent. The average rate on all bills allotted rose correspondingly, by nearly 8d. to £3 19s. 7.53d. per cent. Total applications were up by £8 million, to £378.6 million, but as the offer was raised by £10 million to £260 million, the market's allotment rose slightly from 52 to 53 per cent. After the tender, the rate for three months' fine bank bills was adjusted to 4 per cent.

Credit became easier before the week-end, but early this week stringency returned. The Bank made special purchases on each of the first three days. But two or three houses still found themselves "in" the Bank on Monday and again on Wednesday (though only for very small amounts). August and September bills changed hands at 3 11/32 per cent; at the week-end dealings took place at down to 3 11/32 per cent.

Sterling has weakened slightly on balance in the past week. The spot dollar rate fell from $2.79 1/8 on Thursday of last week to $2.79 7/16 at Wednesday's close; and the premium on the three months' forward dollar widened slightly, to 1 1/2 cents. Turnover in the gold market has been only moderate; the price has fluctuated in sympathy with sterling.

The Bank return shows an outflow of notes of £8.8 million in the week to Wednesday last, compared with an outflow of £3.5 million in the corresponding week of 1954.

LONDON MONEY RATES

Bank rate (from 3 1/2%, 24/2/55)	4%	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	4
Banks	3%	3 months	4
Discount houses	2%*	4 months	4
Money Day-to-day	2 1/2-4 1/2	6 months	4-4 1/2
Short periods	2 1/2-4 1/2	Fine trade bills:	
Treas. bills 2 months	3 11/16	3 months	4 1/2-4 3/8
3 months	3 11/16	4 months	4 1/2-4 5/8
		6 months	4 1/2-5 1/8

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	June 16	June 8	June 15
Issue Department:			
Notes in circulation	1,640·7	1,778·7	1,787·5
Notes in banking dept.	34·6	46·7	37·8
Govt. debt and securities*	1,671·3	1,821·2	1,821·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	10·8	9·7	12·3
Treasury special account	4·6	6·9	9·3
Bankers	287·2	248·4	251·0
Others	66·2	79·5	70·2
Total	368·8	344·5	342·8
Securities:			
Government	326·8	279·2	289·7
Discounts and advances	9·4	20·1	17·0
Other	13·8	14·0	14·1
Total	350·0	313·3	320·8
Banking department reserve	36·9	49·1	40·2
	%	%	%
"Proportion"	10·0	14·2	11·7

* Government debt is £11,015,100, capital £14,563,000. Fiduciary issue increased to £1,825 million from £1,775 million on June 8, 1955.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied For	Allotted	Average Rate of Allotment s. d.	Allotted at Max. Rate* %
1954					
June 11	260·0	418·3	260·0	32 3·56	57
1955					
Mar. 11	270·0	393·9	270·0	76 0·65	61
„ 18	270·0	385·2	270·0	76 11·64	56
„ 25	280·0	420·2	280·0	76 11·21	61
April 1	270·0	408·5	270·0	76 10·33	46
„ 7	250·0	402·4	250·0	76 5·00	61
„ 15	250·0	420·7	250·0	76 3·09	33
„ 22	230·0	385·2	230·0	77 1·08	39
„ 29	220·0	380·3	220·0	77 11·45	39
May 6	230·0	384·8	230·0	76 3·89	41
„ 13	230·0	382·4	230·0	76 4·69	46
„ 20	240·0	375·6	240·0	76 4·64	50
„ 27	250·0	389·9	250·0	76 4·37	46
June 3	260·0	370·5	260·0	76 11·80	52
„ 10	260·0	378·6	260·0	76 7·83	53

On June 10th tenders for 91 day bills at £99 0s. 1d. secured about 53 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £260 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	June 15	June 9	June 10	June 11	June 13	June 14	June 15
United States $	2·78-2·82	2·79 1/4-2·79 3/4	2·79 1/4-2·79 1/2	2·79 1/4-2·79 3/4	2·79 1/4-2·79 3/4	2·79 3/4-2·79 3/4	2·79 1/4-2·79 3/4
Canadian $		2·75 3/4-2·75 7/8	2·74 3/4-2·75 1/8	2·75 1/4-2·75 1/4	2·75-2·75 1/4	2·75 1/4-2·75 1/4	2·74 3/4-2·74 7/8
French Fr.	972·65-987·35	979-979 3/4	979-979 3/4	979-979 3/4	979-979 3/4	979-979 3/4	979-979 3/4
Swiss Fr.	12·15 1/8-12·33 1/8	12·24-12·24 1/4	12·23-12·23 1/2	12·23-12·23 1/2	12·23-12·23 1/2	12·23-12·24 1/4	12·23-12·23 1/2
Belgian Fr.	138·95-141·05	139·95-140·00	139·95-140·00	139·97 1/2-140·02 1/2	139·97 1/2-139·97 1/2	139·92 1/2-139·97 1/2	139·95-140·00
Dutch Gld.	10·56-10·72	10·62 1/2-10·63 1/2	10·63 1/2-10·63 1/2	10·63 1/2-10·63 1/2	10·63 1/2-10·63 1/2	10·64 1/2-10·64 1/2	19·40 1/2-19·41 1/2
W. Ger. D-Mk.	11·67 1/8-11·84 3/8	11·72 1/2-11·73 1/2	11·72 1/2-11·72 1/2	11·72 1/2-11·72 1/2	11·71 1/2-11·71 1/2	11·72 1/2-11·72 1/2	11·72 1/2-11·72 1/2
Portuguese Esc.	79·90-81·10	80·20-80·40	80·00-80·10	80·00-80·15	80·05-80·20	80·05-80·20	80·05-80·20
Swedish Kr.	14·37 1/2-14·59 1/2	14·47 1/2-14·48	14·47 1/2-14·47 1/2	14·47 1/2-14·47 1/2	14·46 1/2-14·47	14·48-14·48 1/2	14·48-14·48 1/2
Danish Kr.	19·19 1/2-19·48 1/2	19·40 1/2-19·41	19·40 1/2-19·41	19·40 1/2-19·41	19·40 1/2-19·40 1/2	19·40 1/2-19·41	19·40 1/2-19·41 1/2
Norwegian Kr.	19·85-20·15	20·01 1/2-20·01 1/2	20·01 1/2-20·01 1/2	20·01 1/2-20·01 1/2	20·01-20·01 1/2	20·01-20·01 1/2	20·01-20·01 1/2
One Month Forward Rates							
United States $		1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm
Canadian $		1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm	1/4c. pm-1/4c. pm
French Fr.		Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis	Par-1 dis
Swiss Fr.		2 1/2-1 1/2c. pm	2 1/2-1 1/2c. pm	2 1/2-1 1/2c. pm	2 1/2-1 1/2c. pm	2 1/2-1 1/2c. pm	2 1/2-1 1/2c. pm
Belgian Fr.		1/4 pm	1/4 pm	1/4 pm	1/4 pm	1/4 pm	1/4 pm
Dutch Gld.		2-1 1/2c. pm	2-1 1/2c. pm	2-1 1/2c. pm	2-1 1/2c. pm	2-1 1/2c. pm	2-1 1/2c. pm
W. Ger. D-Mk.		1pf. pm-par	1pf. pm-par	1pf. pm-par	1pf. pm-par	1pf. pm-par	1pf. pm-par
Swedish Kr.		1/8 pm-1/8 dis	1/8 pm-1/8 dis	1/8 pm-1/8 dis	1/8 pm-1/8 dis	1/8 pm-1/8 dis	1/8 pm-1/8 dis
Danish Kr.		Par-2c dis	Par-2c dis	Par-2c dis	Par-2c dis	Par-2c dis	Par-2c dis
Norwegian Kr.		1/8 pm-1/8 dis	1/8 pm-1/8 dis	1/8 pm-1/8 dis	1/8 pm-1/8 dis	1/8 pm-1/8 dis	1/8 pm-1/8 dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/11	250/11 1/2	...	250/11 1/2	250/10 1/2	250/10 1/2



NCORPORATED BY ROYAL CHARTER 1720

In the wide field of Insurance at Home and Overseas the Corporation of the Royal Exchange Assurance offers a valuable service as one of the oldest and most progressive of the British Insurance Offices.

Governor:
THE RIGHT HON LORD BICESTER

ROYAL EXCHANGE
ASSURANCE

HEAD OFFICE AT THE ROYAL EXCHANGE, LONDON.

Branches and Agencies throughout the United Kingdom and Overseas

SECURITY AND *MORE*

Let your money earn a tax-paid return of

2¾%

EQUIVALENT TO £4 : 15 : 8 PER CENT
ON AN INVESTMENT TAXED AT STANDARD RATE

Interest accrues from day of investment. Facilities for prompt withdrawal. For full details, write or telephone:

City Prudential Building Society

ASSETS EXCEED £8,000,000

17 HOLBORN VIADUCT, LONDON, E.C.1. · TELEPHONE: CITY 8323
131/133 PARK LANE, LONDON, W.1. · TELEPHONE: MAYFAIR 9581
AND AT BELFAST · BIRMINGHAM · BRADFORD · BRIGHTON · LEEDS · LIVERPOOL
MANCHESTER · READING · SWANSEA · WIMBLEY · WORTHING

What ARE the Business Prospects?



The answer is readily available from

The Commercial Bank of Australia Limited
(INCORPORATED IN VICTORIA)

where specially trained officers obtain Trade Information from all points in AUSTRALIA and NEW ZEALAND

LONDON OFFICE: 12 Old Jewry, E.C.2.
Telephone: MONARCH 8747-9

Enquiries welcomed

Head Office: 335-339 Collins Street, Melbourne
Chief New Zealand Office: 328-330 Lambton Quay, Wellington.
691 OTHER OFFICES

Founded: 1866

THE
BANK OF TOKYO
(Incorporated in Japan)

Foreign Exchange Bank
Licensed Under
The Foreign Exchange Bank Law

WORLD-WIDE BANKING SERVICE

Home Branches:
Tokyo, Yokohama, Nagoya, Osaka, Kobe and other main cities in Japan.

Overseas Branches:
London, New York, Hamburg, Calcutta, Bombay, Karachi, Hong Kong.

Affiliate:
The Bank of Tokyo of California
San Francisco
Los Angeles

THE BANK OF TOKYO, LTD.
(THE former YOKOHAMA SPECIE BANK)

Head Office: TOKYO, JAPAN.

Keep in touch with Japan through



THE FUJI BANK LTD.

(Incorporated in Japan)
ESTABLISHED 1880

Paid-up Capital - - Yen 2,700,000,000

Head Office:
1-CHOME, OTEMACHI, CHIYODA-KU, TOKYO

London Branch:
SALISBURY HOUSE, FINSBURY CIRCUS, LONDON, E.C.2

P.O. Box No. 547. Tel. No.: NAT. 0601-5.

60/-
WHOLE LIFE ASSURANCES
42/6 TO 57/6
ENDOWMENT ASSURANCES
(According to age at maturity)

TRIENNIUM 1952-1954
These Annual Rates of Bonus per £100 Sum Assured have been declared

For MUTUAL satisfaction consult
NATIONAL PROVIDENT INSTITUTION
FOR MUTUAL LIFE ASSURANCE
— Established 1835 —
48, GRACECHURCH STREET, LONDON, E.C.3.
Telephone: MANsion House 1481

For your banking needs in Japan

THE NIPPON KANGYO BANK LIMITED

Established 1897

HEAD OFFICE: HIBIYA, TOKYO

Over 100 branches in all principal cities of Japan

CAN THE INDUSTRIAL DEVELOPMENT BANK HELP YOU IN CANADA?

Businessmen who are considering establishing or expanding a manufacturing or processing business in Canada and have a project that meets practical requirements for success, but have not been able to finance it by standard methods, might find it worthwhile to know more about Industrial Development Bank (a subsidiary of Bank of Canada) and its wide experience with unusual problems. Industrial Development Bank's credit officers and technical specialists examine proposals before the Bank provides financing. If a term loan is granted, it may make for a more efficient and profitable operation. On the other hand, it may uncover factors which make regular commercial financing feasible.

For further information we suggest you communicate with:

INDUSTRIAL DEVELOPMENT BANK
Office of the General Manager
901 Victoria Sq., MONTREAL, CANADA.

COMPANY MEETINGS

MARKS AND SPENCER LIMITED

SALES EXCEED £107 MILLION

99 PER CENT GOODS MADE IN BRITAIN

REVALUATION OF PROPERTIES

EXTENSIVE PROGRAMME OF STORE DEVELOPMENT

The twenty-ninth Annual General Meeting of Marks and Spencer Limited was held on June 9th at 82 Baker Street, London, W.1.

Sir Simon Marks, DSc (Chairman and Joint Managing Director) who presided said: Ladies and Gentlemen:

May I take it that in accordance with our usual practice the Directors' Report and Accounts may be taken as read?

PROFIT AND LOSS ACCOUNT

Our profit, after tax, amounts to £4,468,000 —an increase of £1,451,000 over last year. Provision for taxation after making allowances for Budget changes requires £4,800,000 against £4,850,000. With £2,561,000 brought forward there is £7,029,000 available for distribution.

The Directors recommend a Final Dividend of 30 per cent on the Ordinary and "A" Ordinary Shares which, together with the Interim Dividend of 15 per cent, makes a total of 45 per cent for the year. Last year's dividend was equivalent to 32½ per cent on the present Ordinary and "A" Ordinary Capital. After the transfer of £2 million to General Reserve, the payments of dividends and other appropriations set out in the Directors' Report, the balance to be carried forward is £2,515,000.

REVALUATION OF PROPERTIES

In my speeches since the war I have referred more than once to the considerable reserve represented by our properties, the great majority of which were acquired and built before the war.

At the end of July last year the Board instructed Messrs Healey and Baker and Messrs Hillier, Parker, May and Rowden to prepare a joint valuation of the Company's Freehold and Leasehold Properties. This "monumental task," to quote their Report, was completed recently and their certificate is now available. The figure set upon the value of the properties at March 31, 1955, is £35,297,191, as against our book value of £12,563,333 at the same date, and an original cost of nearly £16 million.

In their Report to the Board the Joint Valuers emphasise that our stores are situated almost without exception in premier positions in the principal shopping centres of the main towns and cities throughout the country.

They point out that a very large percentage of the stores at present operating have been completely or substantially reconstructed within the last twenty-five years. They draw particular attention to the high standard of the staff amenities and other accommodation not normally seen by the public, including the food storage and preparation rooms, "... where every effort has been made to ensure the most hygienic conditions."

They conclude their Report with the following statement:

> "We are of the opinion that the group of operational properties, which has taken many years to build up, forms a most valuable and outstanding retail chain which under present conditions would, for all practical purposes, be virtually impossible to repeat."

It is gratifying to have this independent judgment of the success of the policy we have pursued so consistently since the formation of the Company. I am grateful to the Partners of Messrs Healey and Baker and Messrs Hillier, Parker, May and Rowden for their Report.

We have incorporated the new value of our properties in the Accounts for the year 1954-55. The surplus revealed by the valuation, amounting to £22,733,858 has been credited to our Reserve Accounts. The sum of £3,410,643—the amount by which the cost of our properties had been written down—is now brought back and added to the General Reserve; the balance of £19,323,215 has been credited to Capital Reserve.

Certain installations which had previously been accounted for under the head of Fixtures and Equipment were included in the valuation as an integral part of the building. These items, which include heating, lighting and ventilating installations, have now been allocated to the Properties Account.

We have reviewed the rates of Depreciation applied to the Company's Fixed Assets and have decided that lower rates are adequate.

We spend a great deal of money maintaining these assets—which include our properties, fixtures and equipment—in first-class condition. If I may quote once more from the Valuers' Report, they say:

> "... from our inspections we are able to record that the properties in the occupation of the Company appear generally to be in excellent order, the decorative condition of the retail stores and principal offices being exceptionally good. In our view the high standard at which these properties are maintained merits special comment."

POST-WAR STORE DEVELOPMENT

During the war we lost a number of our stores through bombing, many were damaged, and all of them suffered years of enforced neglect. In quite a number of these cases the main fabric of the building was affected; roofs and floors were in a bad state, and the general condition was much below our standards. The most urgent need, therefore, was to rebuild and restore these properties.

Building controls and restrictions continued to be applied for some years to our class of property with almost wartime severity. The amount of work which we could do in this first phase was, therefore, limited. But as building restrictions were eased we put in hand a developing programme of structural and decorative work.

It was not until 1951, six years after the end of the war, that we were at last able to begin the rebuilding of our bombed stores. Whilst the carrying out of this task became a priority, the work of modernisation and improvement continued over the whole system. I am glad to say that fourteen of the bombed stores have been rebuilt and are trading, and that the rebuilding of the last one is under way. With its completion, the scars which war inflicted upon us will have been healed.

These stores have been rebuilt to high standards of construction. They are more spacious, they accommodate more customers in greater comfort and enable them to see and handle the wider range of merchandise we now offer. Modern systems of heating, lighting and ventilation have been installed and the amenities for the staff—Dining Rooms, Rest-Rooms and the like—have been planned on the most up-to-date lines. Following a tradition established many years ago, the frontages have been designed to fit in with the character of the cities in which they stand. We believe them to be imposing landmarks in the shopping centres of those cities.

With the complete removal of building controls in November, 1954, a new phase began. At long last we were free to draw up a more systematic plan of development, and we accordingly set in motion a considerable programme of work. The emphasis of this programme, which involves an investment during the current year of about £3 million, is upon the extension of some thirty important stores. The process of extension in the majority of cases means a massive reconstruction, a complete transformation of the original store as to size, appearance and amenities for customers and staff. Many of the schemes are well advanced —some will be in operation before the end of the calendar year and will then become revenue-producing.

The costs of building, restoring and developing our stores have been heavy. In the ten years up to March 31st last the expenditure amounted to some £18 million, all of which has been found from earnings. £15,500,000 represents the cost of development and re-equipment, and the remaining £2,500,000 has been invested in the purchase

of new sites and additional land, and in the conversion of a number of important leaseholds into freeholds.

The fruits of this policy of expansion can be seen in the volume of business and the profits we now report. We plan to continue this policy systematically. Many of our stores are ripe for development. The investment required will be large. A considerable part will be found, as in the past, from retained profits. But in order to ensure that our development goes forward at the pace we consider desirable additional funds will be needed.

As a result of the revaluation of Properties, the Company's borrowing powers under the existing Debenture Trust Deed have been greatly increased and facilitate the acquisition of such further funds as may be required for the development of the business.

GENERAL SURVEY

I am pleased to report that our sales again increased substantially during the year. Our turnover exceeded £107 million—over £13 million more than the previous year and £22 million more than two years ago.

It has been a year of continuing national prosperity. With full employment, higher wages, and rising productivity, the purchasing power of the community is steadily increasing. The standard of life of the great majority of our people has risen appreciably. Goods, materials and foodstuffs are now available to the public in great profusion and variety. The nation has indeed come a long way since the period of shortages and rationing, less than three years ago.

The fertilisation of industry by science and technology is surely one of the main causes of this remarkable change in our economy. Vast opportunities, rich in promise for the future, are open to the active partnership of industrialists and men of science. This partnership has already resulted in the establishment of entirely new industries, and has given new life to many of the older industries. Great factories have been built throughout the land, involving much capital investment, to develop and exploit the fruits of research, invention and discovery.

An interesting feature of this development is its widespread character. Every area of the country is benefiting from the up-surge of industrial activity. This, naturally, is having an important impact also on the shopping centres of our cities and towns. Our own programme of store expansion has been planned to cope with this actual and potential increase of business.

I have already spoken of the way in which we have rebuilt, expanded and transformed our stores, and of the large investment we have made in that side of our development. Our work in building up a system of fine stores is matched by an unceasing search for better goods and improved values, always bearing in mind the prices which the public can afford to pay.

This work of up-grading the wide variety of goods we sell is a collective effort. Our executives and the members of the buying departments work in close collaboration with our technical and specialist staffs, to whose contribution we attach much importance. Their activities are having a considerable effect on the character and quality of our goods, upon which our reputation depends.

It is gratifying to state that 99 per cent of the goods we sell are made in Britain. Last year British mills supplied some 90 million yards of woven cloth and approximately 30 million pounds weight of hosiery yarns for our garments.

Our food division is benefiting by the fact that raw materials are now in free supply. We are therefore able to specify the best ingredients for particular products which are in great demand. Our policy of developing a selected range of high quality foodstuffs from the foremost producers in the country is meeting with success.

As you are aware, we demand the highest standards of hygiene and cleanliness in the production or handling of foodstuffs, and we enjoy the co-operation of our suppliers and of our staff in this policy. Our efforts in this connection have brought us praise both from our customers and from the public health authorities.

POPULARITY OF "ST. MICHAEL" TRADE MARK

Our customers, who are very discerning and selective, are quick to respond to our improved values. Our brand name "St. Michael" is accepted as a hall-mark of quality and taste. It is one of the best known and most popular trade marks and our goods are appealing to an ever-increasing number of customers.

We concentrate much effort in creating these values and services which have won the confidence of our public. We shall strive to maintain their goodwill—an asset which we cherish most highly.

TRIBUTE TO MANUFACTURERS

It is always a pleasant duty to pay tribute to our manufacturers and suppliers, and to thank them for their co-operation. The production of the large quantities of goods and materials we require, and the high standards we set have faced them with many problems. They have adopted new techniques, installed new machinery, increased their factory space, and given special training to their staff. Many are investing large sums of money in order to expand still further their business with us. This is evidence of their confidence in our future progress together.

We give much thought to the ways in which we can help to iron out seasonal fluctuations in production. We try to estimate our requirements well in advance, and in consultation with our suppliers arrange a steady rhythm of production and delivery. This system brings about substantial economies in costs, the benefit of which we pass on to our customers, on whose approval and support both we and our suppliers are dependent.

STAFF AND WELFARE

It has been my privilege for many years, on behalf of the Board, to thank the members of our staff of all grades for their devoted service, which means so much to the success of the business and the high reputation which our Company enjoys with the public.

The well-being of our staff is of deep concern to the Board, and we encourage every activity of our Personnel and Welfare Departments directed to that end. We regard welfare work as an important and, indeed, inseparable part of staff management. Our welfare activities are many and varied, and our 30,000 staff are distributed throughout the country. But I am happy to say that those who are responsible for this work maintain that personal touch without which their efforts would lose much of their value.

In the planning of our stores, our Dining-Rooms, Rest-Rooms and other amenities are specially designed for the comfort and convenience of our staff. Every day we provide meals at a very modest charge for all our staff—a service which alone employs 1,200 persons.

I have to report with much regret the death of Mr J. Levi, our Dental Superintendent. It was thanks to his initiative that we were able to inaugurate our dental services as long ago as 1935. In his last Annual Report, for 1954, he stated: "A study of the Reports sent in by our 202 inspecting dentists shows that a very high proportion of the Company's employees continues to make good use of the free services offered under our Inspection Scheme, and that, as a result, their dental health has been maintained at a very high level."

Our welfare and health services are, of course, only one element in the happy atmosphere throughout the business. The extensive provision which we make for training and education is much appreciated by our staff, who know that an expanding business is one with great opportunities for personal development and promotion.

The report and accounts were unanimously adopted.

SHAREHOLDERS' THANKS

Mr Leslie Brown: Ladies and gentlemen, the chairman has expressed thanks to the staff for their loyal and excellent work during the year and he has paid tribute to the suppliers and manufacturers for their co-operation, tributes which we as shareholders most heartily endorse. But this meeting would not be complete without a tribute also being paid to our chairman and his colleagues on the board.

No company can prosper without an efficient and loyal staff, particularly, as in the case of this company, when personal service and efficiency are of such vital importance. Such service would not be obtained unless we had a contented staff and I am sure we shall all applaud the policy, to which the chairman has referred, of close and continuous attention to the well-being of the staff and the conditions under which they work.

The company's reputation has never been higher for the quality of the goods which it supplies and again we support the board's policy of close and friendly co-operation with the manufacturers to develop their skill and technique to the present point where the value for money given in our stores is unequalled by any other store.

My company, the Prudential, has been closely associated with Marks and Spencers for nearly 30 years now, since it became a public company in 1926 when we were privileged to provide finance to inaugurate the programme of expansion and development which has brought this company to the forefront. Sir Simon has frequently told me of those early days when he and my predecessor, Sir George May, later Lord May, planned this development, when they talked and dreamed of the future and its glories. Yet I am confident that the most fanciful of their dreams has been surpassed many times, with great benefit to us shareholders and greatly to the benefit of many customers and to the community as a whole.

For any business there is never an end to progress. You go on or go back. The chairman has told us of the present programme for systematic development and modernisation and I have no doubt that long before that programme is completed the next step will have been investigated and planned with the thoroughness which characterises all the operations of this organisation.

My company have been very happy with their close association with the development, prosperity and phenomenal progress to date and we have every intention of remaining interested in the future progress. We have every confidence that, in the hands of your directors, that progress will be soundly conceived and efficiently executed and that in their hands the resultant prosperity is inevitable. A business like this does not just evolve

out of nothing nor does it keep going of its own momentum. The inspiration and foresight, the guidance and the drive, have been supplied by our chairman, Sir Simon, Mr Sieff, and their colleagues on the board and I count it a great privilege to propose a very hearty vote of thanks to them, together with the whole of the staff throughout the country, for their work during the past year. I call on Mr Seebohm to second that.

Mr Seebohm: May I, on behalf of your shareholders—perhaps I should say your smaller shareholders—offer our congratulations and second the vote of thanks.

In reply, the chairman said: Mr Brown, Mr Seebohm, I am personally very much touched by your presence here today, and particularly by those references to a "bygone age" 26-30 years ago. I am very happy indeed that you, Mr Brown, are carrying on that tradition which was laid down by Lord May (previously Sir George May) who was the fount of much inspiration to me and my colleagues.

Men come and go and I am delighted that we have now in that very important position our own friend, Mr Brown. I have learned to know him during the last few months, although the roles have been reversed. I am older and he is younger. Sir George was older and I was younger but the fact is that it is an association of which my colleagues and I are extremely proud.

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

MR S. G. MENELL'S REVIEW OF OPERATIONS

The Twenty-Second Annual General Meeting of Middle Witwatersrand (Western Areas) Limited will be held in Anglovaal House, Johannesburg, on June 28th. The following is an extract from the Statement by the Chairman, Mr S. G. Menell, which was circulated with the Report and Accounts for the year ended December 31, 1954:

The attached accounts reveal a consolidated group profit of £702,905 less £79,786 thereof which is attributable to minority interests. The profit shown in the parent company's accounts amounts to £480,340, arising mainly from the sale of certain investments at a profit of £493,260. Pending the promulgation of the new Income Tax Act and the clarification of certain points, no provision has been made in the attached accounts for any liability which may arise for Undistributed Profits Tax in respect of the 1955 fiscal year.

As indicated in the Directors' Report your Company will be entitled to a substantial participation in the mining company which will be formed to take over the Saaiplaas Lease Area.

No further prospecting was done in the joint area, known as the Van den Heeversrust Area in the Odendaalsrus District, which forms the subject of an agreement between your Company and General Exploration Orange Free State Limited. The Consulting Engineers of General Mining and Finance Corporation Limited are considering the estimates and proposals submitted by our Consulting Engineers for the demarcation of the first mining area.

Details of progress achieved by other companies, in all of which your Company has considerable shareholdings, are as follows:

VIRGINIA MINE

At the Virginia Mine, trial milling operations which were commenced in November, 1953, were continued until September 22, 1954, when the production of gold was officially commenced. During the first three months of production up till December 31, 1954, 148,000 tons were milled at a recovery grade of 3.875 dwts per ton, resulting in a working profit for this period, including sundry revenue, of £24,321, averaging 3s. 3d. per ton milled. Since the commencement of operations and up till March 31, 1955, a total of 96,178 feet of development was accomplished, of which 43,707 feet were on reef. Of 42,805 feet sampled, 22,100 feet, equal to 51.6 per cent, were payable, having an average value of 9.14 dwts over a channel width of 31.6 inches, equivalent to 289 inch-dwts. As at December 31, 1954, the available Ore Reserve on Basal and Leader Basal Reefs was estimated to be 584,000 tons [illegible] value of 5.44 dwts over a stoping width of 45 inches. In addition, 166,000 tons of payable ore, blocked out at No. 3 Shaft and in the No. 1 Shaft pillar at an average value of 5.16 dwts over a stoping width of 51 inches, are not immediately available for mining. The sulphuric acid plant was brought into production during January, 1955, using pyrite purchased from other mines pending the completion of the pyrite recovery plant which is incorporated in the uranium plant. Work on the uranium and pyrite recovery plants is proceeding and it is anticipated that these plants will be commissioned during the third quarter of this year. The application for authority to increase the capacity of the uranium and pyrite recovery plants has been approved by the Atomic Energy Board of South Africa. In terms of the arrangements made the Company will also accept for treatment uranium and pyrite-bearing concentrates produced by Merriespruit (Orange Free State) Gold Mining Company Limited. The Company will obtain an additional loan through the Atomic Energy Board to cover the cost of the extensions to the uranium treatment and pyrite recovery plants and such loan will be repayable on the same basis as that applicable to the original loan. During the quarter ended March 31, 1955, 146,000 tons were milled at a recovery grade of 4.065 dwts per ton, resulting in a working profit, including sundry revenue, of £37,090, averaging 5s. 1d. per ton milled. In addition, acid production during the quarter resulted in a profit of £12,097, making a total profit for this period of £49,187.

MERRIESPRUIT MINE

At the Merriespruit Mine, No. 1 Shaft was deepened to its revised final depth of 3,779 feet. The sinking of No. 2 Shaft was resumed towards the end of April, 1954, and at the end of March, 1955, the shaft had reached a depth of 2,886 feet. It is estimated that Basal Reef will be intersected in this shaft at a depth of approximately 3,210 feet. Since the commencement of development operations and up till March 31, 1955, a total of 28,986 feet had been advanced, of which 13,409 feet were on reef. Of 13,230 feet sampled, 9,015 feet, equal to 68.1 per cent, were payable, having an average value of 11.13 dwts over a channel width of 34.4 inches, equivalent to 383 inch-dwts. Included in these results are 120 feet sampled on Leader Reef, of which 85 feet, equal to 70.8 per cent, were payable, having an average value of 4.47 dwts over a channel width of 64.9 inches, equivalent to 290 inch-dwts. Work is proceeding on the erection of the reduction plant which is designed for an initial capacity of 75,000 tons per month. Arrangements have been made with the Atomic Energy Board of South Africa whereby the Company will erect a flotation plant to produce uranium and pyrite-bearing concentrates from the residue slimes of its gold reduction plant. These concentrates will be pumped to the uranium treatment and pyrite recovery plants at Virginia Orange Free State Gold Mining Company, Limited, where the uranium and pyrite will be recovered on this Company's behalf. The Company will obtain a loan, to be repaid over a period of ten years, through the Atomic Energy Board to cover the capital cost of the flotation plant, pumping facilities and ancillary requirements.

HARTEBEESTFONTEIN MINE

At the Hartebeestfontein Mine, No. 1 Shaft was sunk to its final depth of 3,041 feet and No. 2 Shaft to its present necessary depth of 3,297 feet. Vaal Reef was intersected in No. 1 Shaft at a depth of 2,861 feet and a full exposure of the reef was completed at a depth of 2,864 feet. The reef was sampled at 5 feet intervals around the periphery of the shaft and 15 sections sampled gave an average value of 45.12 dwts over a channel width of 4.1 inches, equivalent to 185 inch-dwts. Based on the available borehole information, it is now estimated that Vaal Reef in the vicinity of No. 2 Shaft lies at a depth of approximately 6,000 feet below surface. It is not, however, intended to sink to this depth at the present time, and the shaft was stopped at a depth to permit of the statutory connection being made on the Transfer Level between No. 1 and No. 2 Shafts at the shallower depth of workings at No. 1 Shaft. This connection was made during March, 1955, thereby removing the single-entry restrictions imposed by the Mining Regulations. Development operations were commenced at No. 1 Shaft in August, 1954, and at No. 2 Shaft in September, 1954. Up till the end of March, 1955, a total of 38,579 feet had been accomplished, of which 32,491 feet were at No. 1 Shaft and 6,088 feet, all in country rock, were at No. 2 Shaft. 9,866 feet at No. 1 Shaft were on Vaal Reef and 9,765 feet were sampled, showing 9,610 feet, equal to 98.4 per cent, as payable, having an average value of 46.08 dwts over a channel width of 12.0 inches, equivalent to 553 inch-dwts. Work was commenced during August, 1954, on the erection of the reduction plant which will have an initial capacity of 50,000 tons per month. It is now anticipated that work on the plant will be sufficiently advanced to permit of trial milling operations being commenced during the second quarter of 1955.

PROGRESS OF BUFFELSFONTEIN AND STILFONTEIN GOLD MINING COMPANIES

Recent published reports have given details of the good progress achieved at the Buffelsfontein Gold Mining Company Limited, where the sinking of two vertical shafts and the erection of housing, mine buildings and plant are in progress. The profits earned from gold and uranium production by Stilfontein Gold Mining Company Limited have been on a progressively increasing scale and the Company recently paid a maiden dividend.

NEW KLERKSDORP GOLD ESTATES

At New Klerksdorp Gold Estates Limited, the tonnage crushed for the year ended December 31, 1954, was 132,600 tons resulting in a working loss from gold production of £13,049, equal to 1s. 11.6d. per ton crushed. Trial runs of the pumping stations and pipelines, and metallurgical tests on the extended uranium treatment plant at Stilfontein Gold Mining Company Limited were commenced towards the end of September, 1954. The official contract period for the production of uranium commenced on January 1, 1955. Operations for the quarter ended March 31, 1955, resulted in an estimated profit of £3,609. Included in this amount is a profit from uranium production estimated at £7,693, which does not take into account the quarterly instalment of £1,875 payable on loans obtained in this connection. The Company has been granted permission to mine and mill the ore obtained from the two adjoining portions of the farm Klerksdorp Townlands No. 44 held under prospecting permit, on payment to the Government of a royalty of 3d. per ton mined.

SABI MINING AND EXPLORATION COMPANY

The Sabi Mining and Exploration Company Limited is actively engaged in prospecting operations in the Reservation in the Fort Victoria District of Southern Rhodesia granted to that Company in October, 1953. Initially prospecting was limited to investigation of one of the coal deposits within the area, but operations have since been extended to embrace the examination of limestone strata in the north-eastern portion of the Reservation. Work will be commenced in the near future on the prospecting of further coal deposits and iron ore deposits.

In conclusion I desire to place on record your Board's appreciation of the services rendered by Anglo-Transvaal Consolidated Investment Company Limited, our Secretaries and Technical Advisers, both at the Head and London Offices and by the Managers and staffs of our subsidiary companies.

J. LYONS & COMPANY LIMITED

CONTINUED DEMAND FOR PRODUCTS AND SERVICES

PROBLEM OF RISING COSTS

MR GLUCKSTEIN'S REVIEW

The Annual General Meeting of J. Lyons & Company, Limited will be held on July 5th at The Trocadero Restaurant, Piccadilly Circus, London, W.1.

The following is the statement by the Chairman, Mr M. Gluckstein, which has been circulated with the Report and Accounts for the year ended March 31, 1955:

The net profit for the year is £728,336 which compares with £686,914 for the previous year. There has been paid or provided in dividends on the Preference and Preferred stocks the net sum of £273,617. This year the additional "A" Ordinary stock (£629,069) issued in October, 1953, ranks for a full year's dividend in contrast to the proportional amount of 1s. 6d. per £1 unit paid last year. The interim dividends paid in December last at the same rates as in previous years, but on the equity capital thus increased, have absorbed the net sum of £86,498 which is £17,298 more than last year. We propose the payment of final dividends on the Ordinary, the "A" Ordinary and the Proportional Profit capital at the same rates as last year absorbing the net sum of £316,500 which is £48,360 more than last year.

The balance of net profit for the year is £51,721; to this has to be added £387,014 brought forward from the previous year and £57,702 in respect of tax adjustments for earlier years, making a total of £496,437. Out of this £350,000 has been transferred to "Provisions" so that the amount carried forward in the Profit and Loss Account is £146,437.

BALANCE SHEET FEATURES

You will have noticed in the Balance Sheet that "Stock in Trade" at March 31, 1955, was £11,604,758, an increase over last year of £2,511,225. This increase is accounted for mainly by increased prices. Stockholders will no doubt all be aware that in recent months tea has been, to say the least of it, a difficult commodity to deal with. We have, of course, to buy at world market prices and over these we have no control. At first, prices rose steadily and substantially and in due time (though there is always a lag) this inevitably caused progressive increases in retail prices. Then market prices began to fall. The position at the end of the year remained very uncertain and, as we wished to be able to reduce prices to our customers at the earliest possible moment, we felt it prudent to make the special transfer to "Provisions" of the sum of £350,000 which I have mentioned above. You will also have seen from the Consolidated Profit and Loss Account that the total sum transferred for the Group is £500,000, the additional amount of £150,000 being in respect of two of our subsidiaries also engaged in the tea business.

DIRECTORATE

During the year, Mr Anthony Salmon, a General Manager of the Company, was appointed an Ordinary Director. The eldest son of the late Mr Julius Salmon, he has had a long and thorough training in the business. His initiative, ability and experience have proved him to be a welcome addition to the Board. In accordance with the Company's Articles of Association he holds office until the forthcoming Annual General Meeting and will then be eligible for re-election.

Mr H. H. G. Bennett, who had held the office of Secretary for nearly 30 years, relinquished it in December last on taking over other administrative duties with the Company; he of course continues to be an Employé Director. The new Secretaries are Messrs H. E. Barlow and H. E. Lofthouse, both of whom had been Assistant Secretaries of the Company for nearly 30 years.

RISING COSTS

During the year we were forced to make increases in the prices of some of our products and in some of the charges in our catering establishments. It has always been our policy to resist such increases as long as possible and we continue to do so; but many of our costs have again risen and indeed are continuing to rise and there seems little prospect at present of any reversal of that tendency. To give but one example, the costs of transport have again increased. Quick and widespread distribution is a vital part of our business. We have some 2,400 vehicles on the roads and the waste arising from traffic congestion is very heavy. With better roads we could make economies in manpower, fuel and other costs. We welcome the Government's proposals for road improvements, though we could wish that they showed a greater sense of the urgency of this difficult problem and that they were wider in scope.

The demand for our products and catering services generally continues to be satisfactory. Consumers are becoming accustomed to use their newly restored freedom to purchase where and what they will, and to appreciate value. It is healthy that they should do so, and we shall continue to seek a full share of their demands by giving them the quality they want at prices which represent the best value. Our export trade is also well maintained. The sales of our teas all over the world showed a further increase.

At the Corner Houses we have been making some changes introducing speciality services. By limiting a particular room to a menu of very few items we can provide the best cooking, the speediest service and outstanding value. There are "The Bacon & Egg" and "The Wimpy" at the Coventry Street Corner House and "The Grill and Cheese" at the Oxford Street Corner House. The catering side of our Teashops was converted to self-service early in the war. We are now experimenting with self-service for the sale of those goods which are taken away by the customer. Our experience so far seems to indicate that the public welcomes the change and the better opportunities for display that it brings with it.

LYONS' ELECTRONIC OFFICE

I have referred before to LEO, the Lyons Electronic Office, and the kind of service it provides, but it may be of interest to give another example. On Budget Days as soon as the Chancellor has made his proposals in respect of Income Tax, it is of extreme urgency, if the PAYE tables are affected, that the new tables be worked out and sent to the Government Printers. LEO stood by in 1954 but there were no changes. This year it was again asked to stand by. There were changes in the personal allowances, in the rates of tax and in the minimum to which the lowest rate of tax was to be applied. No information could, of course, be given to us until after the Chancellor had spoken; but LEO then got to work and before 10 p.m. that evening the first sets of tables had been sent to the printers. By 7.45 next morning the whole had been completed; work that would have taken many clerks many weeks.

Finally, I wish once more to express to all our employees of all ranks our sincere appreciation of their loyal and efficient service. This expression of thanks has become an annual occurrence, but it is as merited today as it has been in the past. In believing that their loyalty and efforts will continue undiminished lies much of our confidence in the future.

DUNLOP RUBBER COMPANY, LIMITED

THE GROUP'S GOOD YEAR

LORD BAILLIEU'S SPEECH

The Fifty-sixth Annual General Meeting of the Dunlop Rubber Company, Limited, was held on June 13th in London.

The Right Honourable Lord Baillieu, KBE, CMG, the Chairman, in the course of his speech, said: In my speech last year I referred to the fact that trading during 1953 had in general been on a steadier basis than in the previous year with demand at a much more normal level. This pattern continued during 1954. The maintenance of full employment and the high level of business activity in the United Kingdom resulted in a substantial increase in demand in most branches of our business. Overseas demands also increased with the result that the turnover of the Group, including inter-company sales, showed an increase from £243 million in 1953 to £262 million. During the year, however, the prices of many products were on a lower level, so that this comparison of turnover values does not give a true picture of the increased activities of the Group. It is difficult to express our varying range of products in terms of a common unit, but we estimate that, overall, the volume of the Group increased by about 15 per cent. This was achieved in the face of intense competition, not only in the United Kingdom, but in every country in which we manufacture or to which we export.

PRICE OF RUBBER

For the last two years I have made reference to the fall in the price of rubber which is, of course, our principal raw material. Just to refresh your memories I would remind you that at the end of 1951 the price was 41d. per lb, whilst a year later—in December, 1952—it was 27d. per lb, and by December, 1953, it had fallen still further to 17d. per lb. In 1954, however, this downward movement was reversed, with the price rising gradually in the early part of the year, more rapidly towards the end, and finishing at 30d. per lb. Thus during the year we had an increase of 13d. per lb, and so far in the current year the price has kept more stable at around 26d. to 27d.

I make no apology for restating these movements in the price of rubber, as I think it is only right that you should appreciate the very great difficulties your Board and Senior Executives have in controlling costs and selling prices when the principal raw material, and consequently the major portion of cost, fluctuates to this extent. Fortunately, during 1954 we did not suffer the heavy inventory adjustments of the two previous years. On the other hand, as the selling prices of our products reflect no more than our increased costs as they occur, we do not derive any benefit from inventory gains. I think this is an important point to mention, as there appears to be an impression in some quarters that when the price of rubber rises the Dunlop Group must make substantial profits on inventories.

What I have just said is amply confirmed when reference is made to our profit margin which during 1954 was 6.2 per cent (before tax), compared with 6 per cent in the previous year, and our unit profit during the year was somewhat lower than in 1953. You will see, therefore, that as our volume has increased we have operated on a lower margin of profit and have thus passed over to the consumer most of the benefit which has resulted.

TAXATION BURDEN

I have on previous occasions emphasised the grevious burden which the current level of taxation imposes upon the life and industry of this country. Probably no man is better aware of this than the Chancellor of the Exchequer. We welcome, therefore, the reduction in taxation announced in the recent Budget and the relief it will afford to individuals and to industry. We must recognise, however, that this reduction is very modest and that the tax burden which industry still directly bears reduces its competitive power in the export markets of the world. This constitutes a real challenge to our political and industrial statesmanship. We cannot hope to maintain our present high level of employment, or increase our standard of living, unless our costs and prices are fully competitive.

To this end Government and industry must each play their full role in a great partnership; the Government by rigorous control of all expenditure and by exploring every avenue for lessening the tax burden on industry; industry by doing all in its power to increase efficiency and maintain and increase production.

IMPORTANCE OF EXPORTS

Only thus can we increase our exports; only thus can we meet the needs of a growing population, maintain employment and raise further the general standard of living in this country.

For despite all the changes that have occurred in this country and in the world generally during and since the war, the fundamental fact remains that if our exports fall, then our standard of living must also fall. I am afraid that this simple statement of fact, because of its very simplicity, is too often overlooked nowadays.

It cannot be restated too often. It is their realisation of this truth which makes the leaders of both sides of industry so concerned at the menace to our future resulting from the recent series of nation-wide strikes, sometimes irresponsible and indifferent to the wider public interest. These strikes directly threaten our production, our competitive power and so the level of employment and our standard of living. One day, probably sooner rather than later, the account will be presented and the nation will have to pay. If they continue then the gains of the last few years so hardly won, and the position which we hold in the world, would be in jeopardy.

I am confident that the traditional common sense and the underlying moral unity of our race will curb these current excesses and ensure that industry is permitted to operate under conditions of reasonable stability.

OVERSEAS BUSINESS

I have made reference already to our considerable volume of business overseas, and I can tell you that our exports from the United Kingdom and our trading activities in the countries where we operate have together contributed over 60 per cent of the profits of the Group. A considerable revenue accrues to the Parent Company in the form of payment by our Subsidiaries overseas for the research work and technical aid which the Parent Company provides. This is a good example of a form of invisible export from the United Kingdom where know-how, as distinct from actual goods, is sent abroad. We are continually expanding the scope of this know-how as new products are developed.

Much the greater part of our revenue from overseas, of course, comes from our exports from the United Kingdom and from dividends paid to us by our Subsidiary Companies. We are constantly giving consideration to the possibility of developing new local Dunlop manufacture abroad wherever conditions appear suitable, and where it is not normally possible or economic to export from the United Kingdom. One such scheme which is being negotiated is the establishment of a Dunlop factory in Spain in conjunction with Spanish industrial and financial interests, a reference to which you may have noticed in the press. We have been unable to export to Spain for some 20 years.

JOINT CONSULTATION

Due to the expansion of our activities, the total number of employees in the Group now exceeds 90,000; in the United Kingdom the number increased in 1954 to over 46,000, which was 3,000 more than in 1953 and 91 per cent above the 1945 total. The joint consultative arrangements, of which Dunlop has been one of the pioneers, have made an important contribution to the good relations which we have maintained throughout the year with our employees. Joint consultation is working smoothly at all our factories and continues to provide valuable assistance in the improvement of working conditions, welfare and productivity.

SYNTHETIC ELASTOMERS

During the past year the Company has continued to take an active interest in the development and application of synthetic elastomers which are being increasingly used in the rubber industry. These materials are products of the chemical industry and new varieties are constantly appearing for study and assessment. You will recall that last year we announced that work had started on a new synthetic rubber plant at Fort Dunlop.

The various training courses for groups of employees have continued throughout the year, as has also the practice of affording temporary employment to University students in their summer vacations. Over one hundred students were employed during 1954 in this way.

From what I have said today and from the Directors' Report you will conclude that 1954 has been a good year for the Group. We are confident of our trading position in all the countries in which we operate, our factories are working efficiently, and in most cases to full capacity, and our financial position is sound with substantial reserves. All in all, therefore, I feel we can look forward to the future with confidence and that we can expect Dunlop to continue its steady growth and expansion, meeting the increasing demand from all our customers.

To this end the Company proudly relies on the proven skill and energy of all its employees here and abroad. They have striven constantly to further the interest of the Company, to increase production and sales, to lower costs and to maintain and improve the quality of our products throughout the whole vast field in which we operate.

I am sure you would wish me to send a message of warm thanks to all concerned for their contribution to the year's results.

The report and accounts were adopted.

BOOTS PURE DRUG COMPANY, LIMITED

£60 MILLION SALES IN A RECORD YEAR

ALL ROUND PROGRESS AND CONFIDENCE IN THE FUTURE

MR J. P. SAVAGE ON THE IMPORTANCE OF RESEARCH

The sixty-seventh Annual General Meeting of Boots Pure Drug Company, Limited, will be held at Nottingham on July 14th. The following is the statement by the Chairman, Mr J. P. Savage, which has been circulated with the Report and Accounts for the year ended March 31, 1955:

This has been a magnificent year. Our sales have reached the £60 million mark for the first time. This is almost double what it was seven years ago, and four to five times the prewar figure. I am confident we can maintain the present rate of progress. We are pushing ahead with the modernisation and improvement of our shops and we have the manufacturing facilities to back up this expansion.

Our profit has gone up from £3,116,451 to £4,214,758. This is a big increase and we are proud of it. It is the direct result of selling more and selling more efficiently. The increase in profit has not been achieved at the expense of our customers. We are giving better value than ever both in terms of price and service

After making provision for tax at the lower rates provided in the Budget the net profit of the Group is £1,912,142 compared with £1,176,296 last year.

Profits retained by the Subsidiaries amount to £276,298 against £179,646 last year. The net profit of Boots Pure Drug Company, Limited, is thus £1,635,844 compared with £996,650.

The amount brought forward from last year was £331,315 and in addition we have to bring in £325,104 tax provision from previous year which is no longer required This makes a total of £2,292,263.

DIVIDEND

Last year we paid a final dividend of 12½ per cent, making 22½ per cent for the year. With the increase in our profits, your Directors propose a final dividend of 17½ per cent, making 27½ per cent for the year.

Your Directors recommend that £1 million should be placed to General Reserve. This money is available for financing the expansion of the business. We also propose that the tax relief in respect of Investment Allowances, amounting to £44,800 for the Parent Company, should be put to Capital Reserve. A similar policy has been followed for the Subsidiaries. Depreciation of freehold properties takes £125,000. After deducting dividends paid and proposed this leaves £272,450 to be carried forward to next year

CAPITALISATION OF RESERVES

Over a long period of years we have re-invested a large proportion of our profits in the business. The total reserves, revenue and capital, now amount to more than £13 million for the Group. This compares with our issued ordinary capital of £5,120,000. The reserves largely represent money which is permanently employed in the business and we propose recognising this position by capitalising £5,120,000 of these reserves and issuing one new fully paid ordinary share for every existing ordinary share held.

A Resolution to increase the Authorised Capital to £15 million will be moved at an Extraordinary General Meeting held immediately following the Annual General Meeting.

CAPITAL EXPENDITURE

Good progress has also been made with the extension of our warehouses and the construction of new premises for our Research Division. Once again we have been able to finance this out of the funds currently available in the business.

The increase in our stocks from £12,624,762 to £14,289,132 is due to increased sales and to the development of new and promising products. The stock position is a healthy one: it means that we are using more capital in our business and we think you will agree from the results that we are using it effectively.

BOOTS FOR VALUE

One of the most encouraging aspects of last year's business has been the increase in the sales of our own manufactured products. There is no doubt that the shopping public has increasing confidence in Boots high quality standards as well as our competitive prices.

Last year our shops served more than 340 million customers—an increase of 17 million over the previous year. The increase in the size and efficiency of our business has enabled us to make no fewer than 2,700 price reductions. In several cases—for instance, Halibut Liver Oil Capsules, now one of our biggest selling lines—our prices are below prewar level.

RESEARCH

The election of Dr Hobday, our Research Director, to the Board, recognises not only the confidence we place in his personally, but also the importance we attach to Research. Many of the achievements of a Research Division are unspectacular, but they make a real contribution both to the efficiency of a business and to the progress of the country at large. This year we have another new product to add to the list, namely, Safersan, our remedy for round worm in pigs.

Safersan has been found to be the most effective remedy that has ever been used, and although this product was only put on the market in November of last year, we have already sold enough to treat two and a half million pigs.

WHOLESALE AND EXPORT

The Home Wholesale business has increased by 25 per cent compared with last year, and this has been achieved despite some very keen and healthy competition in the Home market. To meet this our position has been considerably strengthened by the increased production efficiency resulting in lower manufacturing costs. We feel quite certain we can maintain this progress.

The Export division also shows an increase in sales of over 25 per cent.

We have, as I promised last year, made a complete overhaul of the business carried on through our Overseas Subsidiaries. I am glad to report that there has been a big increase in their sales and a marked improvement in the profit position. We have for the first time received dividends from our Companies in Australia, New Zealand, Fiji and Pakistan. This is an important step forward.

We have in partnership with the Imperial Cold Storage and Supply Company Limited of South Africa, formed a new Company, Biochemico (1954) (Pty.) Ltd. to produce medical products of interest to both Companies. Biochemico is already producing the first insulin ever made in South Africa—and also Diosgenin, the basic material from which we are making cortisone and hydrocortisone.

STAFF

At Christmas we gave all our Retail staff with more than two years' service a bonus equal to a week's pay. We have also in the course of the year made very substantial improvements in the rates of pay for our staff.

In 1952 we made big improvements in our Pharmacists' Pension Fund, but the General Pension Fund which covers over 29,000 of our staff has remained substantially unaltered since it was introduced in 1935. We have always wanted to improve this Fund, and I am glad to say we have now been able to do so. The improvements include a Death Benefit which will safeguard the widow and children of members of the staff dying in service.

Finally, when it became apparent that the results of the year would be a record, your Directors decided to pay a special "Prosperity" Bonus of one week's wages or salary to all employees in Great Britain and the Channel Islands who joined the Company before October 1, 1954.

In a full year the increases in salaries, the Christmas Bonus and the "Prosperity" Bonus now to be paid will cost the Company approximately £1 million. The improvements in the Pension Fund will mean that the Company's aggregate contributions, which this year amounted to £496,000 will go up to £628,000. This is the share we have been able to give our staff in our increased prosperity, and we are glad to be able to do it.

It is not always realised what a variety of opportunities this firm can offer to young men. In addition to the opportunities on the technical side of our business, there are attractive careers in selling—retail, wholesale and export—and in such fields as Publicity, Buying and general business administration.

FUTURE PROSPECTS

We have made a good start in the new financial year and retail sales in particular are showing a buoyancy which augurs well for the future

At the same time I must emphasise that the unavoidable but steady increase in overheads is bound to have some effect on the rate of progress on the trading profits.

UNITED DRAPERY STORES

Ten Years' Progress

The following are extracts from the statement by Sir Brian E. S. Mountain, Bart. (the Chairman), circulated with the Report and Accounts for the year ended 29th January, 1955:

The past year has been one of remarkable expansion.

Prices Trust Company Ltd. (*Trading as John Collier*): Our Consolidated Accounts include the last twelve months' profits, and the profits of the previous seven months to 30th January, 1954, are not included.

Alexandre Ltd.: In November, 1954, we made an offer to acquire the Ordinary Share Capital of Alexandre Ltd. by the exchange of 5 Ordinary or "A" Ordinary shares of Alexandre Ltd. for 4 new Ordinary shares of 5/- each in our Company, and this offer has been accepted.

The business is trading very satisfactorily and I have no doubt it will add substantially to the progress and expansion of our Group.

Consolidated Accounts

The Group Profit, before Taxation, amounts to £4,038,379, an increase of £1,436,795 over the previous year. Of this sum £863,100 has been earned by the new Prices businesses in the twelve months under review and the remaining £573,695 is attributable to the old businesses within the Group, which show a profit increase of 22% above last year.

The net profit of the Group after taxation amounts to £1,843,157, an increase of £993,118 over the previous year.

We have declared a dividend of 50% this year on the capital as doubled by the free scrip Issue last year, and the amounts placed to reserve have risen this year from £440,419 to £981,705.

The Group now trades from over 700 branches ranging in size from large department stores, warehouses and depositories to retail shops. In addition we own 12 factories with a working floor space exceeding 1 million square feet, which alone employ nearly 10,000 work people.

The Consolidated Balance Sheet shows that the Group's properties have been valued at varying dates, and your Board are now considering a fresh valuation to ascertain the present worth of our properties.

The Ten Year Review shows the considerable progress made in the time that we have been fortunate in having Mr. Joseph Collier as our Managing Director, whose great energy and foresight has contributed so much to the success of your company.

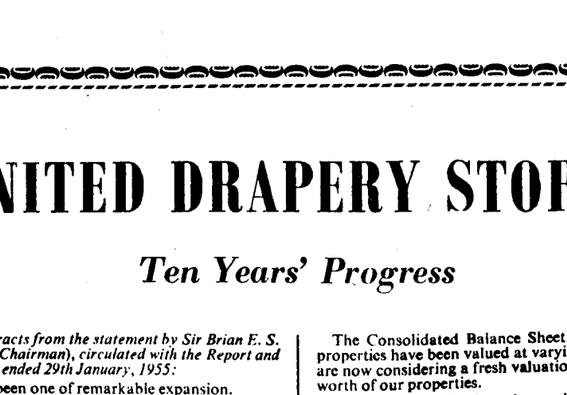
In each year the turnover and profits have substantially increased and this year's record profits are more than seventeen times those of ten years ago. In the same period substantial sums have been added to reserve each year, and it has been possible for you to participate in the increased prosperity of your business by way of increased dividends.

The growth of the Assets employed in the business has kept pace with the increase in profits. The Issued Share Capital of the Parent and Reserves of the Group after deducting Goodwill have risen practically eight-fold from £1,058,394 to £8,457,942.

Future Prospects

Turnover since February, after making proper adjustment for new acquisitions, shows a satisfactory increase over last year. In addition we shall have in the current year the benefit of a full year's trading profits of our new subsidiary, Alexandre Ltd.

As a result of the developments of the past few years, our interests are now more widely spread and in the coming year we look forward to opening new branches and rebuilding and modernising a number of others. I believe we are well placed to meet competition in the retail trade and in the absence of any material worsening in the economic condition of the nation, I look forward next year to placing before you another satisfactory report on our current year's trading.



THE PRINCIPAL BUSINESSES OF U·D·S

JOHN COLLIER ✻ 400 retail Branches *ALEXANDRE ✻ Over 130 retail Branches*

RICHARD SHOPS ✻ 58 branches in the U.K. *JOHN BLUNDELL ✻ 61 Branches and Stores*

JOHN FISHER ✻ 15 Stores and Branches in Scotland

ARDING & HOBBS of Clapham Junction *SHINNERS of Sutton*

and 9 other department stores

UNITED DRAPERY STORES LIMITED · Executive Offices: 364-366 Kensington High Street, London, W.14

SPILLERS LIMITED

(Flour Millers and Animal Feeding Stuffs Manufacturers)

OVERALL RESULTS SATISFACTORY

IMPROVEMENT IN EARNINGS

MR WILFRED D. VERNON'S STATEMENT

The sixty-eighth annual general meeting of Spillers Limited was held on June 15th at the Abercorn Rooms, Great Eastern Hotel, Liverpool Street, London, E.C., Mr Wilfred D. Vernon, chairman of the company, presiding.

The following is the statement by the chairman which had been circulated with the report and accounts for the year ended January 31, 1955:

In accordance with usual practice the more detailed comments on the Accounts are contained in the Directors' Report.

I am glad to report that the overall results of our operations during the year have been satisfactory. The profit before taxation is £3,414,000, as compared with last year's £3,096,000, and the net balance available after providing for taxes is £1,488,000, as against £916,000. This improvement in the earnings has enabled the Board to recommend that the total distribution for the year on the Ordinary Stock should be 11 per cent, as against the equivalent of 8½ per cent for the previous year. This, together with the dividends on Preference Stock and to minority interests, absorbs £615,000, leaving retained earnings of £873,000.

CONTINUED PROGRESS IN ANIMAL FOOD TRADE

Continued progress has been made in the scale of our animal foods trade and to meet the growing demand for these products the new animal foods plant at Hull is now being brought into operation, while major extensions to our manufacturing capacity at London and Birkenhead are under construction.

On the flour milling side there has been a further falling off in volume of business, due in part to some further decrease in total consumption, but in part to other causes. The demand for "white" or short extraction flour continues to be very low. Last year I pointed out that the bread subsidy was only given to bakers in respect of bread baked from long extraction flour and that it would be helpful to the public, and to the trading interests concerned, if there were a clear statement of the evidence upon which this policy was based. It is therefore gratifying to note the announcement recently made in Parliament that it has been decided to appoint an independent panel representative of scientific and medical opinion to determine the differences in composition and nutritive value between National flour and flours of shorter extraction, with and without added nutrients, and to advise whether any such differences are significant from the point of view of the health of the population. An independent and authoritative assessment of this problem is much welcomed by the Milling Industry.

EXTENDED INTEREST IN BAKERY INDUSTRY

During the year the Board gave close consideration to the question of extending our financial interest in the baking industry (which has hitherto been quite minor) with the dual object of effecting some insulation against fluctuations in flour trade deriving from circumstances outside our control and enabling us to have a closer connection with the consuming public. It was decided that in the prevailing circumstances it would be wise to do so. This decision was assisted by the fact that a substantial proportion of the baking industry is composed of family businesses, some of whom, by reason of the effect of taxation and in particular of estate duty, are anxious about the continuity of operations in their present form. We have therefore both before and since January 31, 1955, extended our investment in baking, and the results will in due course be reflected in the overall earnings of the group. It is right to say that this in large measure represents a change in policy on our part, but I consider that it is in the best long-term interests of the Company.

In dealing last year with the general financial position of the Company I referred to the fact that we had been able for many years to meet all the considerable capital requirements for modernisation and expansion from our own resources. I also said that on the basis of the conditions then existing I foresaw no need for the raising of further capital except in the event of some exceptional change in circumstances. In fact, there have been two exceptional changes during the past year. In the first place, it has been necessary to maintain considerably increased quantities of raw materials in stock at the mills. This arose in the main from the difficulty of keeping shipments in phase with our normal requirements as a result of the demand for freight occasioned by abnormal movements of commodities and particularly the import of coal into this country. I hope that it may be possible, ultimately, to effect some reduction in our working stocks but I wish to direct special attention to the serious effect of coal imports on the availability of shipping and on the freight market. In the second place there is the increase in our investment in the baking industry. So far the capital to meet both these requirements in addition to the normal capital outlay on new equipment has been found from our own accruing resources. The question of the need to raise additional capital will depend on the extent of further expansion, but it would seem that any requirement in the immediate future could, if it arose, be adequately met by temporary borrowing.

WHEAT MARKETS

I now turn to the wheat markets. So far as imported wheat is concerned there was on the whole little change in the f.o.b. price during the year. The carry-over in North America from the 1954 harvest seems likely to show little variation from the previous year—a significant reduction in Canada being offset by an increase in the USA. The special arrangements for the marketing of wheat in these and other exporting countries, to which I referred last year, have continued until now to prevent the pressure of supply from exercising its full influence on prices. It remains to be seen whether the large stocks now existing will enable the present price level to be held indefinitely. The c.i.f. price for imported wheat to this country has been subject to some fluctuation on account of the marked variations in the cost of freight for the reasons already mentioned.

As regards home-grown wheat, I explained last year that the 1954 crop was to be dealt with by each grower selling his wheat in the open market in the ordinary way and receiving, in addition to the market price, so obtained, a deficiency payment representing the difference between the average realised price on the part of the growers and a standard price (with seasonal variations) determined by the Government. This method was designed to secure a reasonable return to the grower while retaining some premium for individual efficiency and at the same time to afford the buyer the necessary flexibility of operating in a free market. The system has in general worked well and the Milling Industry has willingly taken up large quantities of home-grown wheat. The quantity available was not so large as expected because of the unfortunate effect of the adverse weather conditions at the time of last year's harvest which resulted in some of the wheat being so damaged that it was not suitable for flour milling.

HONOUR FOR MANAGING DIRECTOR

During the year the London Corn Trade Association honoured one of our Joint Managing Directors, Mr Laurence Hosegood, by electing him President, and I am sure that Mr Hosegood's knowledge of the grain trade will be of great value.

In company with Mr Hosegood I paid a visit to the Argentine in order to study the situation there in regard to supplies of wheat and grain. At the same time we took the opportunity of visiting important milling units in that country and also in Portugal and Brazil.

It is too early to make any firm prediction in relation to the current year. But, as hitherto, all our major factories continue to be maintained in the highest state of operational efficiency and I should hope that the outcome of this year will be not unsatisfactory.

TRIBUTE TO MANAGEMENTS, STAFF AND WORKPEOPLE

We are indebted to the managements, staff and workpeople of all the companies in the group for their continued loyal and efficient service. I extend a welcome to those of the new companies who have joined our organisation during the year and hope that they will enjoy their association with us throughout the future.

The report and accounts were unanimously adopted; and the proposed dividend was approved.

The retiring directors, Sir Archibald F. Forbes and Mr R. A. Twomey, were re-elected, and the remuneration of the auditors, Messrs Impey, Cudworth & Company and Messrs Deloitte, Plender Griffiths & Company, having been fixed, the proceedings terminated with a vote of thanks to the Chairman, Directors and Staff.

ATLAS ELECTRIC AND GENERAL TRUST

INCREASED INCOME

The forty-seventh annual general meeting of Atlas Electric and General Trust, Limited, was held on June 15th in London, The Right Honourable Lord Remnant, MBE, the chairman, presiding.

The chairman, in the course of his speech, said: Any comparison of the results of the year under review is affected by the changes which have occurred in the Trust's Capital Account.

The gross investment income of £849,535 shows an increase of £133,144 or 18½ per cent. Commissions, Rents and Management fees show a reduction of £3,970 and we can expect this source of income to diminish further in the course of the next few years. New issue activity during the year was considerable and commissions on "free" underwriting commitments, amounting to £6,422 show an increase of £3,338. Our total gross income from all sources, at £860,486, increased by £132,557 or 18 per cent.

Interest on Debenture Stock this time absorbs £70,260 as compared with £37,500, due to the issue during the year of £1,250,000 new 4 per cent Stock. Ordinary office expenses and Directors' Emoluments show only a small increase, despite the greatly increased volume of work entailed by the investment of new moneys and participation in the greater activity of stock markets generally. Income Tax and Profits Tax together absorbed £357,718, the increase of £40,342 being attributed to the larger gross income.

DIVIDEND RECORD

The balance of Net Revenue for the year is £395,936, a satisfactory increase of £56,933 over the previous year. The directors recommend the payment of a dividend of 6½ per cent on the £4,200,000 Ordinary Stock. It is worth noting that the record of the Trust, since the payment of dividends on the Ordinary Stock was resumed in 1948, is as follows: 1948, 2 per cent; 1949, 2½ per cent; 1950, 3 per cent; 1951, 4 per cent; 1952, 5 per cent; 1953, 6 per cent; 1954, 7 per cent; 1955, 9.1 per cent or 6½ per cent on the enlarged Ordinary Capital.

The gross income of £849,535 on investments valued at £15,636,962 is equivalent to an average return of 5.43 per cent. It should be noted, however, that the Trust did not have the full benefit of the investment of the additional money raised during the year.

The investments, which stand in the balance sheet at £10,794,196, are valued at £15,636,962, showing an appreciation of 45 per cent. The percentage of appreciation last year was 41 per cent, but since then a sum of £1,175,000, part of the net surplus on realisations, has been transferred to Capital Reserve and subsequently capitalised.

The break-up value of the Ordinary Stock is 44s. 6d. per £1 unit, which compares with 48s. 4d. the previous year. It must be remembered, however, that the Ordinary Stockholders have received a free capital issue during the year of 40 per cent of their existing holdings, but for which the break-up value would have been 62s. 4d. per unit.

The income for the first two months of the year shows a satisfactory increase over the previous year, and this present month of June will probably be equally satisfactory. I anticipate that this improvement will be maintained throughout the first half of the year, but the results thereafter will be influenced by the extent to which the Government can overcome grave difficulties which beset our path as a nation.

The report and accounts were adopted.

BARRY & STAINES LINOLEUM

INCREASED PRODUCTION

The annual general meeting of Barry & Staines Linoleum, Limited, will be held on July 7th in London.

The following is an extract from the circulated statement of the chairman, Mr T. J. Cavanagh:

The past year was one of considerable expansion of business in the home and export markets. The cost of raw materials was generally lower, and in particular, that of linseed oil showed a substantial reduction compared with the previous year. Selling prices were reduced in February, 1954, in anticipation of these raw material costs, and have since remained stable. These factors, together with increased volume of production, increased operating efficiency, and last but most important of all the team work of management and employees, have combined to yield a satisfactory increase in trading profits.

The Board is glad to recommend payment of a final dividend and bonus which increases the total distribution to 12½ per cent for the year.

The Board is of opinion that the time has come to bring the issued capital of the company more into line with the value of the present assets. Accordingly a separate letter to Stockholders accompanies the Accounts explaining the Board's proposal to apply £875,000 of the consolidated reserves in paying up in full 875,000 Ordinary Shares of £1 each, to be allotted in the proportion of one share for every £2 of Ordinary Stock already held.

HALL TELEPHONE ACCESSORIES

INCREASED ORDER BOOK

The twenty-seventh annual general meeting of Hall Telephone Accessories, Limited, was held on June 10th, in London, Major the Honourable Oscar M. Guest, chairman and managing director, presiding.

The following is an extract from his circulated statement:

For the year ended December, 1954, the net profit amounts to £47,351. Our Admiralty contracts have increased in scope, and now form a considerable proportion of our business. Your directors recommend a dividend of 10 per cent (less tax).

Our contracts for the Admiralty are for high grade instrument work, and we have been complimented by the Ministry on the results so far obtained. The growth of this side of our business has necessitated the setting up of a special department to deal with it.

Besides the bottle vending machines which we continue to manufacture for the Coca-Cola Corporation, we have developed new types of vending machines for a large range of commodities.

We are continuing to receive further orders from the British Post Office and overseas administrations for the telephone coin collectors and stamp vending machines which we make for them. Our office machinery section continues active, with a good demand.

We opened the present year with a considerably increased order book which, with expansion in manufacturing space, should lead to a growing trade turnover.

The report was adopted.

WILMOT-BREEDEN (HOLDINGS)

LARGE PROGRAMME OF EXPANSION

The sixth annual general meeting of Wilmot-Breeden (Holdings) Limited was held on June 15th in Birmingham, Mr D. L. Breeden (chairman and joint managing director) presiding.

The following is an extract from his circulated statement:

The motor industry has continued its record-breaking career. We have kept pace with this in terms of both sales turnover and physical output.

Outside the motor industry, there was an increase in our sales of components for domestic appliances, in particular refrigerators and washing machines; and here again the present size of our plant has been the only limitation to output. It seems probable that the requirements of the motor industry and the domestic appliance industry will continue at higher levels than we have known in the past, and for this reason we decided at the beginning of the year to embark on a large programme of expansion. This is estimated to be in line with the capital investment plans of our main customers which have received publicity during the last few months.

Sales to the aircraft industry were a post-war record. In this field our object has been to take on work which requires the development of new production methods. Some components for gas turbine engines provide scope for this type of development.

We were pleased to welcome Sir Harold Roxbee Cox to the Board. He is undertaking a special assignment to build up our facilities and personnel for research and development. Immediately prior to joining us, he was Chief Scientist to the Ministry of Fuel and Power.

FUTURE PROSPECTS

The present state of the Company's order book, which is 50 per cent higher than a year ago, may give some indication of prospects for the future. However, costs are likely to rise because of the National wage increase for the engineering industry which became effective in March, 1955. Also, prices of raw materials are rising and supplies are becoming more difficult.

For those engaged on production this has been an exceptionally difficult year. It has been necessary to meet unprecedented demands while at the same time implementing our expansion programme, with the movements of plant which that entails.

I would like to make a particular point of expressing our appreciation of the efforts of every member of our organisation.

The Consolidated Profit and Loss Account shows a net income from all sources of £801,734 (against £730,397 for the previous year).

After taxation of £455,310 the amount available for distribution is £346,424 (against £212,806 for the previous year).

The Directors recommend a final dividend of 11 per cent (less income tax at 8s. 6d. in the £) on the ordinary shares as further increased by the rights issue of 840,000 shares of 5s. each made in November, 1954. This will absorb £66,413 and make a total distribution for the year of 17 per cent on the ordinary shares which were in being prior to the rights issue.

The Consolidated Balance Sheet shows that current assets of £3,142,125 exceed current liabilities by £2,038,209, which is an improvement of £345,656 during the year.

The report was adopted.

GOPENG CONSOLIDATED

MR DONALD W. THOMAS'S REVIEW

The Forty-second Ordinary General Meeting of Gopeng Consolidated, Limited, was held on June 6th at the Registered Office, Redruth.

Mr Donald W. Thomas (Chairman) presided.

The Reports and Accounts for the year ended September 30, 1954, having been circulated for the prescribed time, were taken as read, as was also the Chairman's Statement, circulated with the Accounts, which was as follows:

The Accounts for the financial year ended September 30, 1954, show a profit of £65,211 after payment to the Malayan Government of £43,771 for royalty on ore sales and provision of £79,336 for United Kingdom and Malayan taxation.

Five dividends, each of 1s. per £1 Stock, paid in respect of the year under review absorbed £54,418, and the sum of £10,193 has been written off Capital Expenditure. After provisions for these commitments, the balance unappropriated at September 30, 1954, was £53,969, an increase of £600 over the corresponding figure of the previous year.

The average price of tin during the period under review was £690 per ton (metal), which compares with £800 per ton (metal) in the previous year.

The attention of Stockholders is drawn to the report of our General Managers, Messrs Osborne and Chappel, circulated with the Report and Accounts, where the comparative figures of ground treated, tin-ore recovered, etc., are clearly set out. The volume of ground treated was over 400,000 cubic yards more than during the previous year, but the tonnage of tin-ore recovered was slightly less It is pleasing to note that the working costs were reduced from 17.04 pence per cubic yard for 1952-53 to 12.60 pence per cubic yard for 1953-54.

Both the Sanglop and Moynalpy Rubber Estates again showed losses, but a refund of Replanting Gess of £3,630 offset these losses and left a credit of £1,053.

IMPROVED SECURITY POSITION

I am glad to be able to report that the security position has improved, although the precautions which are still necessary entail continued strain on those responsible for the management of our property.

It is pleasing to place on record in these Annual Statements our appreciation of the services of our General Managers, the Resident Manager, and the staff at the mine and the estates. The manner in which the deviation of the Kampar Water Supply Line, to which I drew attention last year, was accomplished—with the minimum interruption in the winning of tin-ore—reflects great credit on all concerned in this major engineering achievement.

Stockholders have been advised as follows of the production of tin-ore during the first six months of the current financial year:

October/December, 1954 ...
2,996 piculs = 178¼ tons.
January/March, 1955 .....
3,275 piculs = 195 tons.

Stockholders will be interested to know that the International Tin Agreement has received the required number of Member Governments' signatures, but it still requires ratification by some of the Governments concerned before it can be brought into operation.

I am not prepared to venture an opinion as to what the result will be, or its effect on the mine, but, under present conditions, it is reported by the General Managers that the present improved rate of output should be maintained during the current year.

In conclusion, I am happy to advise Stockholders that extensive boring operations completed during this year have confirmed scout bores in a large volume of the Company's reserve mining land carrying medium values at Moynalpy section of the property.

The Statement of Accounts and Balance Sheet, together with the Directors' Report, were received and adopted.

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada with Limited Liability).—DIVIDEND NOTICE.—PREFERENCE STOCK.—At a meeting of the Board of Directors held today a dividend of Two per cent on the Preference Stock was declared in respect of the year 1955 payable on August 2, 1955, to stockholders of record at 3.30 p.m. on June 30, 1955.—By order of the Board. FREDERICK BRAMLEY, Secretary. Montreal, June 13, 1955.

CANADIAN PACIFIC RAILWAY COMPANY (Incorporated in Canada with Limited Liability).—DIVIDEND NOTICE.—ORDINARY CAPITAL STOCK.—At a meeting of the Board of Directors held today, a dividend of seventy-five cents per share on the Ordinary Capital Stock was declared in respect of the year 1955 payable in Canadian funds on August 1, 1955, to shareholders of record at 3.30 p.m. on June 23, 1955.—By order of the Board, FREDERICK BRAMLEY, Secretary. Montreal, June 13, 1955.

UNIVERSITY OF BIRMINGHAM
FACULTY OF COMMERCE AND SOCIAL SCIENCE
The University of Birmingham invites applications for a Research Fellowship or Associateship, tenable in the Faculty of Commerce and Social Science. Fellowships and Associateships are renewable annually and are generally held for a period of three years. Candidates are invited to submit with their applications an outline of the investigation which they propose to undertake. The Faculty would be interested in any project falling within the general range of the social sciences and in sociology, particularly in collaborative research on sociological aspects of population movement, into, out of and within the City of Birmingham, including coloured immigration and changes due to the redevelopment of the inner housing areas. Candidates may be awarded a Research Associateship (salary not less than £500 per annum), or if they have a doctoral degree or equivalent research experience, a Research Fellowship (salary not less than £550 per annum).
Applications should be made not later than June 30, 1955, to the Registrar, University of Birmingham, and should include the names of two referees.
The University, Birmingham, 15. G. L. BARNES, Secretary.
June, 1955.

EXTRUSIONS BY MARLEY
Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited. Dept. 99, Lenham, Maidstone, Kent. Harrietsham 381.

CHARTERED ACCOUNTANT, aged 35-40 years, required for leading British International Organisation marketing well-known proprietary products. Initial appointment in West London Head Office with a view to subsequent permanent administrative appointment with major North American operating group. Previous experience in Senior Accountancy position essential. Commencing salary not less than £1,750 per annum. Pension and profit-sharing schemes in operation.—Write, giving full details of age, experience and qualifications, to Box 978.

INTELLIGENT young lady required as Secretary in Patents Department at Cambridge. Must be competent shorthand-typist. Some knowledge of German or French great advantage. Lodging accommodation available. Write (Quoting No. 1078) stating age, fullest particulars and salary required to Personnel Manager, Fisons Pest Control Ltd., Bourn, Cambridge.

THE NATIONAL ASSOCIATION OF PORT EMPLOYERS invites applications for the post of General Manager at its headquarters in London. The Association is the central organisation of employers of dock labour and as such is responsible for industrial relations in the Docks Industry, including national negotiations on wages and similar subjects with Trade Unions and Government Departments. The post is one of high responsibility and will carry a commensurate salary. A superannuation Scheme is in operation. The appointment will take effect as soon as possible but not later than September 1st. Applications, which will be treated in confidence, should be sent, in writing, to: The Secretary, The National Association of Port Employers, 3 St. James's Square, S.W.1, not later than June 30, 1955.

INDEPENDENT MARKET RESEARCH organisation wants Research Officer.—State qualifications and salary required to Box 991

BEFORE YOU BUY those shares, see what the *Investors' Chronicle* has to say. It is the best-informed and widest-read financial weekly. Two issues free of charge from 30 Grocers' Hall Court, London, E.C.2.

SHIPPING COMPANY requires experienced woman supervisor for female staff ashore and afloat.—Write, giving full particulars education and experience, to Box 983

LANGUAGES Graduate, early thirties, with secretarial qualifications and administrative experience, seeks progressive post where abilities can be put to employer's advantage. Perhaps Export Department. Also interested in Canada.—Box 988.

THE UNIVERSITY OF MANCHESTER
Applications are invited for the full-time posts of RESEARCH ASSISTANT in the Faculty of Economic and Social Studies. The successful candidates will be expected to pursue research in ECONOMICS, ECONOMIC STATISTICS, GOVERNMENT, SOCIAL ADMINISTRATION OR SOCIAL ANTHROPOLOGY and should be graduates in any of these subjects or in Modern History or Economic History. There are two grades: Grade II—salary £350 to £650 per annum; Grade III—salary £450-£500 per annum.—Applications should be sent not later than July 2, 1955, to the Registrar, the University, Manchester, 13, from whom further particulars and forms of application may be obtained.

THE COLLEGE OF COMMERCE, BRISTOL
SCHOOL OF MANAGEMENT STUDIES provide a full-time course, from September 26, 1955-July 20, 1956, which includes a period of industrial experience. Comprehensive fee £20. Detailed prospectus from Registrar.

IRON AND STEEL BOARD
The Board require a Senior Economist. Some experience of the steel industry or statistical administration an advantage but not essential. Salary according to qualifications and experience. Contributory superannuation scheme.
Applications should be sent to The Secretary, Iron and Steel Board, Norfolk House, St. James's Square, London, S.W.1.

MANUFACTURERS REPRESENTATION
Well connected engineering company undertakes negotiation and marketing assignments. Agency facilities extended suitable items for radio and electrical industry and distribution.—Box 993.

EXECUTIVE APPOINTMENT REQUIRED
Young Executive, 34, with wide experience in industry and commerce, sales management, marketing, administration; background in light engineering; commercial and technical qualifications; seeks responsible position. British, fluent French and German, travelled and well connected.—Box 989.

THE HOME OFFICE invite applications from men between the ages of 40 and 60 for temporary posts of Regional Civil Defence Officer at Newcastle-upon-Tyne, Leeds, Nottingham, Cambridge, Reading, Bristol, Birmingham, Manchester and Tunbridge Wells; also a Civil Defence Officer for Wales at Cardiff. Successful candidates will be the senior regional representatives of the Civil Defence Department of the Home Office. Duties will cover the co-ordination of all civil defence activities within Regions, including the planning of training exercises; liaison with Army Commands and the planning of combined exercises between units of the Armed Forces and local divisions of the Civil Defence Corps. Salary £2,000 per annum (London rate, subject to provincial deduction according to location).
Applications, stating age, qualifications and experience, to the Establishment Officer, Home Office, Whitehall, S.W.1, by not later than June 30, 1955. No testimonials should be sent and only candidates selected for interview will be notified.

NATIONAL COAL BOARD are about to establish a residential Staff College for the industry, and invite applications for the post of Director of Studies, who will be deputy to the Principal. Responsibilities will include the organisation and running of senior management courses. Experience of industrial management and of modern methods of management training is desirable.
The salary will be within the range £2,000—£2,500; the post is pensionable. The successful applicant will be required to take up duty by October 1st.
Write, giving particulars of age, education, qualifications and experience (with dates) to National Coal Board, Establishments (Personnel), Hobart House, Grosvenor Place, London, S.W.1, marking envelope SS/5. Original testimonials should NOT be forwarded. Closing date July 6, 1955.

ECONOMIST, 30, 1st Class Hons. 5 yrs. commercial/industrial experience. Proven ability to reduce industrial costs. Wishes to undertake reduction of manufacturing/administrative costs in medium sized firm. Position of direct responsibility to Managing Director required.—Box 975.

EXPERT POSTAL TUITION
For Examinations—BSc(Econ) LLB and other external London University Degrees; Law Society; Bar; Accountancy; Banking; Secretarial; Civil Service; Commercial; General Certificate of Education, etc. Also many non-examination courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).
METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4.

The Economist: Annual Air Subscription Rates

Anglo-Egyptian Sudan: £5.10s.
Australia: £8.5s. (sterling)
Canada: $21.50 or £7.14s
East Africa: £5.5s.
Egypt: £5.5s.
Europe (except Poland): £4.15s.
Gibraltar, Malta: £3.15s.
Hongkong: £7
India & Ceylon: £6
Iran: £6 Iraq: £6
Israel: £6
Japan: £9
Malaya: £6.15s.
New Zealand: £9 (sterling)
Nigeria, Gold Coast: £5.5s.
Pakistan: £6
Rhodesia (N. & S.): £5.10s.
S. America and W. Indies: £7.15s.
Union of S. Africa: £5.10s.
U.S.A. $21.50 or £7.14s.

Coventry Climax

fork lift trucks

The machines that multiply Britain's industrial man-power



The tools of success

COVENTRY CLIMAX ENGINES LTD (DEPT E) COVENTRY : ENGLA

The Economist

FOUNDED 1843

JUNE 25 1955

ONE SHILLI

SECRETARIAT LIBRARY
3 AUG 1955

What Moscow Wants

Future of the Call-Up

Orphan Island

A Capital Gains Tax?

Trading in Coal

AMERICAN SURVEY: Operation Alert
THE WORLD OVERSEAS: Drift in Iran
BOOKS: In the Service of Clio

Annual Postal Subscriptions: by ordinary mail £3; by air see page 1187

THE ECONOMIST · 22 RYDER STREET · ST. JAMES'S · LONDON · S.W.1

VOLUME CLXXV · NUMBER 5835

ALL WORK and no pay!



This sturdy robot works 24 hours a day . . . draws no wages . . . never takes a holiday. Consider, for a moment, its advantages in cost alone as compared with police control. Effective all-day traffic control at a busy intersection requires the full time services of at least two police officers; total cost, £1374 every year. An "Electro-matic" installation, at an initial cost of £1750 with £175 per year covering depreciation, running and maintenance, will in two years effect an economy of £300 and incidentally provide a 24 hour service.

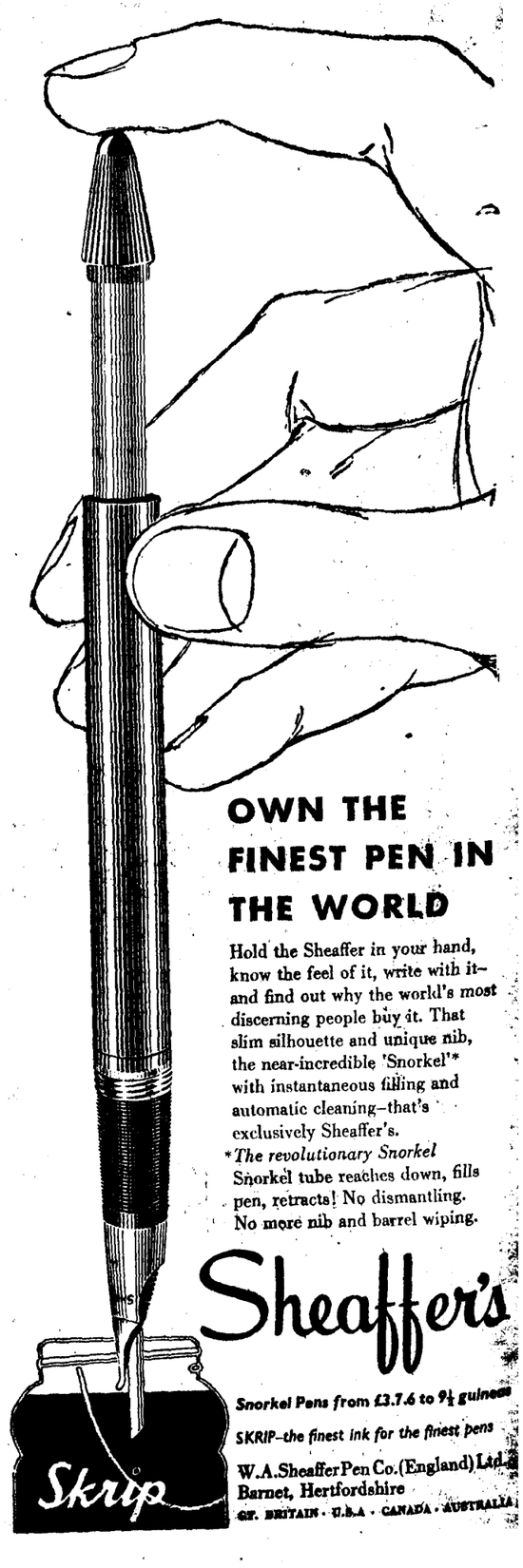
It is obvious that the only economic form of traffic control at busy intersections is with

EVA ELECTRO-MATIC VEHICLE ACTUATED SIGNALS

ATM AUTOMATIC TELEPHONE AND ELECTRIC CO. LTD.

Strowger House, Arundel Street, London, W.C.2. Telephone: TEMple BAR 4568. Telegrams: Strowger, Estrand, London, Strowger Works, Liverpool 7.

AT 10741-AHX 23



OWN THE FINEST PEN IN THE WORLD

Hold the Sheaffer in your hand, know the feel of it, write with it—and find out why the world's most discerning people buy it. That slim silhouette and unique nib, the near-incredible 'Snorkel'* with instantaneous filling and automatic cleaning—that's exclusively Sheaffer's.

**The revolutionary Snorkel*

Snorkel tube reaches down, fills pen, retracts! No dismantling. No more nib and barrel wiping.

Sheaffer's

Snorkel Pens from £3.7.6 to 9½ guineas

SKRIP—the finest ink for the finest pens

W.A. Sheaffer Pen Co. (England) Ltd. Barnet, Hertfordshire

GT. BRITAIN · U.S.A. · CANADA · AUSTRALIA



Troubled Waters

FACTS ON THE ICELANDIC FISHING DISPUTE

This map tells at a glance the reason for the current and regrettable fishing dispute between Britain and Iceland. In March, 1952, the Icelandic Government, on the grounds of fishery conservation, published new Regulations, cutting off vast areas of international waters from British trawlers, and substituting for the traditional three mile limits, new limit lines within which trawlermen could not fish. These new penal limits were introduced arbitrarily and without consultation, and were put into effect in May 1952, hitting British, Dutch, Belgian, French and German trawlermen very hard and causing a great deal of anger and resentment.

The British Fishing Industry recognises the need for conservation and agrees that certain breeding areas should be closed. But the new so-called 4 mile limit does not close only the breeding areas but is so drawn from headland to headland as to ban our trawlers from working prolific fishing grounds, notably in the huge Breidi, Faxe and Hunar bays. From the map it may be seen that in these heavy fishing areas the new limit lines are not 4 miles from the coast, but in some cases 27 miles; indeed, out of sight of land.

The fishing grounds about Iceland were pioneered by British trawlers. Small wonder then that British skippers, mates and crews resented this high-handed grab of their traditional area. The resentment became more acute when it was clear that these grounds may be, and are, fished by Icelandic line-fishing boats, but are forbidden to British vessels.

In retaliation, British skippers threatened to strike if Icelandic trawlers landed their catches at Hull, Grimsby or Fleetwood. Their action was supported by British fish merchants and by all British trawler companies. Since that time there has been a ban on Icelandic landings of fresh fish at our ports although Icelanders still land salt and frozen fish.

Whilst this dispute has been going on, a similar situation arose in the important fishing grounds around the Faroe Islands. Contrary to the Icelandic attitude, a new British agreement was negotiated with Denmark and the Faroese Government which has satisfied all parties and will come into effect on 1st July, 1955.

The Icelanders are our long-time friends. British capital has helped finance and build the Icelandic trawler fleet. Britain has always been the prime market for Icelandic vessels. Before the dispute, Icelandic landings made up about 5% of total British supplies. By dint of hard work, this shortfall has now more than been made up by British, German and other foreign trawlers. More and more fish is being landed in British ports and prices are being kept very stable. In fact, more stable than any other food, so that fish continues to be the cheapest first-class protein food that the British housewife can buy.

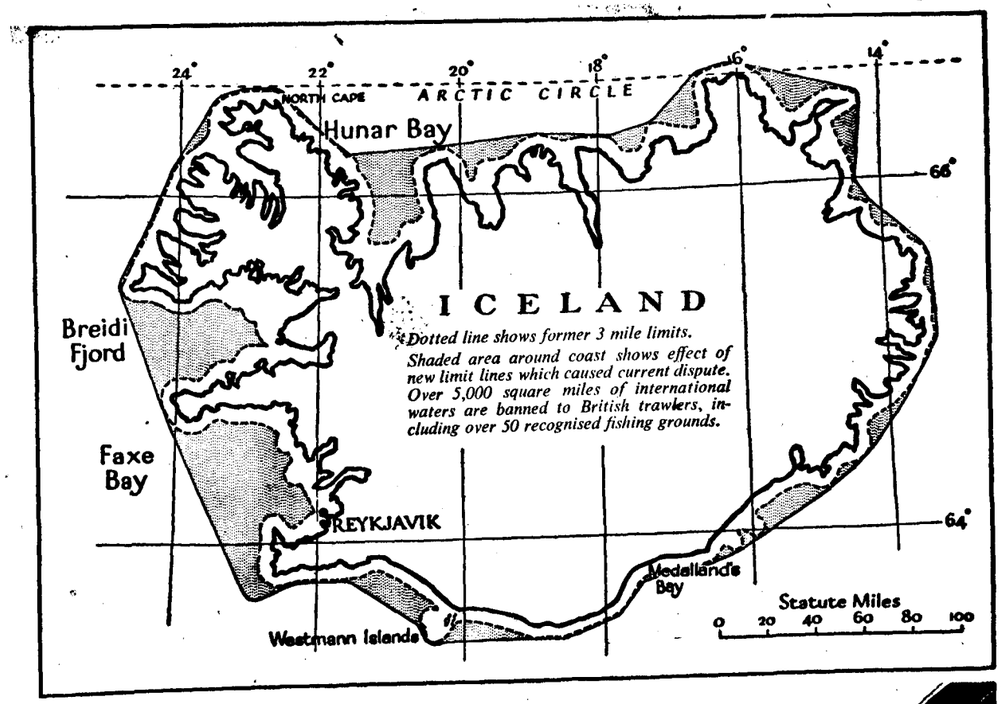
The whole British Fishing Industry regrets the Icelandic dispute. The Government has published a memorandum which has been submitted to the Council of Europe, carefully detailing the British case. Over and over again the Industry has offered to negotiate with the Icelanders, but all efforts at negotiation have been refused. The deadlock continues.

In the meantime, in addition to refusing all efforts towards negotiation, the Icelanders are continually arresting British trawlers for what can at best be termed fractional violations of the disputed new limit lines. Since May, 1952, no less than 15 British trawlers have been fined a total of £50,000 by Icelandic courts. In the case of the Hull vessel, Lord Cunningham, she was fined for alleged fishing in coastal waters, 17½ miles from shore ! Some of these incidents are very explosive in character. One British skipper, Lieut./Cdr. Jenks, R.N.R., of Fleetwood, told an Icelandic gunboat which tried to arrest him on the high seas that he wouldn't stop " so long as his ship remained afloat ". He did not stop and the gunboat backed away.

Perhaps one of the worst features of the new Icelandic limits is that British trawlers, even in storm, are not permitted to cross them unless all their fish and fishing gear is stowed. Rather than risk arrest, the almost certain £3,000 fine and confiscation of equipment, almost all British skippers prefer to take their chances by riding out a storm and hoping it will pass over without disaster. Sometimes they are unlucky. British trawlermen want the facility of running for any port in a storm with or without their gear being stowed.

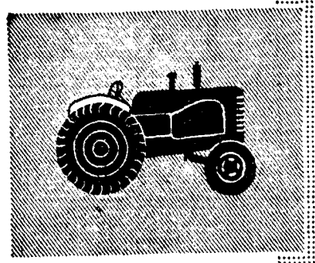
In spite of provocation, British trawlermen are always ready to negotiate a settlement on conservation with the Icelanders. So far, Iceland will not negotiate. She now claims huge stretches of ocean as her " sovereign rights ".

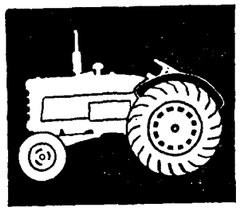
Let us hope that this truculent mood of our friends will soon pass over and that they will be prepared to sit down with us and work out an equitable solution. We say, the sooner the better, because this dispute only hurts two long-time friends and gives aid and comfort to our mutual enemies.

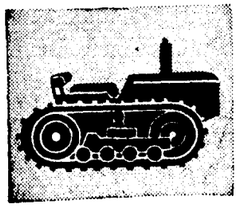


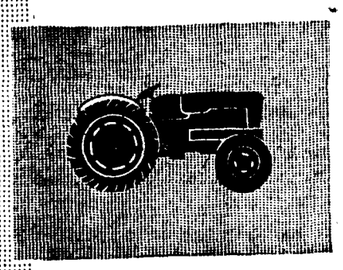


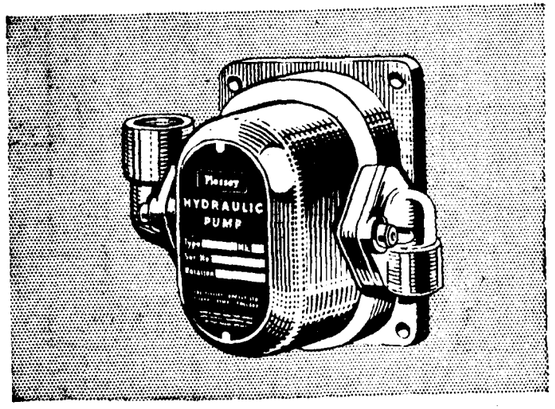
BRITISH TRAWLERS Hull/Grimsby/Fleetwood











most British tractor manufacturers rely on

Plessey

hydraulic pumps

The Plessey Company Limited
Ilford · Essex
electronics · radio and television · mechanics
hydraulics · aircraft equipment

The Plessey unique design HYDRAULIC PUMP is the basis of the heavy lift operation of agricultural implements in modern British "powered" cultivation. It is typical of countless vital products supplied by Plessey to the Mechanical, Electrical, Electronic and Aircraft engineering industries.
Managements in these industries are invited to acquaint themselves with the vast development and productive potential of the Plessey Group of Companies when considering forward production of finely engineered equipments.

✱

Illustrated are: The Massey-Harris 744 Diesel, the Bristol '22', the McCormick International Super BWD-6 and the New Fordson Major.

The cure for acute labour shortage

If you find it hard to meet demands for increased production, look at Hull, where the labour position is easy.

Hull can give equal satisfaction on sites, transport, public utility supplies, export and inland distribution, and offers the products of many industries including—

Solvents and plasticisers, pigments, chemicals, adhesives, chalk, cement, oils and fats, latex; grinding media, hydraulic, chemical, electrical and general engineering services; wood, grain and oilseed by-products; containers (metal, wood, card), printing.

FOR DETAILS OF SITES AND SERVICES
apply—TOWN CLERK, KINGSTON UPON HULL

Build at Hull



An iced drink? Gone too soon. For all-day coolness, it must be a lightweight Moycool jacket. Perfectly tailored in 'Moygashel' rayon, it washes like a shirt. Price approximately £3.3.0.

Write now for FREE illustrated folder showing full range of Steegan lightweight clothes: Steegan Ltd. Dept. AD.3. 222 Regent St., London, W1

moycool
Washable GARMENT STYLED IN A MOYGASHEL FABRIC

SENSIBLE SUMMER COMFORT FOR EVERY MA

Sounds, Shillings and Pence

IF SMELLS were the biggest curse of the nineteenth century, most certainly noises have taken their place as the greatest nuisance of the twentieth. In industry, noise nuisance is the unseen enemy employers have to face, contributing to inaccuracy, lack of concentration, careless mistakes and unwitting distraction from the job in hand.

Whilst the employees' need for adequate light, temperature and ventilation usually receive sufficient attention, is it not strange that so little regard is paid to the requirements of the ear? Heavy factory machinery is not the only source of noise in industry. The problem is becoming acute in offices where typewriters, adding and duplicating machines, and teleprinters are also making their own noisy contributions to unpleasant working conditions.

What can be done about this unwanted noise which so systematically lowers working efficiency? Nowadays the requirements of our hearing can be scientifically assessed so that the amount of noise reducing insulation can be accurately calculated. In many cases reduction of noise can be effected without structural alteration and without interruption to working arrangements of the factory or office.

It is worth a little thought to consider what contributions the elimination of undesired noise could make to the working efficiency of your factory and office. Newalls experience in this field as manufacturers and contractors is at your disposal on any aspect of sound insulation. *Preliminary investigation and consultation are gladly offered and will cost you nothing.*

NEWALLS INSULATION CO. LTD · Washington · Co. Durham
A member of the TURNER & NEWALL ORGANISATION

Offices and Depots at LONDON, GLASGOW, MANCHESTER, NEWCASTLE UPON TYNE, BIRMINGHAM, BELFAST, BRISTOL AND CARDIFF. AGENTS AND VENDORS IN MOST MARKETS ABROAD.

THE ECONOMIST, JUNE 25, 1955

How much does an Oil Company Earn?

TOO MUCH? OR TOO LITTLE?

Judge for yourself from the facts* about one company rather than the hearsay about many.

ESSO PETROLEUM COMPANY, LIMITED transports by sea and refines crude oil and markets a wide variety of petroleum products throughout the British Isles. In 1954 the Company's total trading receipts amounted to **£188,559,000.** Of this sum **£70,874,000** was the amount collected and paid to the Government for Customs Duties and Taxes. The remainder was spent as follows :—

	£
Purchase and Transportation of Crude Oil and Products	86,525,000
Wages, Salaries and Benefits for Employees	9,679,000
Refining, Marketing and Other Costs	17,410,000

This left us with a **NET PROFIT** after tax of **£4,071,000,** of which : **£2,322,000** was ploughed back into the business ; **£1,749,000** was paid as net dividend to shareholders. So, in fact it came down to this : that, out of the £188.5 million which the Company received, the net profit represented 2.2 per cent of turnover, the dividend represented 3.6 per cent of the shareholders' funds employed in the business.

Petroleum Prices. The prices of five principal Esso products at the end of the year compared with the 1953 Government controlled levels were :—

Esso Regular Grade Petrol	down 2½d. per gallon
Esso Autodiesel *(for public transport)*	down 1d. per gallon
Esso Blue Paraffin	down ½d. per gallon
Esso Green Tractor Fuel	down ½d. per gallon
Esso Fuel Oil	down ¾d. per gallon

This Company hauls the crude oil 6,000 miles from the Middle East in tankers costing up to £2 million each to build; it refines the crude at Britain's largest refinery which has cost *£40 million to erect and equip; it markets* the finished products through a sales organisation employing over 7,000 people and distributes them through dealers to the public in accurately measured quantities. And in the end the average wholesale price of all petroleum products manufactured and sold by the Company, excluding the duty, works out at *three-halfpence a pint or three-halfpence a pound.*

TOO MUCH? OR TOO LITTLE?

ESSO

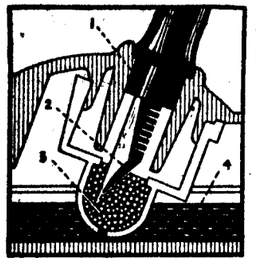
* *These are some of the facts given in the Company's 1954 Annual Review, just published.*
If you would be interested to receive a copy, write to:—

ESSO PETROLEUM COMPANY, LIMITED, 36 QUEEN ANNE'S GATE, LONDON, S.W.1

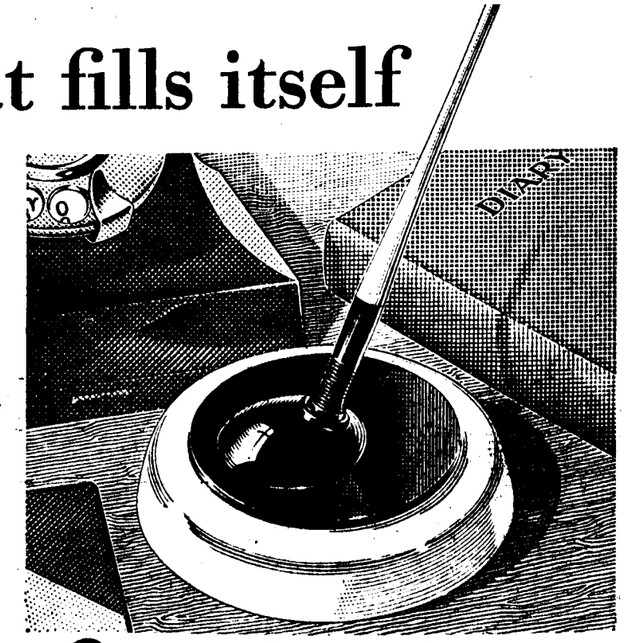
The pen that fills itself

Esterbrook **447** Writing Set

This is the graceful pen you see on the desks of so many busy people. It is, in effect, a fountain pen—with the ink in the base instead of in the barrel. The pen refills itself immediately it is returned to the socket and is always ready to write a full page without redipping. There are no less than 30 personal writing points to choose from so that you can be sure of a pen that is exactly suited to your handwriting. In Black, Grey or Ivory, 33/3d. and 36/9d. from all leading stationers: also a two-pen model in Black (model 487) at 66/6d. and 73/6d.



1 Pen closes spill-proof base, prevents evaporation.
2 Combined ink-feed and writing point (30 to choose from).
3 Exclusive filling device also cushions point against damage.
4 Reservoir holds 40 times more ink than a fountain pen.



Esterbrook **447**
R.D.

Chosen by the Council of Industrial Design for the Design Centre

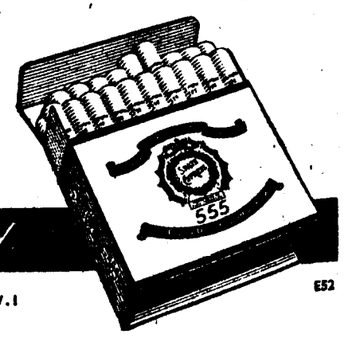


BACK OF MY MIND

A half-thought has been nagging,
that in many ways I am doing better
than I was, and treating myself better,
yet I am letting a very few pennies stand
between me and the enjoyment of a very much better cigarette.
From now on what was an occasional treat
becomes my regular smoke—

3/11 FOR **20**
also in packings of
10 · 25 · 50 · 100

STATE EXPRESS 555

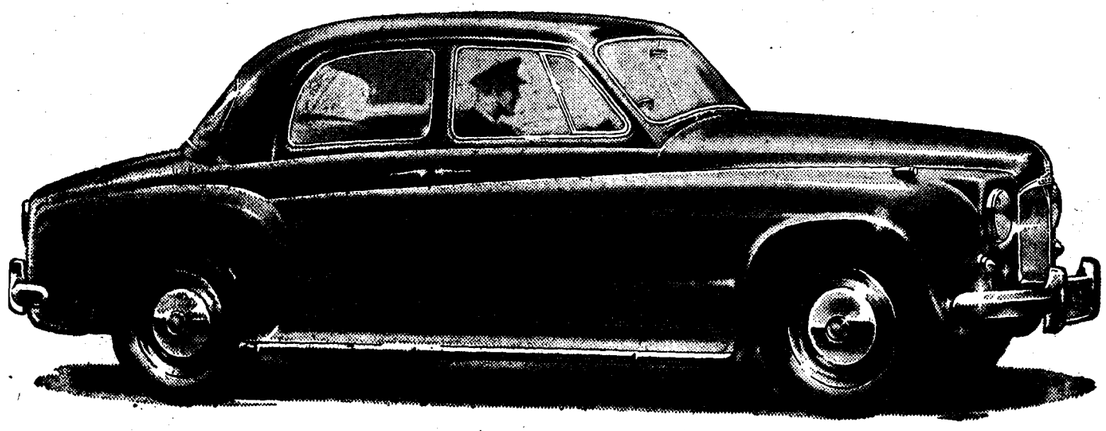


The Best Cigarettes in the World

THE HOUSE OF STATE EXPRESS 210, PICCADILLY, LONDON, W.1

E52

By Appointment to the late King George VI
Manufacturers of Land-Rovers
The Rover Co. Ltd.



It's revealing to drive a ROVER . . .

You'll be astonished at the way the car takes rough surfaces smoothly in its stride. Ruts and potholes seem almost non-existent as the car glides over them.

The Rover co-ordinated suspension system allows plenty of vertical road wheel movement, while spring tensions and shock absorber settings ensure a smooth ride. The central bearing to the propeller shaft checks 'whip' and vibration.

You'll enjoy having both pace *and quiet* at your command. Even at high speeds, engine and transmission noise has been reduced almost to vanishing point.

The special cylinder head design of Rover engines sets the Rover pace, whilst the extensive use of rubber pads and mountings, spraying with sound-absorbing material and heavy carpeting make the naturally quiet engine almost inaudible.

You'll appreciate the infinite care and thought that have been paid to the comfort of driver and passengers.

All passengers sit well within the wheelbase, with front seat adjustable for height and rake and wide centre arm rests front and rear. Heating, de-misting, ventilating and draught-proofing are exceptionally efficient.

You'll feel confident even in the thickest and trickiest traffic, because a Rover is such a well-bred, obedient car to handle.

Direct central gear change with synchromesh on 2nd, 3rd and top, controlled free wheel for clutchless changes and well-planned dashboard layout make clumsy handling of a Rover practically impossible.

ROVER

Sixty · Seventy-Five · Ninety

Body and chassis are identical throughout the Rover range. However, three different engine sizes give motorists a made-to-measure service in which design and workmanship are uniformly high. New features common to all 1955 models include re-shaped luggage boot, larger rear window and flashing type direction indicators.

THE ROVER COMPANY LIMITED • SOLIHULL • BIRMINGHAM also DEVONSHIRE HOUSE • LONDON

CVS-279B



'Behind the ears'...

Keeping things clean — not just superficially but 'behind the ears' as well — must be someone's responsibility. If cleaning arrangements are one of your business or professional worries, you should get to know Teepol. This master detergent developed by Shell is now recognised as being the most effective and economical cleaning aid for use in commercial and industrial premises, and in municipal, institutional and public buildings of all kinds.

SHELL

TEEPOL

is a SHELL contribution to improved public health

Shell Chemicals Limited, Norman House, 105-109 Strand, W.C.2. Tel.: Temple Bar 4455 • *"TEEPOL" is a Registered Trade Mark*

The Economist

FOUNDED 1843

JUNE 25, 1955

ONE SHILLING

What Moscow Wants 1105
Future of the Call-Up 1107
Orphan Island 1109

NOTES OF THE WEEK

Less than the Packet of Cigarettes; A Minister for Exports?; Belgrade Talks with the West; Russo-Japanese Nerve War; German Army's Birth Pangs; Masters of their House?; Stevedores in Confusion; Striking Back; Generals in Buenos Aires; Mr Beyen Finds London Foggy; No Stand against Strydom?; Debating the Colonies; On the Rates; Signor Scelba Throws in His Hand; Khrushchev in Person; Purge in Morocco?; What is Nigerianisation?; Who is Victimised?; Sea Lawyers Draw the Line; Flies in China's Ointment. 1111

LETTERS TO THE EDITOR . . . 1121

BOOKS 1122

AMERICAN SURVEY

Operation Alert 1125
Congress is Too Kind; Merry Month of May; Finance for Expofts; Snarled Power Lines; Lufthansa Uber Alles; Youth in Jeopardy; Raising the Wage Floor; Davy Crockett, Salesman; Shorter Notes.

THE WORLD OVERSEAS

Drift in Iran 1135
Industrialists and German Reunion; Electioneering in Malaya; Parties and Prospects in Burma; France's Quiet Election; Congo Treaties in Disrepair; Planning for Progress.

THE BUSINESS WORLD

A Capital Gains Tax? 1145
Trading in Coal 1147

BUSINESS NOTES

Boom in the Markets; A Little Gilt-Edged Borrowing; Sterling's Unseasonable Slip; Money Tactics Now; Puzzle of High Exports; Atomic Interchange; True Blue Incorruptible; BIS-IMF Chorus; A French Aircraft Lead?; *Workers'* Shares; Mr Wolfson Bids Again; Mines and Men; New Look at Synthetic Rubber; Refuge Assurance Introduction; Transfer Machines; The Fewer the Higher; Making Television Tubes; Shorter Notes. 1149

COMPANY NOTES AND SECURITY PRICES 1164
STATISTICS 1167

British Banking 1955

FOLLOWING PAGE 1140

Registered as a Newspaper. Entered as Second Class Mail Matter at the New York, N.Y., Post Office. Authorised as Second Class Mail, Post Office Dept., Ottawa.

What Moscow Wants

IT is odd how many question marks seem to be held necessary by commentators on current Soviet policy. Nearly every discussion of this topic begins with a question; few end with an answer. Even Mr Macmillan, in last week's foreign affairs debate, maintained that the latest Soviet moves could be interpreted either as "reassuring signs of a new policy" or as "sinister warnings of a more subtle but just as deadly a threat." The Foreign Secretary added: "One can speculate on all that for ever. . . . What we have to do is to act."

At the "summit" next month, and in the whole period of negotiation that is now opening up, it is to be hoped that the western governments will not seriously adopt the view that Soviet policy is too enigmatic to be analysed, and that leaps must therefore be made into the dark. For, in fact, the range for speculation is far smaller than Mr Macmillan seemed to suggest. The Russians are approaching the imminent negotiations with a clear and consistent policy, and they have themselves provided an ample outline of it. Surely that outline must be the starting point for western policy-making in this new phase.

The five main elements in present Soviet tactics may be listed as: conciliatory gestures; an accompaniment of conditional threats; explicit and far-reaching demands; stubborn evasions on vital points; and multiple variations on the theme of neutralism. The first three, taken together, amount to a demand that the free nations must now make a choice—a choice between a *détente* on terms that would cripple both their defence and their bargaining power, and a new competition in strength which, Moscow claims, will destroy them. Western eyes, fascinated by the one conciliatory side of this diplomatic pentagon, have still to be fully opened to the other four. Mr Molotov may have taken to a ten-gallon hat, but it is hardly surprising that he finds it too small; the Kremlin still commands plenty of brains.

The Russians are not themselves in doubt about the disruptive purpose of their recent gestures. As one Moscow radio commentator put it last week, western statesmen who thought that the new Soviet attitudes towards Austria, Jugoslavia, disarmament, Western Germany and Japan were the result of the "bankrupt policy of positions of strength" (the Atlantic alliance) were quite wrong; all the Soviet moves had, in fact, successfully "checkmated" this western policy, which *Pravda* describes as "in the throes of a profound crisis" brought about by the new Russian diplomacy.

Moscow is insisting as strongly as ever on its monopoly of peaceful intent, and demanding that the western governments must match its recent "concessions." It is evidently important for its policy that western leadership should seem baffled and angered by the Russian moves. The tranquil reaction of Mr Eisenhower and Mr Dulles to the invitation to Dr Adenauer proved impossible to fit into this picture; it was therefore firmly passed over, and Moscow has been pouring out stories about "consternation in Washington" instead. Great pains are also being taken to distort the American suggestion that the "summit"

conference might discuss the promises of free elections that were given to East European countries after the war. *Pravda* and its satellite echoes transform this into a demand to restore "the regime of capitalists, landlords and gendarmes." For their part, the Communists say that at Geneva they will "emphasise everything that might make for agreement."

★

Unfortunately, they are simultaneously making it clear that they will do nothing of the kind. Quite some time before Mr Molotov's speech at San Francisco, they had already semi-officially issued their list of "urgent problems, ripe for solution," and it contains seven far-reaching demands. In proposing the removal of all armed forces from Germany, they give no encouragement to anyone in the West who thinks they would be content if the Americans fell back to the Ems or even across the Channel; *Pravda* makes it plain that they must return to Kansas, while the Russians retreat no further than Königsberg. Nor does this apply to Germany alone; a second demand (on which the latest Russian disarmament terms are made to depend) is for the abolition of all military bases on foreign soil—leaving Germany a military vacuum, with the French army facing the Soviet and satellite forces across the north European plain almost alone and without even American air support from British or North African bases. M. Pinay pointed out earlier this month that the West's true security is its common defence organisation "including the presence of allied forces in Europe, which is the real guarantee of it." Moscow evidently makes the same diagnosis; and it seeks to destroy that security at the root.

These first two Russian demands are obviously unacceptable to the West, but others are piled on top of them. Communist China's right to a veto-wielding position in Uno is pressed as part of a general Far Eastern settlement based on "sovereignty," implying the abandonment of Formosa and doubtless of south Vietnam, too. The "cold war" must be halted; this unelaborated demand embraces the ending of western broadcasts to Eastern Europe and of support for refugee organisations, but not any corresponding slackening of Communist propaganda and activity in free countries, for that, Moscow insists, is nothing to do with Russia and must not even be discussed at Geneva. The western governments must wind up their controls on the export of strategic commodities and equipment to Communist countries, whose own governments would, however, retain their total control over all foreign trade and their power to use it as a political weapon; the Soviet bloc's six-year boycott of Jugoslavia, and Russia's abrupt action against Australia when the Petrov inquiry began, are instructive examples.

A sixth and a seventh item, both of them familiar enough, were later named as "really urgent problems" for discussion at the "summit"; European collective security, and disarmament. Here one reaches the evasive side of the pentagon. When the Russians speak of "European collective security," they are referring to a specific plan, long canvassed by Mr Molotov, under which all European countries would rely for protection on pledges given by all other European countries. This plan, which evokes the ludicrous idea of, say, Hungary falling upon Russia's flank in the event of a Soviet attack on Finland, would be laughed out of existence in a matter of weeks if it were seriously proposed in any country where free discussion is possible. The Russians are, not surprisingly, unwilling to answer any searching questions about it, but it is constantly flown, like a gaudy if somewhat fragile kite, too high for close inspection.

No explanation is offered why a European collective security system should be preferred to the world-wide system which Uno ought to provide, and whose development Moscow has persistently blocked; nor do the Soviet leaders admit any inconsistency between this preference for the part rather than the whole and the Litvinov maxim that "peace is indivisible." "European" security suits the Russians because it edges the United States out while leaving them dominant throughout the continent—their propaganda now dwells on the theme that the Soviet Union is a European power, while Americans are strangers—but it is presented in quite other terms. Disarmament, likewise, is a field for evasive tactics. The Soviet terms offered on May 10th, although at first sight far more realistic than anything previously offered, still contain blurs and gaps at vital points; and Mr Molotov's claim at San Francisco that Russia had "accepted in full" the western plan for conventional arms was a bland lie.

★

Turning to the most openly unfriendly part of the new Soviet policy, the western analyst notes a certain confusion. For months before the ratification of the Paris agreements, Soviet diplomats at cocktail parties were muttering "This time we are serious" (a remark to whose revealing implications they seemed blind). After ratification, the Russians solemnly interred their treaties with France and Britain; and almost at once Mr Molotov was in Paris beaming at the very men who carried the agreements through. The melodramatic Warsaw conference gave birth to a mouse, and since then the threatening rumbles have become fainter. The Warsaw fiasco doubtless reflected rising Soviet hopes that the West Germans could yet be weaned away from the western alliance, and that the painful business of baring an East German army to the eyes of Poles and Czechs could be avoided. But it would surely have been better not to have made the big bow-wow noises in the first place. Mr Molotov at least should know by now that they yield diminishing returns as surely as cries of "wolf."

The fine hand that signed with Ribbentrop the pact which carved up Poland is more evident in the last sector of the "new look" policy. Never has the ancient strategy of "divide and subjugate" been more skilfully executed. Mr Molotov's warehouse now stocks shades and grades of neutrality, non-involvement, freedom from alliances, active coexistence, zones of peace, toothless Titoism, and non-playing Nato membership, to suit all the possible clients who can be detached, or semi-detached, from the alliances of the free nations. He has tried on the "neutral belt" idea, found it cramping and slipped into something looser, his comfortable old "European security" habit. And at this point the pentagon is completed. For the most notable thing about the conciliatory gestures that form one side of it, and in themselves are meant to create a general mood of euphoria, is that, apart from disarmament, the most important of them have been made not to the West or the free world as a whole, but to selected nations; first to the Japanese, then the Austrians, the Jugoslavs and the Germans. And in each case the basic appeal has been, quite simply, "see how nice we can be to you if only you shake off the deadly Anglo-American embrace."

After a tour round Moscow's new diplomacy such as has been attempted here, certain things are crystal clear. It is nonsense to deduce that the Russians are at last giving up their basic aims. As the Foreign Secretary suggested last week, they are trying to get the free nations to lay aside their protecting coat by beaming instead of blasting; but they want the coat off just the same, and they are quite open about it to all who care to listen to them. The West's new strength and unity have evidently helped to bring about their change of tactics, as have the Russians' own internal difficulties and dissensions; but that does not mean that their diplomacy is in retreat, or that there will be any lessening of subversive activity by their local Communist pawns. On the contrary, the Russians are approaching the "summit" in their familiar fashion—with a set of "maximum" demands which they would be surprised to get, but for which they will press all the harder if the West seems ready to yield.

How much less the Russians will actually settle for depends on the interplay between their own need for a settlement and western unity, patience, skill and imagination. The last is not the least important. If western statesmen can do no more in the phase of subtle diplomacy that is now beginning than adopt negative and defensive postures, the West will lose not only the confidence of "third-party" nations, but confidence in itself. The real challenge to the West is to show itself not more elastic and yielding than the Russians, but more imaginative and positive in the pursuit of peace.

Future of the Call-Up

IT may not be very long before the Government and the public will have to get to grips with the thorny problem of National Service. This may seem, at first glance, simply a matter of deciding whether the two-year period of the call-up can be reduced or not. The arguments of the optimists are familiar. Service commitments have been cut by withdrawals from Suez, Korea, Trieste and elsewhere; if international talks prosper the process could go further. At the same time the public is getting used to a concept of nuclear war which, however apocalyptic it may be if it happens, ought to be economical of manpower meanwhile. National Service was originally instituted to provide a large reserve army, which is now almost meaningless in hot war or cold. Why, then, should not such manpower savings make possible a cut in the call-up before long? A saving of 40,000 men by all three services should, theoretically, knock three months off the two-year period; a saving of 80,000 should reduce it to eighteen months.

But the problem is not so simple, or so electorally attractive. In the first place, any cut would fall entirely on the period when servicemen are "effectives" rather than "trainees." It would not reduce the immense cost and disability of training 133,000 army recruits annually; but it would more than proportionately reduce the numbers of trained men who are really useful. In the Army, generally speaking, the first year of the present call-up is mostly devoted to training and only the last six months produce the effective officers and NCOs. In the Navy and the RAF, the position is even worse.

The burden of training servicemen, moreover, falls on the experienced cadres of the regular forces; and it is at this point that the problem becomes more difficult still. All the services are suffering from the run-down of their cadres of men with more than six years' service; and part of the difficulty is directly attributable to the impact of national service itself. In the effort to attract men to long-service engagements, and to induce men to renew them subsequently, the services have been forced to offer shorter "long-service" periods. Today no man, whichever of the alternative types of "long-service" engagement he takes, binds himself to the army for more than three years at a time. The regular army is now a short-service army, and as different from the prewar professional army as can be imagined. And the danger of a short-service army is that, unlike one of old soldiers, it simply fades away.

The decision to make a career in the services is now taken, when it is taken, after sampling service life as a conscript or as a "regular" with an easy let-out

clause. The army, not the recruit, is on probation. It has not been possible to run an army of two completely different elements—the national service intake, turning over every two years, and the prewar professional element serving under various types of 12-year engagement (although, of course, a diminishing number of these still fortify the regular ranks). To put it crudely, and incompletely, the example of so many men taking their discharge at short intervals—and the continuous preoccupation in barracks and messes with civilian careers, wages and prospects—is proving too unsettling for long-service men. Before the war, their environment influenced them to renew; to-day it tends to influence them to get out. Hence it has been necessary to offer competitive short-service terms to regulars. For example, the Army now offers a three-year engagement as an alternative to national service which brings a man more pay, no subsequent reserve training, and can be started before the call-up age so that he can go out without losing much ground to his national service coevals. Alternatively, the Army offers a long-service engagement which, though described as a 22-year engagement, permits a man to opt out after three-yearly intervals. On the first type, the Army merely gains a year; for both types the real problem is to get men to renew. If they do not renew, the experienced cadres wither.

*

Unfortunately, there are signs that they may be withering disturbingly quickly. Of the recent average Army intake of 133,000 men a year, only about 33,000 have taken a three-year engagement (half of them under the 22-year scheme). Ideally a balanced army structure of age and experience requires that about one out of every six soldiers should have six years' service and over, and this requires that one in three of the men now taking a three-year engagement should renew. The Secretary of State for War has been pressed by Mr Wigg and other Labour MPs to state what the all-important percentage of renewals is. He has answered, quite justifiably, that the percentage will not be fully available until October, when it will be possible to analyse results for the first period in which the only regular engagements on offer were three-year engagements. But for an earlier period, in which some men were taking three-year engagements and some still enlisting under the old 12-year schemes (five with the colours, seven on the reserve), the figures are ominous. Only 5.6 per cent of the men signing on for three years renewed. The probable figure taking both three-year and five-year men together may be 10 to 15 per cent. This is not nearly enough. Already the proportion of men with over six years' service is only one in ten, not the desirable one in six.

The services have therefore entered a vicious circle. Desperately short of regulars with "long service" experience, they are all the more in need of the useful last six months of national service. But further, a reduction in the two-year call-up would obviously have serious repercussions on recruiting for three-year regulars. With the alternative reduced to only 18 months, it is all too likely that fewer national servicemen would take a three-year engagement. And to introduce a competitive two-and-a-half year engagement would cut the experienced cadre still more. It might necessitate giving men who take a 22-year engagement the right to opt out every 30 months. The impact on the Navy and the R.A.F. would be very similar. The services might, if the Treasury agreed, do something to offset this effect by improving the conditions for long-service personnel; certainly a new pay review is nearly due. But it is optimistic to suppose that it would solve the whole problem. The brutal fact is that, unless the present vicious circle can be broken, the generals and air-marshals will be forced to insist that the call-up must remain at two years even while service commitments are being steadily and visibly cut back. The politicians will be caught in the dilemma that while the reasons for such a demand may be compelling, they are almost impossible to explain in a way that will excite not only understanding but also agreement from the public.

Is there any way in which the circle could be broken? There is one. Although the services would be ill-served by any reduction in the period of the call-up, they might not—or soon might not—be so averse to a reduction in the number of young men who are made subject to it. They might even, when commitments allow, welcome such a reduction, for it would also reduce the time and manpower of the shrinking long-service cadres that are expended in the frustrations of training conscripts as reservists. It would then be possible to free regulars for more interesting duties, increase the strength of the regular "atmosphere" in the services, and avoid competitively cutting regular engagements. Any such logical and economical solution, however, would mean that a very awkward nettle would have to be grasped. It would mean that some form of selective call-up would have to be introduced.

*

There can be little question that public feeling would be instinctively against this proposal. Egalitarianism would be outraged by further extending, for example, the categories of occupation which are exempt—especially as the next occupations for exemption would probably be students, scientists and technologists; already a privileged elite. Other occupations (such as engineering for export) which gained exemption would increase their attractiveness; this might seem to be sound economically, but the services would not welcome a narrowing of the recruiting field that would deprive them of many of the skills they most need—and improve. An alternative method of selective service would be some form of balloting, which might be fairer,

but would not necessarily appeal to the national sporting instincts. For it would mean that if the intake were at first only slightly reduced, the winners of the prize of exemption would be an envied and suspect minority; commitments would have to fall heavily and regular renewals rise steeply before the ballot selected a minority for service and the odds turned tolerably against being called up. The fact must be faced that balloting would be far harder to organise than simple extensions of exemptions to more and more occupations—or possibly to more and more "favoured people" with bad big toes.

Yet the alternative may be to load the services with ever-increasing difficulties. As commitments were reduced "National Service" would increasingly mean not only employing the nation's manpower in a wasteful and ineffective way, but also the final destruction of hopes of rebuilding the armed services as full-time professions; and without this latter there can be no hope of ever getting back to a professional, whole-time, well-paid and efficient Army, Navy and Air Force, such as anti-conscriptionist Labour MPs often demand. It looks as if the nation will have to choose between its obsession with fair shares in square-bashing for all, and efficient and economical fighting services based on the readiness of everyone to accept the contingent liability to serve and the risk of losing some civilian money and seniority thereby. There are evils in both courses. But at least there is a chance that the latter course might in the end terminate conscription altogether. Do those who are most attached to milk-of-the-word egalitarianism really want to miss that chance?

Orphan Island

By a Special Correspondent

NIGHTLY explosions in Nicosia show that the political temperature is rising again in Cyprus, and it is clear that the Government again has trouble on its hands. One has every sympathy with the individual officials who have to deal with it. But that continuing abstraction, Her (or His) Majesty's Government, has only itself to blame. For if there is trouble in Cyprus it is because nobody in authority has ever given the island sufficient thought. Nor were there many signs, either in the debate that was devoted to Cyprus in the old House of Commons just before it was dissolved or in this week's general colonial debate, that the process of thought has yet started. Labour speakers, for the most part, simply advocated self-determination; the Government was content to stand on the old ground that the only change it would contemplate in Cyprus would be the grant of a constitution of the standard colonial type—which, indeed, the Cypriots could have just as soon as they had the sense to ask for it. But even a short stay in the island is enough to convince anyone that neither of these seemingly simple prescriptions really provides a solution.

British policy has often been described as ostrich-like. In Cyprus a better analogy would be the lobster, for it is only on the surface that it is unyielding. Whatever may be true of London, the colonial administration is certainly not uncompromising. It looks forward with eagerness to the most far-reaching compromises. How could it do otherwise? For a government, to be uncompromising needs bottomless resources — spiritual, material and financial—and the one thing with which the British people have never been willing to supply their farflung representatives is resources of any kind. A colonial administration that lives on a shoe-string inevitably feels uncomfortable when the people over whom it rules are out of sympathy with it; the only future course to which it can look forward is that of handing over responsibility to the representatives of the people—some representatives, chosen somehow. This is the whole modern tradition of the Colonial Service. And the representatives of the service in Cyprus refrain only with visible difficulty from telling the Cypriots to follow the example of the Gold Coast. If only the Archbishop would behave like Dr Nkrumah, they almost say aloud, he could have anything he wanted within a few years. The Colonial Office is so deeply committed to the idea of a constitution, on which it stakes all its hopes, that if ever an elected legislature came into existence, the Governor of the day would have to go to almost any lengths to keep it in existence. A politician who had the sense and the patience to play his cards one by one, instead of asking for all the tricks at the start, would have little difficulty in leading the Colonial Office to an acceptance of *enosis*. The administrators in Cyprus and at the Colonial Office will not admit that their policy is one of delayed *enosis*. But that is what it would amount to if the Cypriots knew how to play their hand.

*

Would this be so terrible a result? If the British face can be saved, would any essential national interest be damaged by a reunion of Cyprus with Greece? At any time between 1878, when the British occupation began, and a very few years ago, the answer would have been No. Indeed, it would have been difficult to establish that Britain had any interest at all in Cyprus—little enough interest had ever been shown. At any time in those seventy years, *enosis* might have been regarded as regrettable, but neither as impossible nor as unnatural. What, after all, did Mr Gladstone say in 1897?

That he would feel satisfaction if he could see "the population of that Hellenic island placed in organic union with their brethren of the Kingdom of Greece."

But it would not be so easy today. For one thing, it would not be so easy to save Britain's face—not merely the Prime Minister's face after the very dogmatic stand he took during his visit to Athens in September, 1953, but also the face of the British people after the stands they have *not* taken in other parts of the Middle East. In Palestine, in the Canal Zone, in the Sudan, at Abadan and elsewhere—in all these instances the British, saying they would ne'er consent, have consented to surrenders great or small. If now, having been even more dogmatic than usual, we run away from an ambitious cleric, a parcel of politicians in Athens and a handful of hooligans in Nicosia, it will be the final proof to all the wiseacres in the Near and Middle East. From Corfu to Karachi, it will be difficult ever again to convince anybody that the British are in earnest. The fruits of such a demonstration would be far more embarrassing than anything that can happen in Cyprus.

The second thing that has changed is the attitude of Turkey. From the time that theoretical Turkish sovereignty over Cyprus ended in 1920 until very recently, Ankara showed no noticeable interest in Cyprus. But now it takes a strong interest, and declares that it will fight rather than permit the sovereignty of the island to go to Greece. There are those who say that the British Government itself, by its well-known conspiratorial methods, contrived to procure this change in the Turkish attitude; but there is really no evidence for this, and it is highly unlikely. However the new Turkish interest in Cyprus arose, it is genuine enough, and there is no reason to suppose that the Turkish Government is not in full earnest.

The third thing that has changed has been the decision to build in Cyprus the main British military and air base for the Middle East. This is the last place in the whole area to which the British forces can go; if they are forced out of Cyprus, they have to go back to England. To suggest to the service chiefs that they could get all they want out of a long-term treaty with Greece after the island had become Greek, with the added advantage of a friendly population, is to excite the most violent reaction. Why, they ask, did a base in Cyprus (where geography is not very favourable) ever become necessary? Because the services had to leave Ismailia and Habbaniyah. And why was that? Because treaties made in good faith were denounced or revised. What reason is there to suppose that Greek governments will stick to their predecessors' bargains any better than Egyptian governments? And as for the friendly population, the services know from experience that "*friendliness*" can be turned on and off at the tap by any politicians who get into control. The military view is that every penny of the many millions of pounds that are being spent at Dekelia and Akrotiri is being thrown away unless the assumption of continuing British sovereignty holds good.

What, then, if *enosis* is out of the question, is the path that British policy should pursue? What seems to be the easiest course is to dig the toes in, to say that no change is contemplated, and to defy anyone who disagrees. But it only seems to be the easiest course because it involves no hard thinking. Actually, it is likely to be the most difficult of all courses. For it will mean fighting on three fronts—against growing unrest in Cyprus itself; against world-wide criticism in the United Nations and elsewhere; and against restive public opinion at home. Only for a brief period will it be possible for the British Government to go on saying *non possumus*. After that it will have to decide to do something.

*

But what? Though a brief visit to the island confers no authority to do more than make a few tentative suggestions, there is no need to be too modest, as the obvious first need is for some fresh thinking. Perhaps the essential preliminary to anything else is to stop thinking of Cyprus as a run-of-the-mill colony, or indeed as a colony at all. It is, after all, a European island, with a people of a standard of literacy and civilisation unknown in the colonial world. Together with Malta and Gibraltar, it should be removed from the purview of the Colonial Office and the Colonial Service. Whether they should go under the Home Office, as has been proposed for Malta, is more doubtful; it sounds right, but it might lead to their being looked after by the same section of the Home Office which today administers Welsh affairs, together with explosives, the betting laws and petitions to the Crown. It would probably be better to create a separate Mediterranean Office in London, and a separate Mediterranean Service. To suggest this change is not intended as disrespect to either the intentions or the devotion of the Colonial servants who today administer Cyprus. But their heart is inevitably in Africa, where so many of them served before, and where so many of their personal ambitions lie.

The second suggestion that can be made is that the fresh thinking about Cyprus should start from the cultural and economic angles rather than from the political. What could be done to improve education in Cyprus? Why should there be no institutions of higher education, so that any ambitious boys have to go to England or to Athens (and Athens is both nearer and cheaper)? How much farther can irrigation be carried? (Characteristically, it is only now that an effort is being made to find out the answer.) Could Cyprus, if equipped with a deep-water free port, serve as a commercial base for Britain in the Middle East as well as a military one? Or, as a comprehensive exercise, let someone try to say what would happen to the island if it came under the control of a really energetic colonising power. What would the Americans or the Germans do?

Development of this sort, of course, would cost money. But that leads on to another most interesting aspect. At the moment, money is being pumped into the island, for the purpose of building the base, at fully as fast a rate as its economy can stand—indeed, faster, for the boom has a distinctly inflationary look. It is the opinion of the authorities that an inflow of about £5 million a year is the most than can be absorbed without inflation. (That is, after all, the equivalent of something like £1,500 million a year for the United Kingdom.) For the next two years or so, this rate of inflow is assured by the military plans. But after that it will begin to drop, and what will happen then? Either the boom will collapse, and depression will be added to the Government's worries. Or else there will have to be an imaginative, adequate and properly phased Development Plan. Five million a year is a small price to pay for a secure base. What would the Germans do?

But in the end, thoughts will have to come back to politics. And when they do, they might go right back to first principles. What is the minimum British interest in Cyprus? In the present and foreseeable state of the world, the island is needed as a base for British power and influence in the Middle East, which we believe to be for the good of the world and which is, in any event, one of our vital national interests. That is the basis of the American claim to be in Panama, and it is our basic reason for being in Cyprus. That being so, we should define what we need for these purposes and confine ourselves to that. At a guess, the basic requirements of British policy are sovereignty (that is, the right as a last resort to cut through Gordian knots), military facilities and the maintenance of internal order. We should reserve these things to ourselves, and refuse to enter into any discussion of them.

These, however, are only part of the functions of government, and not a large part either. Agriculture, industry and commerce, taxation, education, social services, labour, co-operatives (which thrive in Cyprus)—none of these affects the vital interests of Britain. Why should there not be an invitation to the Greek and Turkish governments to confer with the British Government on the best means by which they could be associated in the administration—or in supervising the administration by the Cypriots themselves—of these matters? The Archbishop would no doubt hold out for complete Enosis or nothing. But it is doubtful whether Athens would, or whether it could go on with its agitation if it did. There are precedents in American federalism for two governments existing side by side in one territory, each with its own courts, its own legislatures, its own taxes and its own administrators. The only added complication here suggested is that one of the parallel governments should be wholly British, while the other was tri-national.

To suggest a combination of the principles of Dyarchy and Condominium (both of which are anathema in Whitehall) is admittedly audacious; but audacity is needed. Any constitution based upon them would be unique in the world. But so is Cyprus.

Notes of the Week

Less than the Packet of Cigarettes

MR BATY, the footplatemen's leader, has put a brave face on the award given by the referee, Lord Justice Morris, last Monday; and he deserves credit for it. He said, in one of his memorable phrases,

> We have fought a craftsmen's battle, and bearing in mind the opposition and the intrusion, the result is not without significance.

Not without significance it certainly is. The settlement will give 3s. to every driver with more than two years' service, but the strikers should now be doing some depressing arithmetic. On an average, and allowing for £2 a week of strike pay, each driver must have lost £25 or so in wages during the three weeks' stoppage. The 30 per cent of drivers who are on shunting duties, and who would have got nothing under the offer made by the Transport Commission before the strike began, will have to work more than three years before their 3s. rise makes up for this loss. The 60 per cent of drivers who work trains of "secondary importance," and who would have got 2s. 6d. a week from the commission's offer, will have to work nearly twenty years before the strike will have been worth their while. And the 10 per cent of drivers who work the most important trains would have got 5s. from the commission's offer, or two shillings more than they are going to get now. Finally, the firemen and cleaners get nothing at all from Lord Justice Morris's award; and drivers in their first and second year of service get only one and two shillings respectively.

Meanwhile the commission has been negotiating with both the railway unions about the mileage allowances, which it had been agreed should be part of the settlement. In May the commission offered to reduce the mileage above which an allowance (now one hour's pay for every 15 miles)

is paid, from 140 to 80 miles. The unions, obviously, would like a lower limit and higher allowances, but the need to have something in the bag at the time of their annual conferences may be a spur to a speedy settlement.

A Minister for Exports?

IT is possible that the first Conservative back-bench revolt of this Parliament will erupt over the Board of Trade. The logic of removing responsibility for steel and engineering from the Ministry of Supply has been generally accepted, but the wisdom of giving it to the Board of Trade in that department's present state is more in doubt. The Tories have for some time taken a jaundiced view of the Board's talent for export promotion.

The usual Tory practice has been to blame the Board's shortcomings on either the President or the department's organisation, but this takes a superficial view of a complex problem. The Board's organisation is not on paper particularly ill-arranged ; and Mr Thorneycroft, as is the case with any President of the Board of Trade, is obviously in the uncomfortable position of having the Treasury jogging one elbow and the Foreign Office the other. At a time when the Board's powers of compulsion are being largely exchanged for the less easily manipulated powers of persuasion, its policy is particularly susceptible to that of the Treasury.

The real trouble, however, is that the volume of work that pours through this department to the desks of the President and his Permanent Secretary is already far too large. Some Tories therefore think that the department for overseas trade should again be hived off, this time perhaps under a Minister of Cabinet rank. This might make it easier to raise the status and authority of Britain's commercial representation overseas. There is an additional reason for action at this time. The Monopoly Commission's major report on certain restrictive practices will be published next week, and the Government will then find it hard to avoid taking legislative action. This will keep the President and his Ministerial assistants enmeshed in complex legislative work all winter. Before they are lost to sight, the Government needs to make sure that there are adequate administrative arrangements for oiling the export drive. The latter should not be regarded as a spare-time occupation.

Belgrade Talks with the West

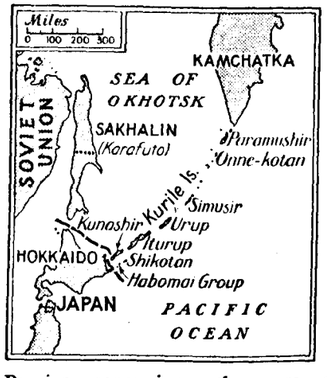
IT was the Jugoslavs who took the initiative in asking for the talks with the three western ambassadors which began in Belgrade yesterday. It was not their object to tell the western powers about the recent Russian visit to Belgrade, for they have already done that, but the two meetings are not unconnected. Although the Jugoslavs had asked for the western talks before the Soviet visit was announced, they presumably knew that it was in the offing and no doubt wished to arrange some counterbalancing contacts with the West. Their idea was that the talks should range over as wide a field as possible ; they are presumably eager to give the western powers, now toiling up the last stages of their journey to the summit, the benefit of Jugoslav ideas about what they will find when they get there.

For the western powers, the talks will provide an opportunity to reassess Belgrade's relationship to themselves. This should not cause any unpleasant surprises. The Jugoslavs have already made it clear that they were repelled and not attracted by the experience of their close contacts with their Russian guests. But although they have no intention at the moment of letting down their guard, they do believe that international tension is less and that the chances of doing business with the Russians are now better than they have been. This belief makes it easier for them to remain firmly in their favourite position—on the fence—although when they get down to particular issues, they find that on many, notably Germany, they have much more in common with the West than with the East.

It is unfortunate, however, that they still seem to feel that to maintain their independent position they must turn a blind eye to Nato's purely defensive character and condemn it as a military bloc just as responsible as the Communist bloc for the growth of international tension. Many people, and not only in the United States, may find it increasingly odd that a country with this attitude towards Nato should receive economic and military aid, without any strings attached, from Nato powers. Moreover, the Jugoslavs could play a unique role in increasing real international understanding. It is to be hoped—for everyone's sake—that they will not throw away this opportunity by unnecessarily alienating western trust.

Russo-Japanese Nerve War

IN the Russo-Japanese talks now in progress in London two wily sets of negotiators have come face to face, and connoisseurs of old-fashioned diplomacy are watching them with interest. The Russians opened with their classical gambit, the presentation of a series of impossible demands.



According to information made public in Tokyo, they are asking Japan to relinquish its claims not only to southern Sakhalin and the Kuriles, about which not even Mr Hatoyama is very optimistic, but also to Shikotan and the Habomai group of islands, which the Japanese thought would be an early Russian concession ; they are also demanding that the sea area between Japan and Korea be closed to all foreign warships except Communist ones, and that Japan should promise not to join any alliance antagonistic to Russia or China. They have rebuffed the Japanese request for the release of the 12,000-odd Japanese nationals who are thought still to be in their hands with the answer that they hold only war criminals, and that these will be released when they have completed their sentences.

Yet the fact that it was the Russians who first suggested these talks indicates that they have come to London with more in mind than just a repetition of the claims they made in 1951. Their offer will probably develop by a series of "concessions," involving the territorial questions, the prisoners and fishing rights, but leaving intact a hard core of demands based on the neutrality clause. The Japanese, however, seem equally determined to play the game in their own way. It is not often that the Russians find themselves beaten to it in "leaking" the proceedings of secret conversations to the world, and last week's disclosures have markedly stiffened Japanese opinion against the granting of far-reaching concessions. The Japanese delegate in London, Mr Matsumoto, who declares himself ready for a six-month campaign, is reported to have told the Russians that he will not discuss the restoration of diplomatic relations until Japan's claims have been dealt with. There are likely to be many more quiet strolls across the road in Kensington Palace Gardens.

German Army's Birth Pangs

IT now seems possible that the Bonn parliament may disperse on holiday before any legal basis is set up for the new German army. Dr Adenauer has been frustrated in his attempt to rush through a sketchy bill which would allow volunteer cadres to be formed with the status of "civil servants on probation" as an interim measure until the whole batch of military laws are passed. The *Bundesrat* (the upper house) has refused to consider the bill as it stands, and the *Bundestag* has postponed the first reading. A storm of criticism of Dr Adenauer and the newly-fledged Minister of Defence, Herr Blank, has broken out in political circles. The burden of their complaint is that the "blanket" bill is an affront to parliament, presented before the government has revealed the proposals it intends to make for political control of the army. The members of the Upper House also resent the way in which the rights of the federal *Länder* are being by-passed. Their wrath has been roused by the Minister of Finance, who has handed over an interim sum to the Defence Ministry while competencies are still undecided.

This zeal for maintaining their democratic rights is a healthy sign of new times in Germany. No one in Britain can object to seeing a German minister of defence castigated for refusing to answer parliamentary questions or give a press conference. Herr Blank may well have an excuse at the moment, because the government's full declarations are promised shortly, but even so it is hard to understand why, after years of paper work in Bonn, so little should still be known about the means whereby powers will be divided between the armed forces, parliament and the executive.

Recent changes inside the Ministry of Defence, including the departure of one of the leaders of the reformist group, give the impression that there is still confusion about ways of dealing with the situation. It is indeed an immensely complicated one. Germany's allies should bear in mind that the new *Wehrmacht* is starting with its traditions broken, with little or no national prestige and in an atmosphere of antagonism fostered by films, books and political speeches. It is one thing to welcome a break with the past ; but there is a danger that too little will be done to replace it. It is in Britain's interest, and that of Nato as a whole, to see that the Germans do not go from one extreme to the other—from an army of nationalist tin-gods to one treated by its own countrymen with contempt and mistrust.

Masters of their House?

THE select committee of the House of Lords set up this week to consider the attendance of peers and the powers that the House may possess in this respect is a purely fact-finding body, but the question that looms behind it is crucial: can the peers themselves limit the membership of their own House ? Any scheme of reform will have to propose a limit on the number of hereditary peers qualified to sit in the new House, and there is much doubt whether the peers can do this in existing circumstances, for each hereditary peer is summoned to Parliament by royal command.

The unofficial scheme of reform that has been in mind ever since the all-party talks of 1949 provides that the new House should contain life peers, and that the number of hereditary peers should be confined to 200, chosen from and by the whole body of over 800. Something on these lines will have to be agreed if the House of Lords is ever to be reformed ; yet when the motion to set up the select committee came before the peers this week, a wave of suspicion engulfed Lord Salisbury from some quite eminent corners of the House.

The one hopeful sign is that the need for reform is being seen with growing clarity on the Labour benches. These are becoming desperately thin in both quality and quantity, and are destined to become more so by 1960, by which time there will have been no new Labour peers created for nine years. Some of the party's elder statesmen now being bundled aside in the Commons could well grace the Opposition benches in the Lords before the end of this Parliament. Even, perhaps, a certain Lord Limehouse of Cherry Cottage ?

Stevedores in Confusion

THE dock strike has survived the week, but the National Amalgamated Stevedores and Dockers are now split wide open. The bitterness between London and Liverpool was intensified when Mr Barrett, the general secretary, seeing which way the wind was blowing in London, announced that he had been against the strike from the beginning ; and it rose to fury when a meeting of London stevedores on Tuesday accepted by a large majority

a recommendation of their own representatives on the executive that they should return to work on Monday if the men in the north would do so too. Even in London there are two factions. Mr Timothy, the man who ostentatiously tore up his Communist party card at the time of the last dock strike in the autumn, leads the minority who will not "betray" the men in the north. As for the men on Merseyside, they are breathing fire. Ever since the beginning of the month, when they rejected the executive's recommendation that they should return to work, there has been talk of starting a breakaway union. Now they are playing with the delightful idea of marching on London and cleaning up the traitors there first. Mr Barrett has resigned from his office, and his deputy, Mr Newman is leaving the union at the end of next week.

It is not surprising that the men in the north are in a sullen mood. They have lost four weeks' wages and gained nothing—except the re-affiliation of their union to the TUC, which they could have had at any time by making propitiatory noises. To put their trust in the verdict of the TUC's disputes committee, which is adjudicating on the "poaching" issue, is to walk straight into the spider's parlour. It is true that after the committee has given its verdict, which the NASD executive has undertaken to accept, the way would in theory be clear for the stevedores to reach an understanding with the Transport and General Workers Union about their representation on local committees. But the strike leaders know that the committee's verdict can hardly be contrary to the Bridlington agreement: the TUC is bound to say that the stevedores should give up their "poached" members. And if they accept these terms, then most of their case for representation on port committees in the north will disappear.

Striking Back

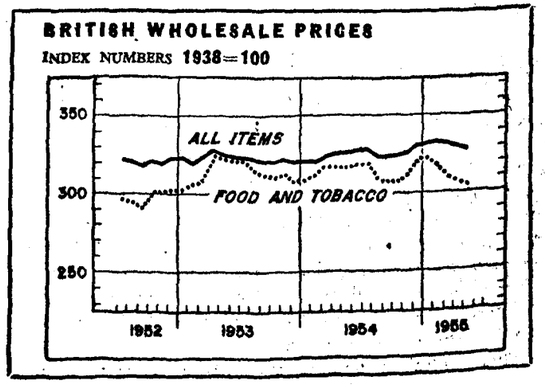
It is to be hoped that the Minister of Labour will not take the slightest notice of those who are protesting against the call up of merchant seamen who are on strike. In his answer to Labour MPs on Tuesday, Sir Walter chose to base his defence on mere procedure. It was not for his Ministry, he said, to exercise discretion in the matter. Once a seaman has ceased to be registered with the Registrar General of Shipping and Seamen, the Ministry is notified of the fact by the Merchant Navy Establishment Administration, and if the man is under 26 and has not yet done military service then the call-up is automatic. The only reason why the same action had not been taken when miners were on strike was that there was no similar procedure for notifying his Ministry, which had to make its own inquiries. But if it found that men under 26 were no longer employed as miners, the call-up again was automatic.

There is another and better defence which the Minister could have used. These men are striking against the community. Their action has been nicely timed by someone to do the maximum damage to the country's tourist trade. If ever there has been a case in which the community has been justified in striking back for once, it has been this one. How effective counter-action can be is shown by the fact that large numbers of the Atlantic crews who were on strike at Liverpool have re-registered for work—a movement aided no doubt by the Cunard Company's legal action against six of the strikers' leaders and the summonses obtained by the master of the *Queen Mary* against 49 men who refused to obey orders when on board. With the sailing of the *Queen Elizabeth* from Southampton on Thursday, it looks as if the strike should not last much longer.

Generals in Buenos Aires

THE revolt against General Perón, which had apparently been prepared over the past three years, exploded while the fight between the Roman Catholic Church and the Argentine government was at a climax. Its leaders, naval officers some of whom belong to old and anti-*Peronista* families, evidently calculated that they could associate their own coup with clerical disaffection throughout the country. The Argentine army, which is of course Catholic but not necessarily clerical in its sympathies, chose to quash the rebellion—but for its own ends; and it is not yet clear what these are. At the moment, everything suggests that the president has lost ground. The army, to whom he owes his salvation, is very much in control and the Minister for the Army, General Lucero, has emerged as a dominant figure. President Perón has not been allowed to celebrate his victory by calling out the workers; and it is the army that has issued calming proclamations to all Catholics and has assured them of its protection.

But it would be rash to consider General Perón as already expendable or to speculate about a change of regime. The army leaders cannot undo overnight the countless social and political works of *Peronismo*, nor is there any evidence that they wish to restore democracy in Argentina. As things calm down, they must almost inevitably turn back to the one man who heads a strong political apparatus, although they are unlikely to tolerate some of his most doctrinaire colleagues, such as Sr Borlenghi, the minister of the interior. Meanwhile, Argentina's recently reiterated claims on the Falkland Islands—which could hardly be pressed by a country unable to rely on its own navy—are now to be taken even less seriously than usual; and the Chileans, who have their own reasons for seeking a diversion from domestic troubles, have shown a nice sense of timing in repeating their claims to Antarctic territories over which they are at odds with Argentina as well as with Britain.



Mr Beyen Finds London Foggy

IT is difficult to understand why Mr Beyen has had to return to The Hague with little more than assurances that the British Government would soon know its own mind. Mr Beyen came to London earlier this week, not as the Netherlands foreign minister but as a representative of the Messina conference, to prepare the ground for the official invitation which will shortly be sent asking the British Government to participate, in almost any capacity it chooses, in the committee which is to study how the next steps in integrating the European economy might be taken.

The committee, which is to meet during the summer with M. Spaak in the chair, has been given no power to do anything that will bind any government in any way. After it has reported to the foreign ministers of the Six on what might be done to integrate European transport and power, including atomic power, and to bring about, in stages, a broad common market, the ministers will have to decide where they want to go and how they want to get there. At that stage, basic decisions will have to be taken and the British Government will have to determine what its relationship with any new institutions, or modified old institutions, is to be. There is much to be said for taking those decisions on the basis of the understanding which would come from working with the European countries as they develop their plans during the summer.

A logical case can of course be made out that the OEEC, with staff and facilities already available, could do most of what the new committee will be asked to do. But logic is now somewhat beside the point. The Six will meet with British participation or without it. If Mr Macmillan meant it when he said in the House of Commons last week that he was "convinced that the European idea is one by which, and perhaps by which alone the German people can be kept within the European fold," Mr Beyen should have his answer by return of post.

No Stand against Strydom?

MR STRYDOM'S Senate Amendment Bill has received the Governor-General's assent, and all that now remains is for the Nationalists to fill up the Senate with the required number of obedient party men who, at the prime minister's prompting, will vote through any further amendment of the constitution that he finds expedient—even the extinction of the upper house itself. Thus for all practical purposes South Africa has acquired not merely a unicameral legislature but the essential apparatus of a single-party dictatorship. And Mr Strydom looks like having little need to bestir himself further, for the United party, his chief antagonist, has this week taken yet another suicidal plunge.

Already splintered on the right by the defection of six of its members to form the Conservative party, the United party has now developed a crack on the left. Mr Bernard Friedman, one of its few members with the courage of his liberal convictions, has been expelled from the caucus, and has threatened to resign his seat and contest it again as an independent. But the rift goes deeper than this; all over the country there is anxiety over the party's vacillation. It was brought into the open last weekend by its leaders' feeble attitude to the question whether they would restore the Cape Coloured voters to the common electoral roll if the United party returned to power. Even on this now highly hypothetical issue they could not agree on any clear stand.

Debating the Colonies

ACCORDING to the Minister of State for Colonial Affairs, the debate on the colonies last week was the first such general debate since 1952. Many MPs must feel that there will be little to regret if the next one is postponed for another four or five years. In so far as the debate had any focus, it was upon the category of "colonies in trouble," which is in any case a diverse list, including Malaya, Kenya, British Guiana, Cyprus, and perhaps Malta and some others. Mr Lennox Boyd dealt with them in turn, and was soothing about them all. He reported fewer incidents in Kenya and Malaya; he assured the House that he was right to stick to his decision about Nyasaland's constitutional reform; he was vague about Uganda; he promised Malta, Jamaica, and other territories his careful consideration of their—very diverse—claims.

In general, however, the debate was productive of little of lasting value; the subject was too wide, the problems too miscellaneous, the knowledge of members too compartmented, and the issues too various, to make a worthwhile Parliamentary discussion. Even the attempt by some Labour MPs to define a decisive difference between their colonial policy and that of the Government—for which the occasion was well adapted—failed to come off. In future, it would be better to debate specific colonial issues or areas, of which plenty call for expert parliamentary dissection, for there is no common colonial issue to argue out. Labour spokesmen generally wanted to go faster and further than the present pace, whether in constitutional reform, the intake of colonial undergraduates, or the creation of co-operatives, irrespective of the facts on the ground. But the truth is that nearly every colony—or at least colonial region—today is a complex and integrated political and economic entity; if Parliament cannot find time to give these, one by one, the attention they deserve, it can at least deal with the more *important*. A *Cook's tour of the colonies is almost an insult* to the people whose welfare and destinies are involved.

On the Rates

THE keynote struck by the Chancellor of the Exchequer, in his speech at the conference of the Institute of Municipal Treasurers and Accountants last week, was the need for "the sternest efforts of efficiency and economy"

in local government services. Mr Butler evidently fears that the increased rating valuations that will come into effect next year will lead some local authorities to assume that they can spend more of the ratepayer's money—instead of accepting the proposition that as rating values go up rate poundages should come down in full proportion. This is a tendency that will have to be watched.

At the same conference, Mr Gilbert Sugden sketched the silent revolution that has taken place in local finance during the last fifteen years. One feature has been the narrowing—although not the closing—of the gap between the rates that have to be levied by poor authorities, compared with those with which rich ones can get away. Merthyr Tydfil's rate was once four times that of Bournemouth, and it is still precisely double; thanks, however, to the Exchequer Equalisation Grant, the great bulk of local authorities now levy a very similar rate—roughly between 21s. and 27s. in the £. Equally significant is the changed pattern of local government expenditure. In real terms current expenditure from the rates has risen by only some five per cent between 1938-39 and 1952-53, to a total of £916 million for all local authorities in England and Wales in the latter year. Out of this total, however, education now takes 38 per cent compared with 26 per cent before the war; while the share of highways has fallen from 13 to 8 per cent. Under capital expenditure (total £475 million in 1952-53), housing has jumped from 39 to 67 per cent; it has done so in part by squeezing to the bone the outlay on roads, parks, libraries, and civic amenities generally.

Increased help from the central government has brought with it increased central control, which the local authorities do not like. Sir George Schuster, in another paper to the conference, suggested one way out of their quandary. If the grant for each service was based on the costs that an efficient authority could be expected to incur for a given standard of service, there would be little need for central control. The ratepayers would then reap the rewards or penalties for the degree of efficiency of their council, as well as being free (if they wanted) to pay for higher than average standards. The difficulty would be to determine standard costs satisfactorily, but it need not be insuperable.

Signor Scelba Throws in His Hand

THE imminent fall of Signor Scelba's government has been prophesied many times almost from the day he assumed office sixteen months ago; but when he did finally give up the struggle last Wednesday, the end came almost as a surprise. It had looked as if, with the help of a cabinet reshuffle, the Prime Minister would succeed in his strenuous efforts to compose the differences within his own Christian Democrat party and to rally to his standard the three small centre parties whose support he needed to maintain a majority. But the tiny Republican party proved recalcitrant, and this was apparently seized upon by dissident Christian Democrats to stir up fresh trouble and compel the Prime Minister to throw in his hand. Thus, in the end, Signor Scelba has been forced out of office, not by the constitutional process of an adverse vote in parliament, but by a revolt within his own party.

At the time of writing the President, Signor Gronchi, has barely begun the series of consultations that precede the formation of a new government in Italy. His task is not an enviable one. Any government must be grouped round the largest party, the Christian Democrats, with their 261 seats in the Chamber. But if they are to govern with an effective majority they must have allies. The alliance with the small lay parties, which has lasted eight years, now seems to have spent itself, at least for the time being. But no attempt to join up either with the Nenni Socialists on the left or the Monarchists on the right seems very practicable, even if it were desirable, for there would be stiff opposition from one or other wing of the Christian Democrats. A minority Christian Democrat government is not a very alluring possibility; at best it would live an uncomfortable hand-to-mouth existence and at worst it would soon fall through its internal divisions—for the men who brought down Signor Scelba seem united only in their desire to get rid of him. If Italy is to have a chance of stable, effective and progressive government without recourse to fresh elections, order must be brought out of the chaos of the Christian Democrat party.

Khrushchev in Person

IN recent weeks the outside world has had its first real opportunities of sizing up the new Soviet leaders. Their journey to Belgrade and their somewhat increased accessibility at functions in Moscow in honour of Mr Nehru and other visitors have enabled journalists and diplomats alike to confirm some of the assessments which in the past had to be based on speeches, articles in the Soviet press, and circumstantial evidence. The picture of Mr Khrushchev has been filled out with particular vividness, as an expansive and somewhat primitive personality, an interminable and not very controlled talker, and, oddly enough for a Kremlin veteran, a man repeatedly and publicly in his cups. In Jugoslavia he jostled his better mannered prime minister; in Moscow he grew hot and loquacious while the guest of the abstemious Indians; and at all times he seems ready for a bearlike brush with western journalists, which may or may not lead to the granting of another visa, according, it seems, to the state of the party's head the morning after the party.

Two circumstances must not be forgotten. The apparently headstrong, garrulous, and crude Khrushchev managed to outwit and bring down the businesslike and reserved Malenkov; and if he seems primitive, so too must Stalin have seemed among the galaxy of earlier Bolshevik intellectuals. Stalin, however, knew how to keep quiet, while Khrushchev makes so many speeches (quite apart from his notorious asides) that even *Pravda* does not treat them as front-page news. Altogether, the impression that he is the first man in the Kremlin is less strong now than it was immediately after Malenkov's fall when there was a definite attempt to build up Khrushchev. On no important occasion nowadays is he allowed to lay down the law by himself. Russia is now ruled, if not collectively, at least by compromise, by checks and bargains. It is significant that Malenkov has not been kicked further downstairs, and that some major controversies—over the legal code, freedom of expression and even consumer goods—are also still alive.

Purge in Morocco?

REPREHENSIBLY late in the day, battle has been launched against French counter-terrorism in Morocco. In the Assembly on Tuesday, M. Faure made the important statement that five arrests had been made of French police officers implicated in the many recent murders and attempted murders of French and Moroccan liberals. He also announced the replacement of the resident general, M. Francis Lacoste, by M. Gilbert Grandval, until now France's ambassador in the Saar.

Certainly the documents, statements and counter-statements that have been rushed into print since last week's murder of the leading French champion of a liberal policy, M. Lemaigre Dubreuil, reveal M. Lacoste to have been ineffectual. But they also show that Paris, preoccupied with Tunisia and other matters, gave him no reason to be firm. At least since March, the Faure government has been playing down the damning evidence of French lawlessness that has been available to it both from its own scouts, such as the head of the Paris security services, and from reliable private informants, M. Lemaigre Dubreuil among them.

The whole unsavoury story shows that matters have gone far beyond the stage at which a change of representative can cure either the intransigence of certain French residents or the sullenness of the Moroccan population. Only Paris can launch the measures that will abate tempers, and bring to an end the Moroccan shopkeepers' strike that is paralysing business in the chief towns. But the Faure government is the prisoner of its own parliamentary majority. The Franco-Tunisian agreement has yet to be ratified and is promised a stiff passage in the Senate; and the pressure of events in Algeria, where Moslem unrest seems to be spreading, may also prevent the government from propounding immediate changes in Morocco.

Last but not least, with whom is it going to negotiate "reforms"? The Moroccans are surly about the present Sultan and few Frenchmen advocate the return of the old; every conceivable course leads, straight as a die, to the need for a solution of the "question of the throne" in the form of some kind of regency council. The Moroccans will be readier to co-operate in such a solution if they see some earnest of French resolve to stop the heyday which diehards, terrorists and other French extremists have been enjoying.

What is Nigerianisation?

"NIGERIANISATION" is a horrible word; but it will disappear from the political dictionary when the last member of HM Overseas Service in Nigeria hands over to a Nigerian civil servant. How quickly and successfully can this be done in the federal government and the three regional governments of Nigeria? The report of a one-man commission on this subject has now appeared, and is of importance for the future of colonial civil servants everywhere. The Commissioner, Mr L. H. Gorsuch, is in no doubt about the difficulty facing the Nigerian governments in getting Nigerians of the right quality and education, and he emphasises the danger of going too fast at a time when the whole service is overstrained. His recommendations are mainly concerned with remuneration, training and structure; his terms of reference did not require him to consider how an adequately staffed and paid service could be carried on existing revenues, but—as a result of his proposals—the salaries and wages bill might well be increased by 20 per cent. This is indeed a difficulty, and carries the danger that the richest region (the West) may outbid the others, while the regions in general may refuse to second useful Nigerians to the Federal service, which might then become a virtually white preserve—with obvious political dangers.

But while Nigerians have made "Nigerianisation" a political faith, the territory cannot get enough Europeans to meet its needs, whatever posts are given to approximately suitable Africans. Since the real recruiting officer to the service is the serving officer, and the European serving officer today cannot live on his pay, the situation is deteriorating dangerously. Nigerians, oblivious of the market value of a trained European civil servant, have enviously fixed their eyes on the expatriate allowances, taking the view that either everyone should have them, or no one. Mr Gorsuch has not only recommended that they be increased, but that they should be renamed in the hope of teaching Nigerians the realities of the market for administrators. He wishes to call them "inducement additions"—i.e. the necessary inducement to make a man undertake the higher expenses, more doubtful prospects and possibly deteriorating conditions of work involved in serving Nigeria. But the increases, even with increased child allowances, are moderate; and if the Nigerian governments get the existing type of colonial servant at these prices, they will be getting a bargain. Whether they will appreciate this is another matter.

Who is Victimised?

THE final words of the agreement that ended the rail strike were "It is agreed that there shall be no victimisation of any kind." That agreement has already been broken by some of the footplatemen who have been on strike, and who, in various ways, have been victimising their colleagues in the National Union of Railwaymen for not striking. The ASLEF members of a choir at Taunton have refused to sing with members of the NUR. At Warrington they have left a club to which NUR men also belong. At Rotherham 350 ASLEF men are not speaking to 47 men of the rival union. One ASLEF fireman cleaned just half his cabin, refusing to touch the NUR driver's side.

This sort of nonsense is becoming increasingly common in industrial disputes, and it is not always a laughing matter. For example, there was a nasty story in the Sunday newspapers last week about a boy cleaner who appears to have been victimised out of his job. Management, which is inclined to shrug off such incidents as none of its business, ought to protect its workpeople, as far as it can, from this kind of treatment; and, certainly, once somebody's job is put at stake, it should stand fast even at the risk of recur-

rence of local stoppages. "No victimisation" must be given back its rightful meaning, and not be regarded as applicable exclusively to those who have been on strike.

Sea Lawyers Draw the Line

THE International Law Commission's decision this week on the proper width of territorial waters may have a chastening effect on those countries which have been marking off huge areas of sea as their private property. After a ten-day battle and a close vote at the end, the commission in effect drew two lines: it declared that international law could not sanction an extension of territorial waters beyond a twelve-mile limit, and also that it did not oblige states to recognise a breadth exceeding three miles. The area of uncertainty reflects the vagueness of the existing law as well as the division of interest within the commission itself, but at least the formula rules out of court the claims of Chile, Peru and Ecuador to a legal 200-mile limit. In disputes involving smaller limits, such as Russia's twelve-mile claim, the commission's verdict is equivocal, as it was perhaps bound to be; but the failure of the British and other strict "three-milers" to get their way was at least balanced by the firmness with which the commission rejected the more outrageous demands.

During the discussion, the encroachers on the high seas found an odd ally in landlocked Czechoslovakia, whose representative argued in almost Peruvian language that the coastal states have the right to extend their limits in accordance with their needs. When the commission's proposal comes before next year's UN Assembly it will probably face stiff opposition from a combination of small nationalist countries and Iron Curtain troublemakers. Its chances of being approved, and after that of being enforced, are therefore slender, though the draft rules on fishery regulation which the commission adopted earlier this month, widening the power of coastal countries to control fisheries off their shore, may reduce the temptation to claim large areas as "territorial sea." But even if the Assembly shelves the problem altogether, the commission deserves credit for its attempt to introduce some law and order into the growing anarchy.

Flies in China's Ointment

IT has been left to Communists in the West to try to discredit the five American and Belgian ex-prisoners of the Korean war who have decided to come back to the West. The Chinese Red Cross, announcing their change of mind, said simply that they had had to contend with difficulties such as the marriage problem, separation from their families and an unfamiliar way of life, and that China was still a backward country—by implication, unable to keep its guests in the manner to which they had been accustomed. However, the Peking correspondent of the London *Daily Worker* has tried to explain away the embarrassing defection of the five by suggesting that they were "romantics" who wanted an easy time and found life in China too earnest for them. He calls one of the Americans a "good-time boy" and alleges that he wants to go to Japan "to live on the black market fringe of the US occupation." But he fails to conceal the contrast between the "starry-eyed enthusiasm" with which he says the prisoners went to China a year ago and their present disillusionment.

Peking's embarrassment is heightened by the attitude of the Chinese and North Korean prisoners who went to India last year, after refusing repatriation. Fifty of these, who asked to be sent to various Latin American countries, have waited in a camp near Delhi for a year while the United Nations has tried to find homes for them. Last month 43 of them accused the Indians of applying pressure on them to go home, and asked to be allowed to live in South Korea if the countries of their first choice would not accept them. It is remarkable that these men should choose the uncertainties of life under Dr Rhee's government rather than return to their homes. They have provided another in the long series of propaganda defeats suffered by the Communists over the prisoners of the Korean war.

Helping the Oppressed

England is in the worst possible odour with the suffering nationalities of Europe, as having frequently, if not habitually, encouraged their insurrections and then deserted them in the hour of need. The charge, though exaggerated into falsehood, is not wholly without foundation. It is one of the heaviest that can be brought against a powerful and honourable nation: we must see that we never again give the smallest ground or colourable pretext for its renewal. If in our present contest—not against despotism in the abstract, but against one over-weening Despot—we found ourselves baffled and defeated, and saw a necessity for calling the vast and incalculable might of "nationality" and revolution to our aid; if we once resolved to summon to our side or let loose upon our foes the enthusiasm of the oppressed Liberals of Europe; we should have incurred the solemn and irrefragable obligation never to sheathe the sword or retire from the contest till *their* objects as well as *ours* had been secured. We should have no right to listen to any peace of which their liberation was not a *sine qua non*; which did not re-establish their national existence; which did not secure them against the vengeance of those adversaries against whom we had accepted their alliance. We should have become by the claims of duty and of honour their future and perpetual protectors. We should be bound to complete and maintain the work we had begun. To rouse or even to encourage the Poles, the Italians, or the Magyars, to rise against their masters and oppressors, unless we were prepared *to go through* with the strife we had commenced,—to put arms in their hands, or even to stimulate them to insurrection by one word of excitement, or one ray of hope, or one look of promise, and then to abandon them to their fate as soon as *we* were satisfied or weary,—or to rest content with some such stipulations for their amnesty and good treatment as are readily given and always violated;—this would be an infamy with which English statesmanship must not again be soiled.

The Economist.

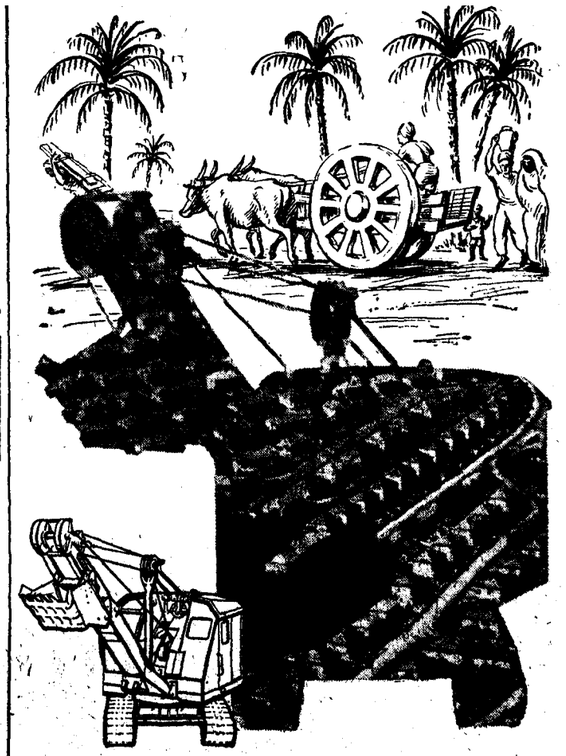
June 23, 1855



Quick work-well done

Imperial

typewriters



PROFILE of PROSPERITY

Prosperity is a dam
where a valley used to be.
It's a plantation carved from the jungle.
It's a housing estate sited
on what the map says is swampland.

Prosperity is **on** and **up**. But
it is dependent on the clearing,
digging, shifting, shaping, broadening
and excavating which form its foundation.

Prosperity is usually preceded by
a Priestman excavator.

PRIESTMAN

Manufacturers of earth-moving equipment for seventy-five years.

PRIESTMAN BROTHERS LIMITED, HOLDERNESS ENGINEERING WORKS, HULL

HOW MUCH MONEY ARE YOU WASTING ON FUEL?

The heat energy from at least 5 million tons of coal evades British Industry every year!

Anglo American Productivity Report on Fuel Conservation

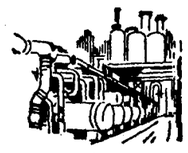
VERY few industrial firms are run as economically as they could be with better thermal insulation. Factories all over Great Britain are eating up fuel in a way that saps both their own profits and the nation's economy. Maximum fuel saving and the economical distribution of heat energy depend largely upon first-class insulation. Indeed, improved thermal insulation can save up to nine-tenths of present heat losses.



THE DARLINGTON INSULATION CO. LTD.—a subsidiary company of The Chemical & Insulating Co. Ltd., is a contracting organisation for the supply and installation of all types of heat, cold, or sound insulation. Power Stations, Oil Refineries, Shipping and Industrial Plants are all achieving higher efficiency per ton of fuel since consulting this company. Requirements are so diverse that each problem is individually studied, to ensure an efficient, economical and lasting installation.



THE CHEMICAL AND INSULATING CO. LTD.—plays a major role in reclaiming heat energy previously dissipated through inefficient insulation. This leading organisation in the specialised field of thermal insulation maintains sales and contracting offices throughout Great Britain. It manufactures insulating materials, for sale in bulk or in prefabricated shapes, for temperatures as high as 2000° F. *The head office or your nearest branch office will be pleased to answer any enquiries.*



IPSCOL LTD., another subsidiary company, makes automatic industrial process control equipment, and S. T. TAYLOR & SONS LTD. make sheet metal and light plate structures and casings for all types of insulation.

THE CHEMICAL AND INSULATING CO. LTD.

DARLINGTON

SUBSIDIARY COMPANIES

The Darlington Insulation Co. Ltd., Newcastle upon Tyne
For all types of insulation against heat, cold and sound

S. T. Taylor & Sons Ltd., Gateshead-on-Tyne
Fabricators in sheet metal and light plate

The British Refrasil Co. Ltd., Stillington, Co. Durham
Lightweight high temperature insulation for the aircraft industry

Ipscol Ltd., Hythe, Southampton
Makers of boiler and industrial process equipment

001

Letters to the Editor

Adam Smith in East Africa

SIR—There seems to me nothing in the Royal Commission's Report which could not be as reasonably entitled "Alfred Marshall in East Africa—Lord Keynes in East Africa." There is not one single reference to any passage in the "Wealth of Nations"—that notable work which commends state education by town and parish, which excuses, if it does not actually praise, the Act of Navigation, which admits the case for the legal limitation of interest, and which in its extreme severity towards the East India Company for its oppression of the native population of India is just the opposite of that "Adam without his fig leaves" on which your article makes merry. But perhaps it was the chance for this jest which caused your leader writer to select this inept title.—Yours faithfully,

King's College, Cambridge C. R. FAY

Rules for Strikers?

SIR—Would you permit me to make a few observations arising out of your leading article of June 18th? So far as unofficial strikes are concerned, until it is clearly established that the unions are powerless to prevent them there would seem to be no strong case for legislation. If a union enforces its own rules no unofficial striker can remain a member. But the stage has now been reached when the unions are faced with a choice between three alternatives:—(*a*) to declare that in future the union rules will be enforced against unofficial strikers and that this will be a sufficient safeguard, or (*b*) to say what measures are still needed to make the union rules effective in this respect, or (*c*) to say whether there should be a legal restriction on unofficial strikers and the form such festriction should take. As to (*c*), I agree with your view that the remedy should be civil rather than criminal, but it is worth considering whether summary procedure like that provided under the Employers and Workmen Act, 1875, where the damages awardable are within the defendants' capacity to pay, would not be a more satisfactory and effective remedy than the ordinary civil suit for damages at large with all its attendant opportunities for delay.

Coming to official strikes, while, as your article implies, there is no logical basis for treating essential industries as such on a different footing than others in private hands, state industries appear to be distinguishable if one considers the real nature and basis of the right to strike. The value of the strike weapon as an instrument of collective bargaining lies in its power to inflict financial loss on the obdurate employer as an inducement to him to make concessions. How can this position be equated with that pertaining in a nationalised industry? Here the dispute is fought between the workers and the governing body whose members are not financially concerned and therefore suffer no financial loss. The financial loss has to be borne by the community, which is in no sense one of the negotiating parties.

Such strikes share this point in common with the General Strike. Just as the British trade unions have tacitly discarded the latter, so they might well, as a guiding principle, rule out resort to the strike weapon in state industries or, alternatively, they might reasonably be asked to give their approval in the case of such industries to the insertion in the terms of employment of a clause providing for arbitration as the final means of settling disputes.—Yours faithfully,

HARRY SAMUELS

London, E.C.4

★

SIR—Two years ago at the *Sucrerie, Distillerie, Cartonnerie* of Pithiviers, Loiret, France, of which I am a director, we had a strike, the first one since 1870. It started on a Wednesday, and the general manager rang the Labour Department, and told them that the men were entitled to their pay until Wednesday. "We propose to call them in on Saturday to pay what we owe them, but to save possible trouble or disorder we want you to be there, with a handful of policemen." On the Saturday the Government representative turned up, and everybody being present, our general manager said: "We are very sorry about this strike—a thing unheard of in our company. But we think that instead of relying on a hands-up ballot, a regular vote in favour or against the strike should be taken. Before being paid, therefore, each one of you will be asked to cast his vote in the box which I lay here in front of 'Monsieur l'Inspecteur du Travail.'"

Of course there was a huge row, and the Inspector of Labour himself wanted to go and escape the responsibility. But finally some walked in to vote and draw their pay, and then everyone followed suit. The result of the ballot proclaimed by the government's representative was 70 per cent against the strike. The manager then announced that on Monday work would restart and that those who wanted to keep out could do so. On Monday morning 100 per cent turned up.—Yours faithfully, HENRY DUVAL

La Caumine, Jersey

Why the Conservatives Won

SIR—In commenting upon the absence of "swing," you fail to take into account a factor which, I believe, may be of very critical importance. Since the last General Election, about 8 per cent of the electorate must have died and have been replaced by those who have voted for the first time in this election. It seems to me that one of the most interesting pieces of research that could be undertaken by the "vote samplers" would be to find out how those voted who voted this year for the first time. It is my belief that here will be found the reason for the Tory success.—Yours faithfully, R. C. PORTEN

Chipstead

[In the *News Chronicle* of May 24th the Gallup Poll did in fact sample the voting intentions of those who were too young to vote in 1951. 51 per cent said they were going to vote Labour and only 30 per cent favoured the Conservatives.—EDITOR.]

Send Your Gunboats

SIR—As a recent resident of Williamsburg and citizen of Virginia, I very strongly protest the implication that the British flag flies over our state Capitol. In fact, it does not and has not since 1776. The Colonial Capitol at Williamsburg does fly British colours, except from May 15th to July 4th each year, when the flag flown is that of the United Colonies, and possibly during the occasional extraordinary legislative sessions of Virginia now held there once every two years, when I presume the State flag is flown. But the Colonial Capitol at Williamsburg has not been the State Capitol since 1780; and the Capitol building of Virginia, either at Williamsburg or Richmond, has not been called the "state house." That building, sir, is in our sister state of Maryland.—Yours faithfully,

JOHN M. HEMPHILL, II

London, W.C.1

Bradshaw's New Dress

SIR—You are mistaken when you state, in your issue of June 18th, that ten shillings is an indefensible price for the only official source of essential public information. As you also say, the timetables of the different regions of British Railways are in effect the different sections of Bradshaw. The six regional timetables are also on sale at one shilling per copy, and a free list of subsequent alterations is obtainable from each region.

It is possible, therefore, to be in possession of all the latest timetable information by a payment of twelve shillings per year, for two copies of each regional book, one for summer and one for the winter service, instead of buying twelve copies of Bradshaw at ten shillings per copy.—Yours faithfully,

Cuffley, Herts B. PEVEN

Books & Publications

In the Service of Clio

MODERN HISTORIANS AND THE STUDY OF HISTORY.
By F. M. Powicke.
Odhams. 256 pages. 16s.

HERE is an avenue of conventional *statues leading to a shrine.* The *effigies* are memorial notices of *historians*, useful for reference, but as *dull* as municipal monuments. In most cases the subject as well as the obituary tone is uninspiring: Tout and Tait, Previté-Orton and *Zachary Brooke* were fine scholars, but not great characters; H. W. C. Davis remains as colourless to *posterity* as he was admired by contemporaries; only Firth, of the English historians, acquires a posthumous personality, *with* the alert eyes *in the* drowsy meditative face. It is the foreign historians we study longest: Pirenne like a boisterous Flemish burgher painted by Rubens; the granite figure of the American Haskins; and Vinogradoff, "difficult, powerful, suffused with dusky light." But the reader who follows to the end of the avenue will be in the presence of *Sir Maurice* Powicke himself, and Sir Maurice talks with the tongue of an angel, calling us *home* (as he has said of his own Oxford) "in grave benediction, from the fugitive, the trivial, and the mean." The *collected* addresses that make the *second* part of the book are of superlative quality, and throw a tender *illumination* back upon *the* statues *themselves*. His inaugural lecture alone *makes* the book worth buying.

It might be possible from these papers to construct a composite picture of the medieval historian of the past two generations. He learned his craft in one of the *co-operative enterprises* of historical scholarship, like the Dictionary of National Biography and the Victoria County Histories. Thus he began on local history, which is sometimes talked of as if it were quite new, though its *right appreciation* had already been pointed out by Freeman and J. R. Green. Whether he leaned to *administrative*, *economic* or *religious* history, he went on to the editing and publication of texts. He became increasingly aware of the bearing upon each other of different kinds of texts, which are only different kinds of evidence. He realised the unity of historical knowledge, and his final aim was to describe an entire society, as Vinogradoff did, or to set his subject, as it might be the origins of Parliament, in the context of a complicated life moved by an incalculable variety of circumstances and motives. We find Tout remarking unexpectedly that if he had to begin the study of medieval history over again he would start with the works of St. Thomas Aquinas.

Our medievalist humbly regarded himself, like Tait, as the modest continuator of a noble succession of scholars. But a tradition has *infinite* anfractuosities, and inspiration is individual; "the best and finest work must *always be done* in solitude." At some point he collected his energies and chose a significant theme, as Haskins chose Norman institutions and medieval science. Producing a stream of articles on the criticism of sources and volumes of unedited documents, he proceeded methodically, if he was Pirenne, to a great historical work, like the "Histoire de Belgique." He knew, as A. G. Little did, that something of philosophy is indispensable to a fruitful knowledge of history. He had a constructive purpose and conscious values, a faculty of judgment and a sense of order.

It is impossible to disentangle the composite portrait from the self-portrait of Sir Maurice. Here, as in his memorable valedictory "Three Lectures," he stands gently but inflexibly opposed to all tendencies that dehumanise and dessicate historical study, to arid professionalism, absence of vision, "the generalisations which disregard the inner *significance* of human experience." Of *economic* history which does not see how *quickly* in real life the economic *motive* is transcended he says, "There is a sort of dullness so intense that it must be false." He joins issue with the prophets of a historiographical cybernetics like Sir Charles Webster, who imagine that it will become possible to pool brains and write synthetic history. An article of 1921 on a League of Nations Union scheme to internationalise history text-books remains sharply relevant when the same sticky mess is being brewed by Unesco; historical writing is not a branch of politics, and it is unwise to interfere with the natural response of intelligent teachers to their times. The recovery of the literary tradition is no less important than the criticism of texts; "the great human books clear the air and we need more of them." And such books are fertilised by the pieties, memories and intuitions of the individual scholar. Clio, he says, has no use for professional tricks.

> But patience, thoroughness, fidelity, and honest intelligence she will welcome, transforming their efforts "as fire converts to fire the thing it burns." There is then no Subjective and Objective; they disappear, with Synthesis and Analysis, Dry-as-dust and Anti-dry-as-dust and all the other idols of the market-place, like Milton's Apollo, "with hollow shriek the steep of Delphos leaving."

Abundant Make Believe

THE ROAD TO ABUNDANCE.
By Jacob Rosin and Max Eastman.
Rider. 144 pages. 12s. 6d.

THE story of the relation of population and resources continues to be written in purple ink. This book starts from the conventional belief that the growth of the first is certain to outstrip that of the second, and its theme is that there are better ways of earning our daily bread than the conventional ones that we inherited from our forebears. "Think," we are invited, "of agriculture as a gigantic food factory, and it will strike you as an industrial monstrosity," demanding prohibitive floor space, and returning very little for the effort which it demands. Consider, too, how insecure are the present sources of industrial raw materials and energy—but for all of which alternatives are potentially available. The key to the problem is cheap energy, but energy need cost nothing. That of the sun could be trapped by photochemical or optical methods, and once this has been achieved we shall be able to extract all the minerals we want from the extreme dilutions in which they are found in sea-water. The processes of photosynthesis will be unravelled; carbohydrates and fats will be synthesised; unicellular organisms such as chlorella will be harnessed economically; and we shall be able to manufacture aminoacids. And with "our freedom from the mine and the plant" we shall enter a Kingdom of Man. After that, the sky's the limit. Even certain intellectual activities will be looked after by mechanical brains and electronic computers.

All these things have not yet come about, so it is suggested, because we suffer from "a collective inferiority complex"; this makes us underestimate "the potentialities of natural science," especially chemistry, which has already provided us with synthetic dyestuffs, perfumes, rubber and textiles. The main trouble is obstinacy in not devoting to the problem the right degree of effort; for anything would be possible if it were given as much attention as went into the achievement of the atomic bomb. Where the most distinguished brains of the past have failed—say, in uncovering the steps in the process of photosynthesis—dollars and armies of workers will succeed.

Alas, in actual fact, the stuff that makes up the dreams of Messrs. Rosin and Eastman are far from the empirical realities of the present biological world, or the possibilities of chemistry as we know it today. It is, therefore, a tribute to their powers of persuasion, and a measure of the gravity with which a man like Lord Boyd-Orr regards the problem of the growth of population, that he is prepared to provide a foreword to this piece of science fiction.

Economic Third Dimension

THE ECONOMICS OF LOCATION.
By August Lösch. Translated from the second German edition (Jena, 1944) by W. H. Woglom.
Yale University Press (London: *Geoffrey Cumberlege*). 548 pages. 60s. $7.50.

THE centre of gravity of *theoretical* economics is shifting *once* more. Emphasis was laid at first *on* a price theory

> *that neglected time* and space. Then the theories of interest and business cycles introduced time. And now the third period has dawned, when space is seriously considered.

So Lösch himself says in a *footnote* (page 93), and no one has done more to bring this progress about. His book is a classic, the first—its first edition was in 1940—to bridge completely the gap between the stylised classical theory of international trade and the more earthy activities of town and business planners and revivers of depressed areas. Its first part outlines the conditions of general equilibrium for the location of firms, farms, towns, and industrial or farming belts or zones. The second, the high point of the book, shows how within these general conditions there grow up marketing networks, "economic landscapes" and economic regions, and how the formation of these is influenced by such factors as *imperfect* competition or political boundaries. A third, misleadingly headed "Trade," covers not only trade, but migration, *investment*, and the control of these things by public policy. The discussion of "price waves" in space as well as time is particularly interesting. Finally, a long section deals with practical applications—largely American, though Lösch himself had much experience of practical planning in Germany. This practical material is stimulating and remarkably up to date.

The second and last German edition of his book was date-lined "Kiel, Autumn 1943." But Lösch, like Archimedes, was not the man to let the sounds of war interrupt his work. He somehow obtained and read his Barlow, Scott, and Uthwatt reports. But this practical material is introduced by way of example. It is not a comprehensive survey of the problems of location or of any part of them, and inevitably there are slips in it. The explanation of the British depressed areas, for instance (pages 379-380), completely misses what Jones and MacDougall showed, in their memorandum to the Barlow Commission, to be the main point. There are also gaps on the theoretical side: Lösch's models are rather static, and he does not work out fully such detailed points as the question of "threshold" costs. But on that side what strikes one is not so much the gaps in the analysis as its comprehensiveness.

The service of this book, indeed, is to lay down a theory broad and comprehensive enough to bring the discussion of location right into the main stream of economic analysis, where it figures no longer as fragments or practical hints, but as a well-integrated part of the whole. Lösch himself took a modest view both of the immediate applicability of theories as general as his own, and of his own contribution towards them. But he laid an excellent foundation on which others can build after him.

Lenin's Rise to Power

THE ORIGIN OF THE COMMUNIST AUTOCRACY.
By Leonard Schapiro.
Bell, for the London School of Economics. 414 pages. 35s.

THIS book is not conceived as a history of the Bolshevik revolution. Its aim is to show why and how the non-Bolshevik socialist parties in Russia and even certain of the Bolsheviks themselves opposed and combated the system of Communist rule which Lenin established between 1917 and 1922, and how and with what consequences Lenin and his supporters overcame and silenced them. It is based on a thorough and careful survey of a great mass of material and is all the more welcome for confining itself to an aspect of the Russian revolution not adequately dealt with hitherto.

A number of important general points clearly emerge from the wealth of detail. First, Lenin never intended to share power in any real sense with the other revolutionary parties, not even with the Left Socialist Revolutionaries who were *in coalition* with the Bolsheviks from December, 1917, until March, 1918. Secondly, Lenin and his party used every means at their disposal to prevent the other revolutionary parties from operating effectively even when they did not *ban them* legally, with the result that they had ceased to exist as organised parties by the early 1920s. In this way, the Bolsheviks were able to make the Soviet state the one-party state which it has since remained. Thirdly, the Mensheviks, Socialist Revolutionaries, and Anarchists proved to be no match for the Bolsheviks in political organisation and tactics, and their continued refusal to depart from their ideals and principles contributed in no small measure to their failure and ultimate extinction. The Mensheviks in particular played straight into Bolshevik hands by trying to keep their activities within a legal and constitutional framework of Bolshevik manufacture. Fourthly, by the end of the civil war, Lenin was becoming increasingly impatient of opposition even *inside his* own party, and at the tenth *party* congress in March, 1921, he finally put the lid on it and set his followers on the road towards the monolithic party manipulated and dominated by the party apparatus. As Mr Schapiro says: "Lenin's genius lay in the technique of grasping and holding power."

But not even the Bolsheviks could escape the consequences of their willingness to follow Lenin in imposing their minority rule on the majority of the *nation*. It was not a very long step from Communist repression of socialist opponents to repression of dissidents inside the Communist party, and once repression started *inside* the party, the motives underlying it encouraged its extension. "The malignant figure of the General Secretary, Stalin," Mr Schapiro says in his conclusion, "has become only too familiar in its portrayal by disappointed oppositionists, defeated by the apparatus which he controlled. But it was Lenin, with their support, who equipped him with the weapons, and started him upon his path."

Changeless China?

THE WISE MAN FROM THE WEST.
By Vincent Cronin.
Hart-Davis. 300 pages. 18s.

A FOREIGNER who got admission to China in the sixteenth century had luck. To stay there and proselytise an alien faith he had to have character, courage and scholarship. Father Matteo Ricci, a Jesuit priest who established the first Christian mission in China, had all these, and Mr Cronin tells the story of his life in this delightful book. It is not a religious book in any sense, but a biography set against a background of the manners and morals of the Chinese official class in the declining years of the Ming dynasty. Ricci, young and zealous, was given the task of pioneering in this largest of all mission fields, and it is fortunate for us that the letters and

By the author of THE LOST PHARAOHS

LIFE UNDER THE PHARAOHS

Leonard Cottrell

Rekhmire, Vizier in the reign of Tuthmosis III (*circa* 1500 B.C.) is the central character in this vivid, factual picture of everyday life in Ancient Egypt. *Fully Illustrated. Ready June 27th. From all Booksellers. 16/- net.*

EVANS

other papers which he left behind when he died have been preserved, in Rome and elsewhere, and so enabled this detailed story to be written of his travels, struggles, disappointments and ultimate success. He lived twenty-seven years in China.

The student of China will find in this book evidence of changelessness in two things: first, the methods of Chinese officials; and, second, the firm grip of the Confucian philosophy on the educated class. Only time will tell whether Communist doctrines can change either or both. Ricci, whom the Chinese rightly dubbed a "wise man," was enlightened enough to see that little of the teachings of Confucius was antipathetic to the doctrine he himself had to preach, and it is evident that much of his success derived from his acceptance of these teachings, as being complementary to the Christian beliefs. Without this apparent compromise it seems doubtful whether he would have made much progress, because religion, of any sort, has little appeal to the Chinese mind; indeed, the last chapter, which is devoted to a quick record of events since Ricci's death, shows that when Rome, later on, forbade any concession to Confucianism, the record of progress of the mission sadly declined.

It is claimed for Ricci that it was he who identified China with Cathay. When the Portuguese opened trade with China at the end of the fifteenth century, they did not realise that they had reached Cathay, the land described by Marco Polo more than two hundred years earlier. It was believed to lie to the north-west of China, and one of Ricci's original objectives was to reach it through China. He was, however, soon led to believe that the two countries were, in fact, one, and his belief was greatly strengthened when he reached the Yangtsze River and recognised how closely it conformed to Marco Polo's description of the great river which divided Cathay from east to west. His growing conviction was not shared by his brethren of the Church in India, and they decided to put the matter to the test by despatching a priest overland, to try to reach Cathay and, thereafter, join Ricci in Peking. The chapter devoted to this journey is a fascinating vignette of central Asian travel at that time.

Mr Cronin writes in a very pleasant and easily readable style, and has produced an excellent true-life story. The book contains some good illustrations and two suitable maps.

We regret

that the despatch of books to our customers has been suspended for the last three weeks, because of the railway strike.

We are pleased

to inform our customers, at home and overseas, that we are now resuming our prompt supply of books of all kinds to all parts of the world.

Mail orders receive the personal attention of the Manager.

The Economists' Bookshop

11-12 Clements Inn Passage, Aldwych, London, W.C.2.

Britain's Little Finger

WEST HIGHLAND SURVEY.
Edited by F. Fraser Darling.
Oxford University Press. 438 pages. 30s.

THIS survey was established by the Development Commissioners to study the cause of the depopulation and economic decline in the Western Highlands. The area surveyed is about a third of Scotland, containing only 2.3 per cent of its population, the number having declined to what it was in 1755 when it represented 9 per cent of the whole. The survey refers aptly to the Highland problem as Britain's "sore little finger." If a remedy is not found quickly, it will drop off and much that is fine and valuable will be wasted. Agricultural science now emphasises the importance of "trace elements." The Highlands are a valuable trace element to Great Britain as a whole, small as they may appear in economic or population statistics. The nation's debt of gratitude is more often spoken of than honoured: the numbers of soldiers, sailors, colonisers, administrators, bankers, doctors and much else that have come out of the Highlands to serve the Commonwealth has been out of all proportion to its numbers. A culture that could produce such people cannot be negligible.

As the report says, "The task has been primarily to find facts and present them and certainly not to provide a master plan of rehabilitation." The facts are presented in impressive array and further statistical material, which could not be printed, is to be made available. It would be possible to get rid of the "sore finger" by amputation; but the survey thinks it would yield to treatment. It says "Gaeldom has been and still is a living culture" and goes on to suggest that it can accept change and evolution in the "conscious poise of its own strength and its own values." Grandiose schemes are rejected since they are more likely to aggravate than solve the problem, tending to draw the population into a few centres and leaving the rest of the area still more derelict. "The land and the sea will remain the basis of any future prosperity the Highlands and Islands may enjoy. The principle is for the most part beink balked by crofters and Government alike." Crofting custom and practice must be altered to permit a system of agriculture suited to modern conditions, which would also encourage and allow the more enterprising to profit by it. There is no special organisation devoted to Highland agricultural problems. This should be remedied as the Alness report recommended in 1945, and possibly some organisation for fishing should also be set up. Something has already been done to overcome the "seeming indifference of the railways" to whether lobsters reach Billingsgate dead or alive. The two largest organisations in the area are the Forestry Commission and the Hydro-Electric Board. Both of them could and would do more if the Government would allow and encourage them to do so. As the survey sees it, what is wanted is a multitude of small measures, dispersed over the whole area and suited to local conditions, which vary much more than would be imagined. The system of land tenure is examined and on the whole approved. A large scale experiment in owner occupancy has not proved successful or progressive.

This survey, which should be a "set book" for all who have to deal with the Highlands, concludes by stating that

> effective rehabilitation will call for an organisation with executive authority, able to act in several fields, which will not neglect the scientific quality and interest of what is being done, nor omit the humane studies which could be the lubrication of the whole intricate machinery. Highland feeling is bitter and the method of procrastination practised by successive governments, of appointing committees of investigation and for giving advice without obtaining the basic data, has worn thin.

Books Received

FOREIGN CAPITAL IN LATIN AMERICA. United Nations Department of Economic and Social Affairs. Distribution: *Her Majesty's Stationery Office.* 164 pages. 12s. 6d. $1.75. Swiss Francs 7.00.

PROCESSES AND PROBLEMS OF INDUSTRIALISATION IN UNDER-DEVELOPED COUNTRIES. United Nations Department of Economic and Social Affairs. Distribution: *Her Majesty's Stationery Office.* 152 pages. 11s. $1.50. Swiss Francs 6.00.

TRAINING MANAGERS IN PUBLIC SERVICES. By F. Bray, R. H. Locke, F. B. Hindmarsh, J. Macdonald, D. Cleghorn Thompson, R. E. Griffiths, A. C. Stuart-Clark, L. F. Urwick. *Allen and Unwin.* 84 pages. 7s. 6d.

BIRD RECOGNITION. By James Fisher. *A Pelican Book. Penguin Books.* 159 pages. 3s. 6d.

NOTES ON PUNCTUATION. By Eric Partridge. *Basil Blackwell.* 20 pages. 1s.

VOICES FROM THE PAST: *A Classical Anthology for the Modern Reader.* By James and Janet Maclean Todd. *Phoenix House.* 550 pages. 30s.

American Survey

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

Operation Alert

New York

WHETHER by accident or by design, Mr Molotov's arrival in New York last week was heralded by the raucous wailing of air raid sirens announcing "Operation Alert, 1955," the largest civil defence exercise the country has ever had. In Washington, which was hit, in theory, by a "small" atom bomb of about the same size as that used at Hiroshima, 15,000 key civil servants fled to 30 secret hiding places from which the business of government could be continued miles away from the capital. This was the first time the government had evacuated Washington since the British sacked the city in 1812. New York, given three hours' warning of the theoretical explosion of a hydrogen bomb in the 5-megaton range (equivalent to 5 million tons of TNT) estimated that 4½ million of its citizens would have been killed—3 million outright and 1½ million by the after-effects of radiation. And in 59 other major cities throughout the United States there were also simulated explosions of various-sized atomic and hydrogen bombs.

The exercise had two objectives. One was to educate the public—and Congress—to the stark realities of nuclear warfare, and to discredit completely, if possible, the "it can't happen here" and the "if a hydrogen bomb falls there's nothing you can do about it" schools of thought; both have contributed to the almost complete lack of public support for civil defence in the United States. The second, and related, objective was to find out what the nation's civil defence system was actually worth. On both counts, the test was, at least, a qualified success.

It can indeed be argued that the simulated nuclear attack did not go far enough. Any theoretical exercise should be based on rigid calculations about the extent the enemy aircraft can penetrate, the size of the bombs dropped, the amount of direct blast damage, and especially, about the scope and duration of the radio-active fall-out. The assumption that some 60 cities would be bombed simultaneously certainly showed a harsh appraisal of the effectiveness of America's air defences. But, on the basis of information slowly and painfully pried out of the Atomic Energy Commission by scientists who have been denied access to the full facts, it is already clear that the rest of last week's assumptions were probably on the generous side as far as the unfortunate city dwellers were concerned.

In the first place, although a few of the smaller cities got no warning, for the larger cities, such as New York, three hours' grace was presumed. When the Distant Early Warning line of radar stations across northern Canada has been built, this assumption may be valid, although the possibility of subterfuge cannot be completely discounted. But the DEW system will not be completed for two years and, in the meantime, there is a big gap in the defences, which makes one hour's warning more realistic.

Secondly, it now appears that the bomb dropped at Bikini Atoll in March, 1954, was a radically new type of uranium bomb involving a triple "fission-fusion-fission" process. This seems to mean that the size of the bomb could be increased almost without limit at relatively low cost. If the Russians are also capable of producing thermonuclear weapons by this process, then it might be wise to assume—as Mr Val Peterson, the Federal Civil Defence Administrator, has done in his more sombre moments—the possibility that a bomb in the 60-megaton range might be dropped.

Thirdly, it has now become evident that the radio-active fall-out may be much greater and last much longer than the AEC admitted in its report on the Bikini test. Scientists have now suggested that it might be as long as six or nine months before an area could be called safe. Dr Willard Libby, one of the more recently appointed Atomic Energy Commissioners, has said that 100,000 square miles (an area slightly greater than the United Kingdom) could be contaminated by a 10-megaton bomb so seriously that daily dosages of radio-activity—which have a cumulative effect—would soon exceed the safety limit. The AEC's critics, presented with this new information, have strongly condemned the policy of secrecy that kept the public ignorant of the effects of the Bikini bomb for nearly a year after the explosion, and that has now led to conflicting testimony from the experts on the extent and duration of its after-effects. As this kind of information is absolutely vital for any constructive planning of civil defence, the commission is being urged to make a full disclosure.

★

The second objective, to determine the adequacy of the present civil defence arrangements, has been achieved only in the sense that one clear principle has now emerged. The alternatives of "dig or get out" no longer exist. In the light of the latest information on the extent and duration of the radio-active fall-out there is clearly only one course left—"get out or die." Deep shelters can now be considered practicable only on a very limited scale. Civil defence preparedness must accordingly be measured by a different yardstick: how much warning can be given? How

quickly can each major city be evacuated, and how can the evacuated populations be fed, housed and governed?

Apart from its demonstration that the government agencies, and particularly the Air Force, can function more or less effectively outside the capital, it is difficult to see what contribution was made by the much-publicised evacuation of Washington with "women and children last." Department heads went through the motions of dealing with awkward questions of monetary management after most of the banks had been theoretically destroyed, and with problems of food and medical supply. Mock martial law was declared, and the President was able to try out his system of inter-agency communications by closed circuit television from his tent headquarters. But on the basic question of providing for the mass evacuation of threatened cities Operation Alert fully confirmed the opinion of the Senate civil defence sub-committee that the United States is still completely unprepared to meet a nuclear attack.

With one or two exceptions, such as Milwaukee, there have been no detailed studies for evacuation made at all by city, state or federal civil defence authorities. A preliminary study by the city of New York does show, however, that even in that most densely populated area, where 15 million people live within a radius of 50 miles, the problems of mass evacuation are not quite as insuperable as they appear at first sight. The concentrated urban populations of the United States cover a much smaller portion of the total land area than in Britain, and the country is so situated geographically that at least some warning of an impending attack can be expected. There is, consequently, both time for at least a partial evacuation of cities, and room to absorb and feed their displaced populations. In the Chicago test, it was estimated that each additional minute of warning would have saved 10,000 lives.

What is now urgently needed is a detailed examination, city by city, of all possible methods of speeding up evacuation; of reducing traffic congestion on the roads; of providing some form of temporary shelter from radiation during the evacuation; and of feeding and housing the millions of evacuees for long periods. But while the city authorities in most cases consider such studies a federal responsibility, the Administration's requests to Congress for funds to carry out this work go unheeded, and co-ordination between the various federal, state and city civil defence authorities is appallingly poor. Only the continued personal intervention of the President can secure the money, the facts, the trained men, and the co-ordinating authority needed to prepare civil defence in a thermonuclear age.

Congress is Too Kind

IT looks as if this Democratic Congress will not only adjourn according to plan about the end of July but will also give the Republican President a substantial slice of the heavy legislative programme for which he asked at the beginning of the session. The unusual amenability of Congress during the last six months, so frustrating for journalists, is the result of clever and firm Democratic leadership. With majorities too small for an independent programme to be pushed through against the wishes of such a popular President, whose views they often share in any case, Senator Johnson and Mr Rayburn are going along with Mr Eisenhower, but are going farther whenever they can. To build up a constructive record in this way is probably the best method of ensuring that a Democratic Congress will again be elected in 1956, but it may make difficulties for the Democratic presidential candidate.

This week Democrats in the House are working on a Bill which would give better pensions to women and disabled persons, an improvement which the Republicans had intended to leave until next year, just before the voters go to the polls. But it is in the Senate that the Democratic effort to choke the President with kindness has made most progress. It is there that his highway programme has been passed, but in a form that he did not want. It is there that the minimum wage has been increased by more than he asked. It is there that he has been given authority to build up to 200,000 units of public housing a year for four years, instead of 70,000 over two years as he requested.

The Senate's addition of $356 million to the defence appropriations approved by the House, to speed up the production of heavy jet bombers, was on the recommendation of the Defence Department. But the recommendation only came after the Democrats had drawn public attention to the disquieting Soviet progress in this particular branch of military aviation. The Senate has also provided money to keep the Marines up to their present strength, in protest against the Administration's plan for reducing the number of ground troops. But even if this increase in funds is accepted by the House, the President cannot be forced to spend the money. What he particularly asked the Senate to do was to revive his scheme, shelved by the House, for making the reserve forces effective. But the Senate was not prepared to be as kind as that.

Merry Month of May

THE queen of the May economic statistics is not the industrial production index, even though it was higher than ever before. The crown goes to the employment figures: the decline of nearly half a million in the number out of work was one of the sharpest ever shown for the month, and the total number employed, 62,703,000, was a record for May. Until now unemployment has been obstinately stable, in spite of the general prosperity. Even better, while most of the extra jobs were in seasonal occupations, agriculture and building especially, there was a contra-seasonal, and very satisfactory, rise in non-agricultural employment. While this is still not as high as it was at its 1953 peaks, it is obvious that at last manufacturers are being forced to employ more workers. The rise in industrial production which began last July had earlier been accomplished mainly by improving efficiency and increasing the number of hours worked. But May provided a warming answer to those Jeremiahs who have been arguing that the country's output is not increasing fast enough to provide work for the growing labour force.

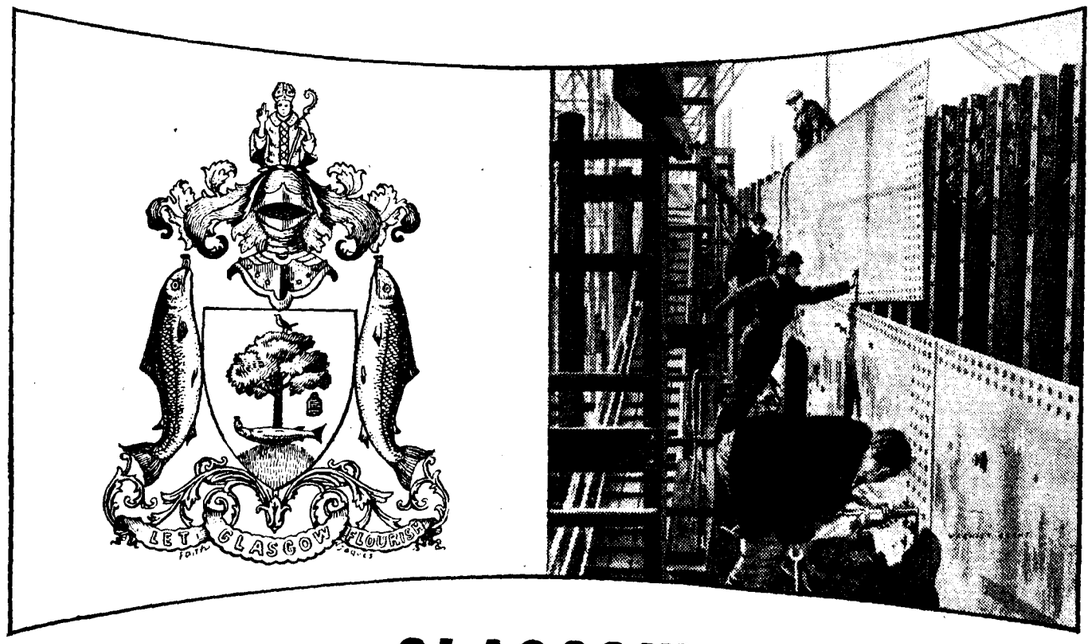
Industrial production in May broke 1953's records even though the manufacture of durable goods for defence pur-



NO DESERT TOO HOT.....

WHEREVER THE DRILL GOES.....
..... SCHLUMBERGER GOES!

The World is their Market



GLASGOW

Up on the Clyde, where they built the famous 'Queens', the riveters are hammering out a tattoo that means prosperity. Keels are being laid, and hulls are taking shape, for ships that will sail under the flags of many nations.

Clydesiders know their reputation—and they're proud of it. But they also know that competition is stiffening throughout the world, and reputation alone cannot keep their shipyards bustling. Contracts must be *sought* and *won*!

It's the same in any industry. *Making* products for the world is only half the job. You've got to show them, sell them—and *sell them hard*—wherever a market for them exists. Many manufacturers are doing this very successfully through TIME, The Weekly Newsmagazine.

2,250,000 INTERNATIONAL SALESMEN

TIME'S net paid audited circulation exceeds two-and-a-quarter million copies weekly (ABC). There are five separate editions of TIME* with the same editorial content. One circulates only in the United States—the other four, the *International Editions*, are published simultaneously in English and read by important people in more than 100 countries outside the U.S.A.

Ninety-three of every 100 readers of TIME'S International Editions hold influential positions in business, government and the professions. They look upon TIME not only as the best means of keeping abreast of international news, but as an introduction to the world's foremost companies and products.

You can buy advertising space directed to those markets which interest you most—through one edition, any combination of *two*, *three*, or *four*, or in all *five* of the world-ranging editions of TIME.

TIME

Advertising in TIME sells around the world!

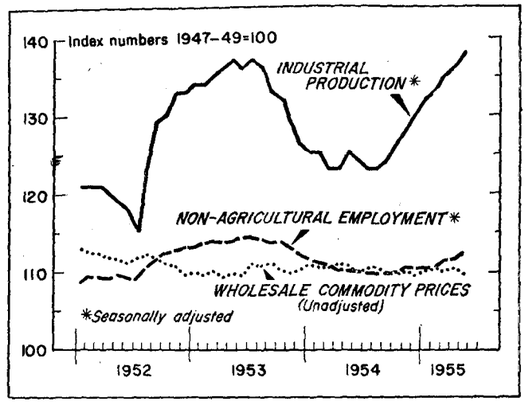
TIME

THE WEEKLY NEWSMAGAZINE

* TIME **Atlantic**
TIME **Pacific**
TIME **Latin American**
TIME **Canadian**
TIME **U.S.**

TIME & LIFE BUILDING, NEW BOND STREET, LONDON, W.1 · *Telephone:* GROSVENOR 4080

poses had fallen substantially since that year. And there are indications that the regular summer decline in industrial activity, resulting from holidays and maintenance work, may not be so deep as usual. On the other hand, output of steel and of automobiles is beginning to be cut back and there are those who believe that business in May was stimulated



by the fear of strikes and of higher prices later in the year. In that case, of course, the summer months might bring steeper drops than are now expected. Whatever happens, it is probable that unemployment will go up this month and next as university students and school leavers come into the labour market for the first time.

Finance for Exports

New York

NOW that the American Overseas Finance Corporation is about to begin business, it has become clear that it is a more formidable organisation than it appeared to be when it was first announced last November. To the original sponsor, the Chase Manhattan Bank, have been added four more of the biggest banks in the country—the Chemical Corn Exchange Bank of New York, the First National Bank of Boston, the Mellon National Bank and Trust Company of Pittsburgh, and the National Bank of Detroit. The chairman is Chase's Mr John McCloy and the directors include Mr Clarence Randall, the President's adviser on foreign trade, Mr William Batt, formerly in charge of the American economic aid programme in London, and Mr David Rockefeller, who was mainly responsible for the initiation of the new corporation.

The AOFC, which will meet the needs of American industries for medium-term credit in financing export trade, marks a major departure from habitual American banking practice. Unlike the City of London, Wall Street has no tradition of merchant bankers specialising in the financing of foreign trade. Most American exports are sold for cash, and an American exporter can rarely secure more than six months' financing from his bank. Only from the government-sponsored Export-Import bank, which liberalised its system of export credit guarantees at the end of 1954, could an exporter obtain longer term credit. This, in the view of "the people at Chase," was a field that should not be left entirely to the government.

The new corporation will have an initial capital of $10 million ordinary shares, subscribed by the five member banks, and $10 million preference shares, which are to be placed privately. It will raise its much larger operating funds by selling "senior" notes to its member banks, other banks and institutional investors. Many matters of policy still remain to be settled, but it is known that the corporation will extend credit for terms varying from six months to a maximum of five years, a limitation imposed by the Act which governs the new undertaking. Interest rates will be determined, unlike the flat rates of the Export-Import Bank, on an individual basis, according to the country concerned and the commercial risk involved. In each case a 20 per cent down payment is required from the foreign importer, and another 20 per cent of the invoice value must be borne by the exporter. Of the remaining 60 per cent risk to which AOFC is exposed, the Export-Import Bank will guarantee one third, if necessary.

★

The AOFC is specifically designed to enable American exporters to meet competition from countries where similar credit facilities are available through government agencies. Following the example of the Export-Import Bank, the new corporation will limit its financing largely to capital goods, where longer term credit is most needed. The exporters most likely to benefit are the makers of agricultural, mining, electrical and other machinery and machine tools, and the suppliers of communications equipment, all things which will contribute to the development of the importing country and make it a better market for American exports. But the corporation does not completely rule out financing exports of consumer goods.

By European merchant banking standards both the new corporation and the Export-Import Bank are expected to remain cautious lenders. The AOFC is likely to limit its activities at first to large concerns, such as General Motors, Westinghouse, and International Harvester, with established foreign customers unlikely to default on payment. And although the Export-Import Bank has now extended "lines of credit" to the extent of over $120 million, these are in practice more in the nature of a limit than a line, and so far very little actual financing has been negotiated under them between the Bank and the exporters.

Snarled Power Lines

WADING through a tangle of emotional, economic and political issues, the Administration is making headway with its attempt to introduce an element of privately generated electricity into the great Tennessee Valley Authority's system of public power. The bone of contention has been the so-called Dixon-Yates contract under whose terms a private combine would build a steam generating plant at West Memphis, Arkansas, to provide electricity for the TVA to transmit. The added 600,000 kilowatts of energy would replace power delivered by the TVA to various atomic installations in the region. Partisans of TVA see in this scheme the Administration's first

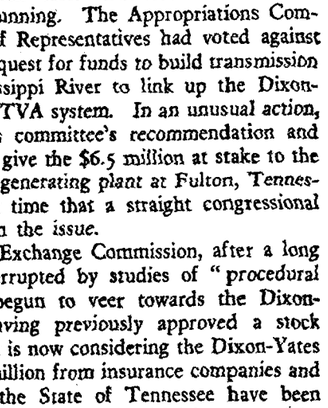
step toward destroying that great showpiece of New Deal philosophy. They argue that the right way to get more power at low rates is to build further generators for the TVA. The Administration, on the other hand, denies that it wishes to do away with the TVA, but maintains that private enterprise should also have its day.

With the victory of the Democrats in last year's congressional elections, it was thought that the Dixon-Yates interests would lose their case. But now it looks as if they are back in the running. The Appropriations Committee of the House of Representatives had voted against the Administration's request for funds to build transmission lines across the Mississippi River to link up the Dixon-Yates project with the TVA system. In an unusual action, the House rejected its committee's recommendation and defeated an attempt to give the $6.5 million at stake to the TVA for a new steam generating plant at Fulton, Tennessee. This is the first time that a straight congressional vote has been taken on the issue.

The Securities and Exchange Commission, after a long series of hearings interrupted by studies of "procedural problems," has also begun to veer towards the Dixon-Yates enterprise. Having previously approved a stock issue of $5.5 million, it is now considering the Dixon-Yates plan to borrow $120 million from insurance companies and banks. Lawyers for the State of Tennessee have been bitterly opposing this scheme, but the SEC is expected by most observers to sanction the proposed loan. Before they can really claim a victory, however, the Dixon-Yates supporters will have to win approval from the Senate and that means a major battle is in the offing.

Lufthansa Uber Alles

ONCE again, German commercial aircraft are taxi-ing down runways in a number of countries. But the attempt of the Lufthansa to cut into some of the most lucrative trade of the American airlines ran into trouble last week. The scheduled signing of an agreement that would have given German aircraft extensive routes in the western hemisphere was called off in the face of protests by domestic carriers, a congressional inquiry and a major dissension between various branches of the State Department and the Civil Aeronautics Board. This agreement would have given the Lufthansa permission to fly from Germany to New York, Philadelphia and Boston; from New York to the Caribbean and South America; to Chicago by way of Canada; and to California *via* a polar route. The German airline would not have been allowed to provide service between American cities. In exchange, United States airlines would be allowed to fly to six different points in Germany—most of which they already serve—and from there to "points beyond."



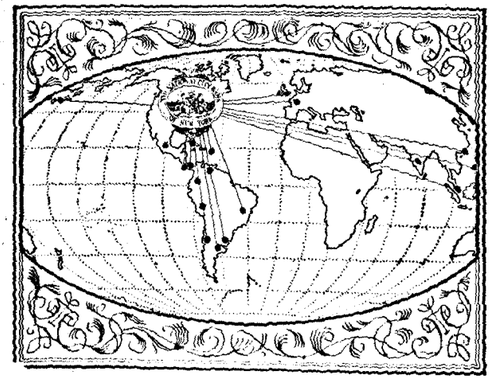
It is the lucrative routes from New York to the West Indies and Latin America which are worrying domestic carriers. With Air France already flying from New York to Mexico City and the British Overseas Airways Corporation taking American holidaymakers to Bermuda, such carriers as National Airlines, Eastern Airlines, Braniff Airways and Pan American World Airways are protesting that they will gradually be driven out of the skies even as American merchant shipping has been driven off the seas. They point out, moreover, that American air services to Central and Latin America play a vital role in hemisphere defence and that it is not so long ago that the presence of German aircraft so near the Panama Canal was considered a major threat. Finally, American airlines are urging that, at a time when they are still receiving substantial subsidies from the taxpayer, there is no reason why foreign operators should be allowed to cut the best slices off the cake.

Youth in Jeopardy

FROM A SPECIAL CORRESPONDENT

IN America today statistics for juvenile delinquency show an increase of 45 per cent between 1948 and 1953, and there are a growing number of lurid and wanton adolescent escapades in the headlines. In consequence the public conscience is deeply concerned, and popular alarm at the excesses of the younger generation has exploded into a nation-wide controversy. Many people, from their own experience, consider themselves qualified authorities on rearing children, and many deep-seated attitudes about American life in general underly the arguments about whether to punish parents or censor comic books, on how to reconcile material success with spiritual values, and over the pros and cons of sacrificing individuality to conformity. Moreover, the mother who has been told by psychologists neither to threaten nor bribe her child is often in conflict with the father who insists that to spare the rod is to spoil the child. One of the fundamental problems facing Congress and the Administration in attacking delinquency is that of channelling the enthusiastic search for scapegoats and panaceas into realistic action at the community level. Senator Kefauver, who heads the Senate sub-committee which is investigating juvenile delinquency all over the country, said recently: "The causes of delinquency are as complex as our society." And American society has become more and more complex in the last twenty-five years.

In the midst of the furore, it is easy to get the impression that all American children are living lives filled with horror and crime, but in fact 95 per cent of them are growing up in a normal and healthy way. Yet delinquency has been described as being as "infectious as the measles," and the rise in the official statistics shows the need for immediate measures for control and prevention. The number of juveniles who are currently coming to the attention of the police is estimated at about 1,250,000 a year, and the number



A bank with branches all over the world

For over forty years The First National City Bank of New York has been developing a global network of overseas branches.

There are now fifty-eight of these branches in twenty different countries throughout the world. In addition, nearly three thousand banking correspondents—reporting from every commercially important city of the globe—are in constant touch with Head Office in New York.

The First National City Bank can, therefore, offer businessmen with international interests—and particularly those engaged in the vitally important trade with dollar areas—the substantial benefits and invaluable local market knowledge of such a system.

The specially qualified staff of the London office will be glad to place at your disposal the long experience, resources and facilities of the organization.

Wherever your interests lie and whatever they may be, The First National City Bank is anxious to help.

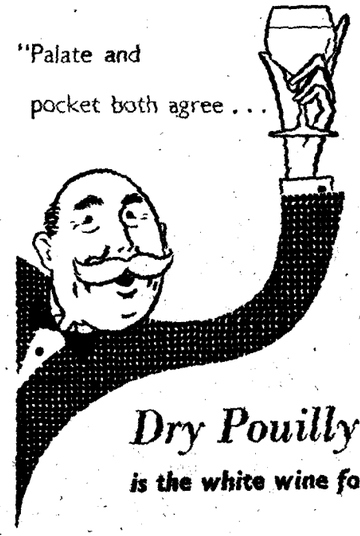
THE FIRST NATIONAL CITY BANK OF NEW YORK

(ESTABLISHED 1812)

Incorporated with limited liability under the National Bank Act of the U.S.A.

Head Office: 55 WALL STREET, NEW YORK
London Offices—City: 117 OLD BROAD STREET, E.C.2
West End: 11 WATERLOO PLACE, S.W.1

"Palate and pocket both agree . . .



Dry Pouilly Reserv
is the white wine for me!"

DRY POUILLY RESERVE,
a distinctive white wine to be served slightly chilled, is shipped by

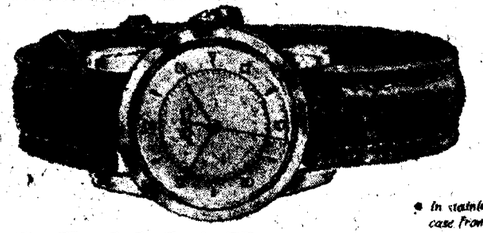
BOUCHARD AINÉ
London, S.W.1
Obtainable from your local wine merchant



The watch in his life...

He's frantically busy. Only by th strictest deployment of his time i he able to get through everything A man like this *has* to have a goo watch. If he bought the Baum watch illustrated here he could forget about it. He wouldn't even have to wind it . . . seldom have to re-set it . . . probably never, throughout its long life, have to take it to a watchmaker for anything more than a yearly oiling. It's very robust and pleasant to look at.

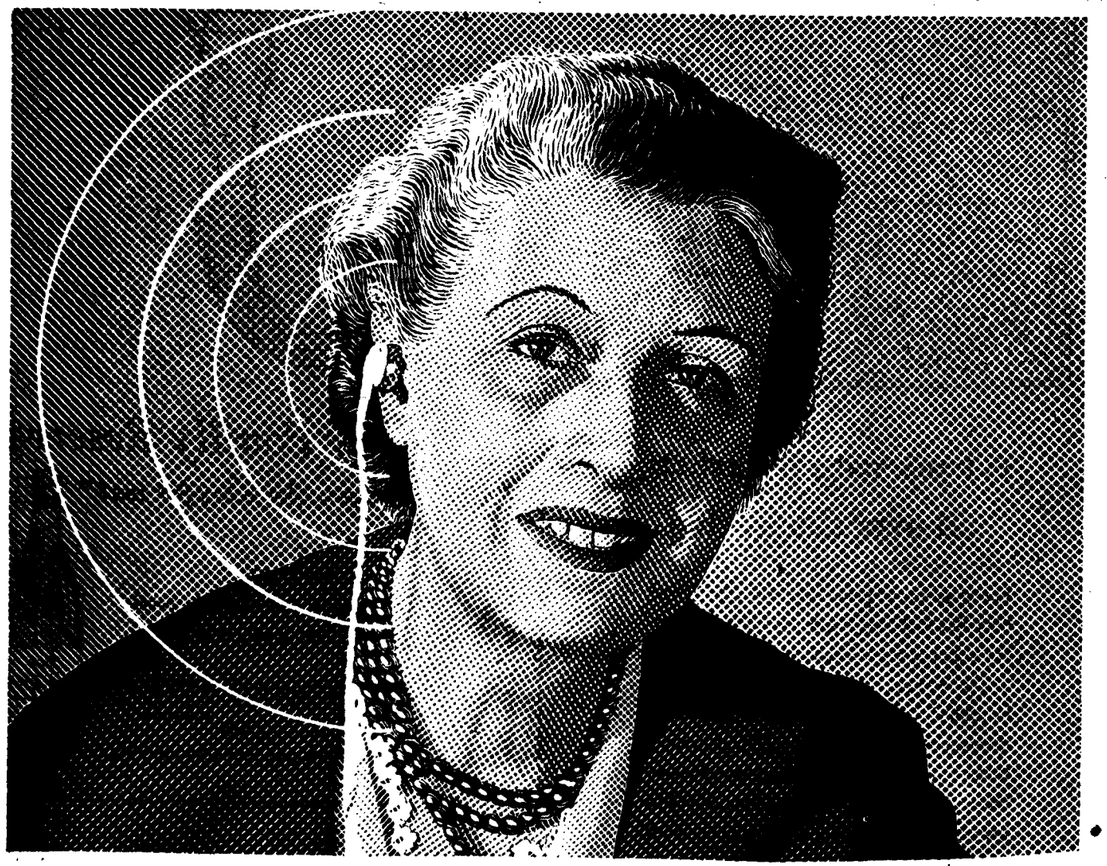
Ref. 422. 17 jewels. Shock absorbers. Anti-magnetic. Waterproof. Automatic wind.



* In stainless steel case from £19

BAUME *the good watch*

BAUME & CO. LTD. (ESTABLISHED 1830) LONDON



PROGRESS IN ELECTRONICS

Many of the fantasies of science fiction writers are being brought nearer to reality by a new invention known as a transistor. This is a tiny device which has a similar function to a radio valve, but which operates on an entirely different principle.

The basis of the transistor is purified germanium, an element whose peculiar properties permit the close control of the movement of electrons within its structure. In this respect it differs from the radio valve in which electrons are controlled within a vacuum.

The transistor needs no filament and operates at very low voltages and currents. This means that its power consumption is negligible, and it is very economical to use. Another advantage is its small size—in many cases no larger than a pea—which is opening up applications hitherto impossible with the conventional valve.

Mullard transistors are already being used extensively in hearing aids where their small size and low power requirements are resulting in instruments of match-box dimensions, which will operate for about three hundred hours from one miniature 1.5 volt battery.

Transistors are also being successfully employed in the development of equipments as diverse as computing machines (electronic brains) and portable gramophones, telephone equipment and nuclear radiation counters. And this is only a beginning. Research continues, and it is still impossible to foresee the ultimate extent of transistor applications, although potentially they appear to be unlimited. Whatever the future may bring, the Mullard organisation will play its traditional part in supplying British equipment manufacturers with electronic devices of the most advanced design and the highest quality.

Mullard

MULLARD LTD · CENTURY HOUSE · SHAFTESBURY AVENUE · LONDON W.C.2

Factories at :

Blackburn Fleetwood Gillingham Hove Lytham-St. Anne's Mitcham Padiham Rawtenstall Simonstone Southport Waddon Wandsworth Whyteleafe

MP 515K

of children between 10 and 17 who appeared before the nation's juvenile courts increased from 300,000 in 1948 to 435,000 in 1953; only 10 per cent of this rise could be attributed to the growth in population. If the present trend continues, it is estimated that the number will reach 785,000 by 1960. Figures from the Federal Bureau of Investigation show that in 1953 "teen-agers" accounted for about half the burglaries and car thefts in the country, 16 per cent of all rapes and 4 per cent of homicides. A survey of 200 cities by the FBI shows that, whereas the crime rate for adults went up 2 per cent in 1953, among adolescents under 18 it rose 8 per cent.

The offences for which children are sent into court vary from state to state and may include, in addition to actual violations of the law, such things as disobedience to parent or guardian or smoking in a public place. "Dependency and neglect cases" also form part of the court records but, whatever the reason for their apprehension, these are children in trouble. Because of the severe shortage of facilities in most areas, dependent children and minor offenders are likely to be crowded into detention homes or committed to training schools with the incorrigibles and the murderers, thus compounding the proportions of the epidemic.

★

The war drove the delinquency rate up steeply in 1944 and 1945, but the children who are now pushing it up again, to a new high, are those who were at the impressionable ages of five to seven when their fathers were in military service and their mothers were working in war plants. The Korean War and the cold war have added to their general sense of insecurity; comic books and television have bombarded them at an early age with unevaluated sights, sounds and ideas; the universal use of the automobile has tended to disrupt family and community life; tremendous shifts in population have meant that families have found themselves cut off from familiar institutions and customs, often living among total strangers in vast housing projects. Such changes have affected all classes. Outbreaks of delinquency in well-to-do areas are becoming more frequent, and the rate in rural and non-urban communities where delinquency has always been low rose much faster than the national average between 1948 and 1952.

The most unstable communities, however, and by far the major breeding grounds of delinquency, are the big city slums. According to one source, roughly one-fifth of the child population is in families with incomes of less than $2,000 a year, and a considerable proportion of these children grow up in slum areas. Widely different racial and religious elements are crowded together, each clinging to its own attitudes of defiance, though even the most upright parent may be forced to modify his standards under the pressures of economic want or the handicap of a strange language. Many parents are delinquent themselves and transmit the techniques of lawlessness to their children, aided and abetted by the purveyors of organised crime and those who deal in narcotics and pornography.

In school, the child from this lowest economic group is likely to find himself judged by unfamiliar middle-class standards of culture and behaviour which give him a sense of inferiority. There is little chance for individual attention in classes that average sixty children. The child who falls behind, perhaps because of an inability to read, or an emotional disturbance, often finds the sense of identity which he wants in a gang. A survey of gangs in New York has shown that they are founded primarily on friendship, but that about one out of every ten gets into serious trouble. Anything from racial friction to fights over girls may cause open warfare, and the vaguely aggressive impulses of the most harmless group are sometimes twisted by a seriously unbalanced member into acts of extreme sadism. In a famous case in Brooklyn last year a boy whose childhood idol had been Hitler and who boasted of his belief in brutality and violence led a group known as the "thrill-kill" gang which tortured girls and drunks and eventually became involved in two murders.

★

There are two approaches to the prevention of juvenile delinquency: the sociological, which is mainly concerned with improving environmental conditions through schools and housing and with providing recreational activities and encouraging community enterprises; and the psychological which tries to detect and treat maladjusted children before they can get into trouble. Progress along these lines is being made through the training of special juvenile officers for the police and programmes in which "detached" welfare workers seek out potential delinquents and attempt to win the confidence of gangs. At a recent conference of psychiatrists, it was suggested that certain difficulties can be eliminated even before the birth of the child by treating the emotional problems of the mother during pregnancy and that 80 per cent of the cases of emotional disturbance in young children can be handled by social workers and teachers who have been trained in personality problems, without the assistance of a psychiatrist.

The schools and the juvenile courts are the key agencies for reaching delinquent children and for co-ordinating community facilities. The first juvenile court was established in Chicago in 1899, but the basic philosophy that these informal courts should mete out "individualised justice" in a therapeutic rather than a punitive spirit, without charging the children as criminals, was revolutionary at the time and has never been wholly accepted by the public. The courts have been accused, by the vociferous advocates of the "back-to-the-woodshed" movement, of "coddling" adolescent criminals. The Senate sub-committee emphasises that the juvenile courts have never really been given a chance and have received neither the public support nor the necessary personnel to carry out their work. While some states, notably California, have demonstrated that these courts can be successful, there often is a complete lack of co-operation between rival agencies, with welfare departments and police fighting their differences in the courts. The fact that judges are frequently elected and that jobs in the courts and in the training schools may be filled by patronage means that schemes of rehabilitation, if any, are likely to be subject to political currents and popular whims.

Both Senator Kefauver and the Administration have introduced Bills into Congress to provide for federal grants-in-aid to the states to assist in setting up control programmes and in training personnel. It is hoped by such means to encourage an all-out war on juvenile delinquency, and both the Senate sub-committee and the federal Children's Bureau feel that they are making progress in arousing the nation. Both report a tremendous growth of that public interest in, and understanding of, the problem without which the most constructive programme is bound to fail.

Raising the Wage Floor

TWO weeks ago the Senate passed a Bill raising the national minimum wage from 75 cents an hour to $1. This increase, sponsored by the Democrats, went 10 cents beyond President Eisenhower's recommendation. But the Bill disregarded the Administration's somewhat luke-warm suggestion, first put forward in the President's message on the state of the union in January, that minimum wage legislation be extended to cover some of the 38 million people protected neither by the Fair Labour Standards Act of 1938, nor by any subsequent amendments. These people, who make up more than half of the national labour force, include shop assistants, agricultural workers, civil servants, professional workers and self-employed persons. Twenty-two states, most of them in the South, have no minimum wage laws whatever and in most other states such legislation is limited to women and minors.

The new Bill will affect about 2 million of the 24 million workers now covered by minimum wage laws; it will increase the wage packets of the lowest-paid workers in the textile, lumber, confectionery, tobacco and leather industries. The $1 figure represents a compromise between the Administration's request for an increase from 75 cents to 90 cents an hour and the figure of $1.25 put forward by spokesmen for organised labour. President Eisenhower argued that a 15 cent increase corresponded to the rise in the cost of living. Union leaders, on the other hand, pointed out that 90 cents and even $1 were insufficient to maintain minimum living standards in a country where the average factory wage is $1.84 an hour. Many Democrats were in favour of the higher figure but felt that it might lead to unemployment in certain of the less prosperous industries. Opponents of the new Bill are, in fact, saying that even a $1 minimum wage will lead to further inflation and the disappearance of small businesses. These arguments will be heard loudly when the Bill goes before the House of Representatives and it is possible that some compromise between Administration and Democratic views will finally emerge.

Davy Crockett, Salesman

New York

DAVY CROCKETT, an intrepid and colourful scout in Indian wars, and a staunch supporter of the Texas movement for independence, who was finally killed by the Mexicans at the battle of the Alamo in 1836, has become since last February a hero to America's children and shopkeepers alike. In that month a Walt Disney series, the "Legend of Davy Crockett," began to provide a startling example of television's influence on the large and volatile juvenile market. Davy Crockett has already far outdistanced Hopalong Cassidy, Space Cadet, Lone Ranger and all other former favourites, and the craze shows no signs of fading. No fewer than seventeen recordings of "The Ballad of Davy Crockett," a sort of junior national anthem, have been made and these records are apparently permanently installed at the top of the "Hit Parade."

The Kings of the Wild Frontier, aged from 3 to 12, who stalk the streets of American cities, are all agreed, with the slavish conformity of children, on one point—the need for wearing, like their hero, a coonskin cap, with the tail hanging down the back, and, if possible, for toting a "b'ar killing" flintlock rifle on their trips with mother to the supermarket and other outlying territory. The resultant mania for coonskin caps, far greater than anything promoted by Senator Estes Kefauver's political efforts, has electrified the dormant market for raccoon skins. Raccoon tails, which once sold for 25 cents a pound, now change hands, if they can be found, at $5 or more a pound, and even moth-ridden old raccoon coats have developed a high resale value.

But the shrewd specialists in the promotion of children's tastes have not stopped at the caps, rifles, coats and toys more or less directly connected with the frontier hero. Hundreds of articles, some of which seem to bear no conceivable relationship to Davy Crockett—from polo shirts to bedspreads, from guitars to chocolate layer cakes, and from play tents to school lunch boxes—all, when adorned with the Crockett trademark, immediately become best sellers. Davy Crockett towels are advertised as the one sure way of encouraging reluctant youngsters to wash behind their ears. Photographs, posthumously autographed by the hero himself, are on sale. Nor have astute clothing manufacturers forgotten the Queen of the Wild Frontier. Already the value of retail sales of Crockett merchandise is estimated to be in excess of $100 million, and by the end of the year is expected to reach $300 million. So great is this boom that a posse of lawyers has shouldered flintlocks to decide which of several competing complainants has the right to use, and exact the valuable royalties from, the Davy Crockett trademark.

SHORTER NOTES

The President has often been accused of allowing his reluctance to nominate Democrats to interfere with his desire to appoint only the best men to office. But he has now nominated Mr Gordon Gray to be the Assistant Secretary of Defence who is responsible for the foreign military aid programme. Mr Gray is not only a respected Democrat but also a good and experienced man for the job.

★

The seamen's strike on the Atlantic and Gulf coasts was settled, after only a short stoppage, when the employers agreed in principle to some form of supplementary unemployment benefits similar to those which the Ford and General Motors companies have just given to automobile workers.

★

The Court of Appeals in Washington, dividing equally, has once again dismissed two counts in the Department of Justice's indictment for perjury against Mr Owen Lattimore. The department has not yet announced whether it intends to try to carry the case farther.

★

The Senate has approved the Austrian state treaty with only three right-wing Republicans dissenting.

The World Overseas

Drift in Iran

IF there is a bright side to the news from Iran, it is on the international front, not that of home affairs. The last government and the present one—that is, General Zahedi's and M. Hosein Ala's—have between them spanned a period in which suitors both from the west and from Moscow have been steadily wooing Iran, greatly to the latter's material advantage. Playing with elegant ease its historic role of buffer state, Iran has gathered in a sizable harvest.

Since Dr Mossadegh fell in August, 1953, it has scored a lucrative oil agreement, a series of loans and grants-in-aid from the United States running to some $200 million to tide it over until the oil revenue starts to flow freely, top place on the list of recipients of United Nations technical assistance, and credits from Britain, Germany and Russia designed to promote trade expansion. Last but not least, it has after years of effort at last secured fulfilment by the Soviet Union of some obligations outstanding since the war—the return of eleven tons of purloined gold, and a promise to pay a debt of about £3 million worth of goods. The convoy of Soviet lorries that delivered the gold to the frontier on June 1st symbolised the degree to which the role of buffer can be turned to account whenever the giants on either side happen to disagree.

But on the home front there is no equivalent cause for complacency. It is difficult to put a finger on any one reason for the shoulder-shrugging and downturned mouths that are everywhere to be met in educated middle-class circles. People seem to be depressed chiefly because they want a lead and see no end to indecisive, negative policies; one even hears praise for Dr Mossadegh, because he was radical: "I admit that he went too far and never knew where to stop, but at least he was a portent of a new deal." Incipient despair hangs like a miasma over more minds than is healthy, and the first months of M. Ala's ministry have done little to dissipate it.

Before chronicling them, it is best to explain that there are two bodies besides the cabinet on which future developments hang. One is the National Iranian Oil Company (NIOC), which works in harness with the foreign consortium of operating companies; on its smooth running depends the revenue that will pay for most of the public works that are being planned, and happily it works well and its relations with its foreign partner are, according to its chairman, most harmonious. The other is the Plan Organisation, responsible for receiving the oil revenue via the Treasury, and for spending it on "development." Its director, M. Ebtehaj, is a proven thruster, but has until lately been too handicapped by quarrels with General Zahedi to show his paces. Nearly all Iran's development projects, therefore, still exist only on paper. And unless cabinet, National Oil Company and Plan Organisation work well in harness, they may easily remain so. All M. Ebtehaj's talent for hustle is fruitless if Shah and premier do nothing to stop present propensities to shift men from job to job so that no one gets a chance to form an effective team.

When General Zahedi "resigned" in April, he did so with an ill grace. He felt that he had deserved well for some resolute behaviour—notably, for the decisive way in which, in August, 1953, he had saved Iran from Dr Mossadegh and the throne for the Shah, and for his active campaign against Communism. But apart from these feats, his very considerable energies seem to have been applied to the brake, not the accelerator. He spent so much time baulking M. Ebtehaj that the Shah was driven to dismiss one or the other. There were also rumours, stronger than usual, of excessive corruption during his regime. The Shah therefore replaced him by M. Ala.

This appointment of a palace official, coupled with the retention of the two really first-class men in the Zahedi cabinet—Dr Amini at the Ministry of Finance and M. Entezam as Foreign Minister—and the nomination of other disinterested and honest members of the palace circle momentarily raised hopes of change. "If only the Shah would take over . . ."; this remark, constantly to be heard, was proof that resolute action by the well-meaning young monarch would be popular if it were to occur. But hopes have since been damped.

Cries of "Down with Communism" and "Out with corruption" may be heartening, but alongside them two major events have worried thoughtful Iranians. In particular, Dr Amini has been dismissed from the Ministry of Finance on the pretext that "a strong man is needed at the Ministry of Justice to root out corruption." Given the fact that Dr Mossadegh left the Treasury owing 17,705 million rials, or nearly £195 million, and given Iran's dire need of revenue, Dr Amini's immense capacity is much more needed at the Treasury, where there is no one of his calibre to replace him and where firmness and experience are essential if the government is to extract from the rich and powerful the new direct taxation that has just been imposed. A new law offering foreigners tempting conditions for the investment of foreign capital is robbed of its glamour if the country's best financiers are to be wasted on jobs that its jurists can do.

Another example of the dissipation of energies that can ill be spared is the current campaign against the Baha'i.

This sect, founded in Iran in the nineteenth century and now worldwide, has important centres at Haifa and Chicago. In Iran, a community of perhaps 100,000 works hard for its living and has prospered greatly in the present century. Iran prides itself on religious tolerance, but extreme Moslems dislike Baha'ism, and when the Shah, on his recent visit to Chicago, met the American Baha'i community, the mullahs at home were not pleased. During Ramadan, they began to attack Baha'ism along with Communism in their sermons and broadcasts. This process, once started, has led to a form of official persecution that few Iranians relish. The dome of the handsome Baha'i temple in Teheran is being hewn down stone by stone, and the pick that struck the first blow was wielded by the Chief of Staff. This wanton waste of army time is being excused on such a variety of grounds that the excuses cancel out ; what matters is that the mullahs, given some rope, took more, and no one stopped them. The visitor is hurried past the scene of demolition by Iranian companions who prefer not to have to explain it, since they know that something of their reputation for tolerance and good manners is tumbling into the rubble along with the falling stones.

Certainly there exists in present cabinet circles a will to transform the lot of the poor. But how can the countless plans on hand produce the desired results if officials are chopped and changed, and if mistrust prevails between the several organisations that are supposed to carry out the programme ? How can public confidence be restored if the anti-corruption campaign skips the well-connected, and if the big landowner demands an unfair share of the new water flowing from the dam on the ground that the river used to be his, and challenges officials to tell him which is the old water and which the new ?

The situation would be less disquieting were the working-class in good heart, but it is not. This spring, NIOC raised its minimum wage from 40 rials a day to 67, in order to meet the rising cost of living. Other industries, less well run, are unable to follow suit ; textile factories in particular have closed because they cannot pay higher wages and match Japanese and Soviet prices. Unemployment threatens and may be aggravated if, as seems possible, rich Baha'i emigrate and withdraw their very considerable investments.

When Washington injects each fresh dose of American funds, it does so out of fear of Communism. But General Zahedi so effectively rooted out Tudeh's potential leaders that such a danger is not for the moment imminent. The phenomenon to watch is the long, slow increase of the cumulative despair that assails all educated levels below that of the ruling class. The Ala ministry can arrest this trend only if it has enough drive to be radical. The same dictum has been applicable to a long list of ineffectual predecessors.

ISSUED THIS WEEK

Our three-monthly reports on business conditions in

ARGENTINA
AUSTRIA
BELGIUM AND CONGO
YUGOSLAVIA
SOUTH EAST ASIA

Fifty similar reports, covering seventy countries, are issued every three months. The annual subscription to one country or territory is £10 and there are discounts when more than five reports are taken. *Subscribers receive* ANNUAL SUPPLEMENTS *giving useful background data.* (Single reports cost £3.)

For full information about this and other services apply to :

The Economist Intelligence Unit

22 Ryder Street, London, S.W.1. Whitehall 1511 Ext. 144.

Industrialists and German Reunion

THE Soviet invitation to Dr Adenauer brought a fresh flurry on the German bourses in shares of companies with important assets in the Russian Zone. New York and other foreign stock exchanges were involved in the new wave, which ended in profit-taking. Few shares are available for speculators or individual private investors in Germany, in spite of the number of companies which have increased their capital in the last year. German firms and banks hold large packets of each other's shares in a complex system of interlocking ownership, and little is left over for the public. This phenomenon is due to the German passion for disciplined control, often termed a power complex. It is also one reason why company boards hesitate to increase their equity capital by public issues, even though most concerns have far too large a proportion of borrowed capital in their balance sheets.

The speculators overlooked the fact that Moscow's " At Home " to Dr Adenauer is not intended to be the occasion of talks on German reunification—still less of the kind of reunion that would give back nationalised firms to their " capitalist " owners. The invitation is intended to arrange co-existence between the Communist states (including Herr Ulbricht's) and the Federal Republic, for an interim period, which the Soviet leaders envisage will lead to reunion on their terms. However, German industrialists and bankers are more wary than the speculators, and even the optimists who now see reunion on the horizon are more anxious about its economic effects than they were. One leading West German bank, commenting on the latest short-lived rise in shares of the companies with central German assets, has issued a warning against overestimating their value. It gives several reasons for caution. The I. G. Farben shareholders and some others would, it is true, find that the Russians had fostered the Soviet Zone factories and some other key works which were essential for reparations. But even these would probably need modernising. And the bulk of Soviet Zone works would be problem children, requiring vast sums spent on them. Moreover, many former central German concerns have set up rival plants in the west and already find the competition of their former factories a nuisance. Central German goods are often dumped in export markets, and inferior goods are labelled with old respected trade marks to the annoyance of the emigré industrialists who, with admirable enterprise and courage, have built up a new business in the Federal Republic.

Looming over all the complicated problems of readjustment that would have to be made if Germany were to be reunited is a political question. Would the key firms in the



What's in it for you, Mrs. Broom?

What have Thames Board Mills to do with *your* housekeeping? Quite a bit, really! Think of all the goods you buy in those nice convenient containers—*cardboard* packets, *fibreboard* boxes. Without them you would be back in the bad old days of contaminated food, unreliable goods, dreariness and drudgery. Well, Thames Board Mills make over half the packaging board produced in Britain. And the higher your standard of living rises, the greater the demand for "Thames Board" and "Fiberite" cases. Vital indeed is the part that Thames Board Mills have to play in the nation's economy.

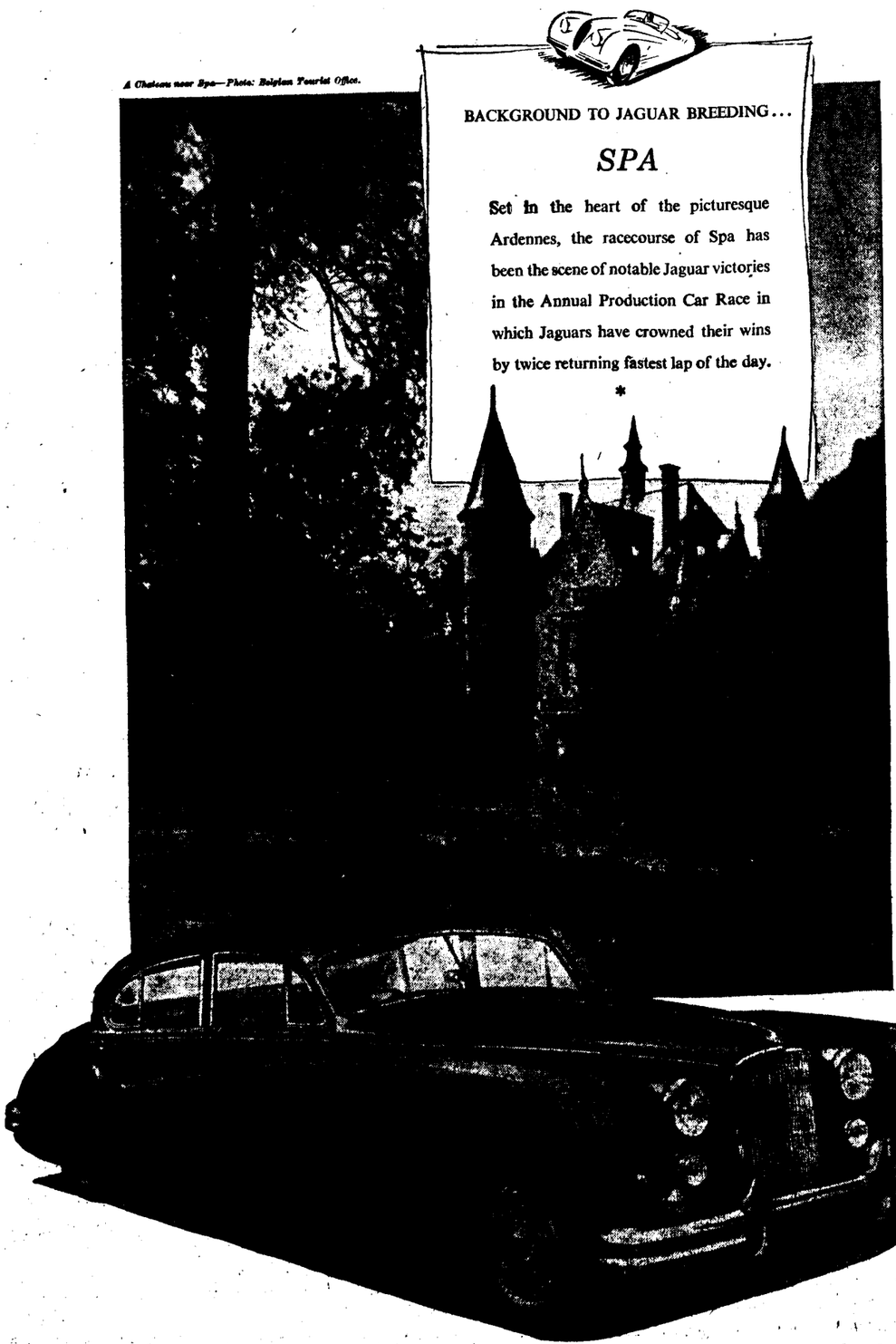
Thames Board Mills Limited

THE LARGEST MANUFACTURERS OF BOARD AND PACKING CASES IN BRITAIN

PURFLEET, ESSEX AND WARRINGTON, LANCS

"THAMES BOARD" for cartons, boxes, bookbinding, etc. • "FIBERITE" Packing Cases in solid and corrugated fibreboard.

TB 21-1016-78



Soviet Zone be handed back to private ownership, or would they not remain nationalised? Herr Ulbricht has promised that they will never return to the "capitalists," and some of the experts who have studied the matter are privately inclined to agree. Yet the powerful western industrial leaders would certainly demand that the free enterprise system which has brought the Federal Republic back to prosperity should replace the nationalised, planned economy which has proved a failure across the interzonal border. What the outcome of this clash will be no one can foresee. But it is being more widely realised than before that rejoining central and west Germany might mean socialism in the West instead of economic freedom in the East.

Electioneering in Malaya

FROM A CORRESPONDENT IN KUALA LUMPUR

POLITICIANS and parties in the Federation of Malaya have been trying to deduce from the Singapore election results what their fortunes will be on their own election day, July 27th. It has been a sobering experience. The principal political parties are more aware than ever of the dangers of the split vote which largely helped to put the Labour Front in power in Singapore. They have also learned that general elections take much more money than Council elections.

It seems clear even at this stage that the Federation's new "Cabinet" and its 98-man Federal Legislative Council will both be largely Malay; for of the 1,128,000 people who have registered as voters, at least 90 per cent are Malays. This fact has shocked the Chinese more than they are prepared to admit, for it displayed a lack of interest, if not a lack of confidence, among the Chinese who form the majority of the 280,000-odd people who were eligible but did not register as voters. It means that the powerful and rich Malayan Chinese Association which has allied itself to the numerically strong United Malays' National Organisation will have to depend on Malay votes to get Chinese candidates elected; it will have to hope that the rural and town Malay voters will accept party discipline and not vote for the Malay opponents who will undoubtedly be set against them by their rivals, Party Negara. But the cynical are not the only ones who expect the elections to be won on communal lines despite the pious assertions of the Alliance that its members will vote on a party basis.

The elections will be a straight fight between the Alliance and Negara with a few independents thrown in; and it is confidently expected that the UMNO-MCA Alliance—now a "triple" alliance as it has been joined by the Malayan Indian Congress—will win the day unless there is a last-minute swing by Malay voters to the flag of Negara. The Alliance bases its confidence on its experience and organisation—which have gained for it 226 of the 268 seats contested in town council, municipal and state and settlement elections including 100 per cent victories in the Johore, Trengganu and Penang elections—as well as on its campaign funds which are provided almost entirely by the Chinese party. It is so full of confidence that it did not produce its election manifesto until last week.

Party Negara, on the other hand, believed in getting its election platform out early. It is a party which began at the top, as it were. It was formed by the "aristocrats" of Malaya—some Malay *Mentris-Besar* (prime ministers), senior Malay government officers, senior lawyers and important Asians in the world of commerce and industry. It is now trying to build up as much support as it can among the Malay peasantry and Asian middle class before the elections.

Negara is promising security of Malaya for the Malays by means of controlled immigration. This must also be a strong point for the UMNO; Tengku Abdul Rahman, its president, has himself declared that Malays will be outnumbered in ten years if the immigration of "foreigners" is not stopped and that before the citizenship problem can be solved satisfactorily, the question of immigration must be settled. But at the same time UMNO has to keep in mind the almost fanatical desire of its Chinese partners for a policy of *jus soli* which would give the Chinese the right of nationality from birth instead of the complicated and restrictive citizenship laws which now prevail. This is a campaigning point for Negara which keeps on hammering away at the dangers of letting in hordes of Chinese who in ten years will "swamp" the Malays.

This line does not help to improve racial relations, but as far as Dato Sir Onn bin Jaafar is concerned, everything is fair in elections. He resigned his portfolio of Member for Home Affairs in the present government in order to concentrate on his work as Secretary-General of Party Negara. It is imperative for him to regain his standing with the rural Malays which he lost, first, when he threw up the presidency of UMNO in order to form a rival political party, the Independence of Malaya Party (now absorbed into Negara), and secondly—as his close friends put it—when he accepted a knighthood. That, in the eyes of the peasants, put him in the upper "un-get-attable" class of aristocracy; he was no longer the man who had walked among them fighting for their rights. Today this 60-year-old politician rides a bicycle along the bunds of paddy fields wooing his people anew.

Call for Independence

Independence is not the promise that will win the votes. Both parties have it as a firm plank. Negara has quoted 1960, and the Alliance the mystic "self-government" during the first term of four years of the new constitution and "independence" immediately afterwards. Tengku Abdul Rahman in a recent utterance called for independence within the next four years in the belief that "bad government is better than foreign government." While the Alliance has spoken airily of the apparent simplicity of finding revenue on which the present government is not able to lay its hands—for example by raising income tax and "other taxation"—Negara has expressed its determination to appoint a planning commission to study the "material, moral and human resources" of the country, so that Malaya's prosperity can be shared equally by all.

Realising that only a miracle will put it in power at these first elections, Negara plans to make life unhappy for the Alliance in the first four years of the new legislature and simultaneously to build up its strength for the fight in the second elections in 1959 which will be the prelude to independence. How long it will be before a serious rift

breaks up what many people believe to be the unhappy partnership of the UMNO-MCA Alliance nobody can say. The recent demand by an extremist group within UMNO that all seats in the Legislative Council be farmed out among Malays only was an indication of the kind of strain that is likely to arise, although in this case Tengku Abdul Rahman's counsel of moderation prevailed. There are also, however, disagreements on such matters as citizenship, the official languages of the country, Malayan nationality and the High Commissioner's power of veto. But the Chinese will certainly stretch their endurance to the limit because they realise that if they are forced to break with UMNO they are finished politically in Malaya for a very long time.

Parties and Prospects in Burma

FROM A CORRESPONDENT LATELY IN BURMA

MODERN Burma has a genuinely democratic social structure; but no party system in the British or American tradition has so far put down roots. The Anti-Fascist People's Freedom League, which commands the support of 220 of the 250 members of the Chamber of Deputies, still reflects the hasty improvisation of its war-time origins; it is made up of a confederation of parties with widely differing functions. The most powerful body within it is the Socialist party: its adherents are probably few, but they include a forceful minority in the Cabinet. Its president is wealthy, confident, ambitious U Ba Swe, and its secretary is the Minister of Industries, U Kyaw Nyein, a more ruthless Stafford Cripps. Preaching unmodified Marxist-Leninist doctrine, the Socialists advocate carrying the "Burmese Revolution" towards its inevitable conclusion. They form a party within a party; and whereas the Prime Minister, U Nu, has forcibly asserted his authority over other sections of his Cabinet, he has to give special consideration to the Socialists.

The All Burma Peasants Organisation presided over by Thakin Tin (Socialist Party) is another semi-independent power. It predominates in the countryside, where it has great influence in the allotment of agricultural loans and in the composition of the Land Nationalisation Committees, and possesses its own "army," the Peace Guerillas. The voice of urban and industrial workers is the Trades Union Congress (Burma) whose chairman is U Ba Swe: its membership may total around 40,000. A series of communal organisations completes the constituent parts of the AFPFL. These claim to represent the Burma Muslims, the Karens, Shans and other frontier peoples.

The nation-wide organisation of the League, from the level of the township up to the Supreme Council, has a somewhat makeshift quality. Membership of the various governing bodies is acquired by self-selection rather than through any system of election. Frequently, disputes arise in district organisations which are quieted by the *ad hoc* intervention of a minister rather than by means of formal procedural machinery; and last October it was discovered that few AFPFL members ever pay their subscriptions. Many groups, notably the Communists, have quit, or been ejected from the League. But with the bulk of the dissidents underground, the legal opposition is ineffective. Some ex-Socialists have created the Burma Workers and Peasants Party, an avowedly Communist organisation; and seventeen of the thirty opposition MPs are associated in the right-wing Independent Arakanese Parliamentary Group, which stands for private enterprise and good administration. Finally there are the pre-war joliticians, like Dr Ba Maw, who still automatically contend for office.

Bands, Buses and Banners

The general elections of June to December, 1951, gave the AFPFL an unassailable position, and subsequent by-elections and local contests have confirmed its dominance. The Rangoon municipal election last February provided a pre-view of what may be expected at next year's general election. The opposition parties combined under the leadership of Dr Ba Maw, their platform being a "people's democracy." The League treated the election as a national vote of confidence, and announced that unless every seat was gained it would be a defeat. On polling day it gave an overwhelming demonstration of its resources: cars, buses, bands, gaily decorated booths, banners were everywhere. The result was: thirty-three seats to the AFPFL, one to the "United Opposition," and one to an Independent whom nobody had bothered about.

It seems unlikely that the AFPFL will fail to win the 1956 election with a large majority, provided that it stands together, and the gathering balance of payments crisis is patched up. But this does not mean that the League is universally popular. In the country districts, its leaders are, mainly, bullies and idlers to whom politics give power without responsibility, comfort without labour. The country people compare them with the underground Communists who, despite their many and obvious faults, have endured their full share of danger and hardship. Among the younger generation, a clear majority of student-leaders are pro-Communist.

U Nu has frequently challenged the Communists to throw away their guns and accept the verdict of the polls. This invitation has been ignored, although the Communists cannot hope to wrest power by fighting or sabotage. The other, legal, opposition groups cannot attempt to compete against the AFPFL with its now formidable organisation, its "influence" exerted through control over the distribution of welfare amenities and patronage throughout the land and —on a different plane—the plan for *Pyidawtha,* a welfare state, which still holds the imagination of the public. Finally there is the general popularity of the Prime Minister, who is now visiting London.

U Nu is the one leader in whom the ordinary people of Burma put their trust. They know him to be approachable, unworldly, religious and incomparably honest. He has a special position with the hill peoples and the Karens. Many Burmese public men still inwardly believe that the only true Burman is a Burmese Buddhist; but to U Nu, a Karen Christian or a Kachin Animist is every bit an equal citizen of the Union. He has only just begun to make a mark in international affairs, and although his first essays in the diplomatic art showed a certain naiveté, he is rapidly gaining stature and authority. In domestic politics, U Nu is a Socialist but not a party member. The leaders of the party, U Ba Swe and U Kyaw Nyein, impatient with the present "half-way house" of a mixed capitalist-socialist

(*Continued on page* 1141)

(*Continued from page* 1140)

economy, and frustrated by the slow-down imposed by the current balance of payments problem, are believed to want to end the existing AFPFL coalition.

An immediate show-down, however, is unlikely, since the Socialists know that if they had to oppose U Nu at the next election, their cause would not prosper. By fighting the election under his leadership, the Socialist party may well emerge with a clear majority of its own in the next parliament, and there would then be pressure to "kick him upstairs," to run U Nu for President of the Union—and political retirement. Perhaps he will consent to such an arrangement: he has long stated his desire to retire from politics. But unless he is convinced that his country is on the right course, U Nu will stay at the helm.

France's Quiet Election

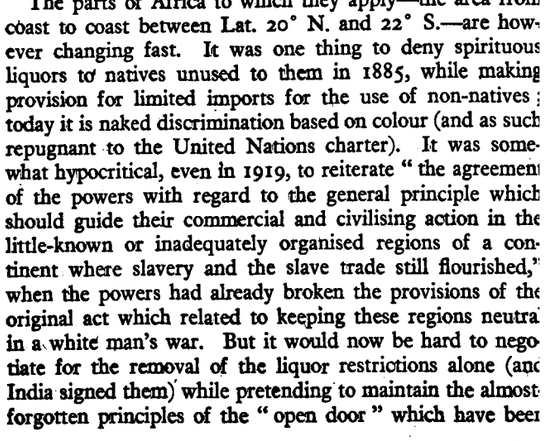
THE elections to the French upper chamber, or Council of the Republic, last weekend provoked little excitement. Only half the senators are re-elected every three years, and this time there are no radical changes in the composition of the Council. But this stability cannot be taken as a safe guide to the mood of the country or as a portent of calm for next year's vital elections to the National Assembly. The accompanying diagram shows how much the party pattern of the two chambers differs. The fact that they were chosen at different times is only part of the explanation. Unlike the Assembly, the Senate is elected by an indirect vote. The "grand electors" are chiefly municipal councillors and the system, though fairer than before the war, still shows a strong bias in favour of conservative rural areas. Finally, since the municipal councillors themselves were elected two years ago, their choice is, if anything, a guide to the mood of yesterday.

Allies included throughout. Conservatives include Republican and Peasant independents as well as dissident Gaullists.

However, two features of last week's voting are of interest: the continued weakening of the Gaullists, both orthodox and dissident, and the persistent Communist campaign for "unity of action" with the Socialists. Both confirm the trends shown in the recent cantonal elections. Indeed, the Gaullist tide is probably receding in the country even faster than was shown in the results. As to the Communists, they maintain their regional pressure "at the base" and their candidates continue to stand down "in the cause of working-class unity" in spite of all rebuffs from the Socialist headquarters. These two trends will certainly influence political thinking in the National Assembly, which meets again this week with next year's elections very much on its mind.

Congo Treaties in Disrepair

RECENT enactments in Uganda and the Belgian Congo designed to allow Africans to buy intoxicating beverages violate a whole nexus of solemn international engagements, if someone cared to challenge them. But they reflect the quiet decision of certain of the high contracting parties—those with colonies in the "conventional basin of the Congo"—to treat the treaties as a dead letter. The



high contracting parties have little alternative. For so certain were the draftsmen that the original Berlin Act of 1885, the Brussels Act of 1890 and the St Germain Conventions of 1919 embodied the divine law for tropical Africa, that no provision whatever was made for denouncing them. The only way to end or amend the treaties is to bring all the original signatories back to the conference table to sign a new convention; and as the treaties ban not only the sale of liquor but also the sale of arms to Africans, prohibit the imposition of imperial preference equally with the slave trade, and as the signatories include Russia, India and the United States, the difficulties are not to be minimised. Indeed the colonial powers concerned—France, Belgium, Britain and Portugal—have long accepted the fact that the treaties are permanent and unalterable.

The parts of Africa to which they apply—the area from coast to coast between Lat. 20° N. and 22° S.—are however changing fast. It was one thing to deny spirituous liquors to natives unused to them in 1885, while making provision for limited imports for the use of non-natives; today it is naked discrimination based on colour (and as such repugnant to the United Nations charter). It was somewhat hypocritical, even in 1919, to reiterate "the agreement of the powers with regard to the general principle which should guide their commercial and civilising action in the little-known or inadequately organised regions of a continent where slavery and the slave trade still flourished," when the powers had already broken the provisions of the original act which related to keeping these regions neutral in a white man's war. But it would now be hard to negotiate for the removal of the liquor restrictions alone (and India signed them) while pretending to maintain the almost forgotten principles of the "open door" which have been

violated again and again by modern exchange control regulations. Yet to try to demolish the treaties altogether would be to invite criticism that the real motive was to enable Kenya to give Lancashire cottons a tariff preference.

At the same time, it is hard to saddle the new Federation of Rhodesia and Nyasaland permanently with a dual tariff system, and with one unalterable set of rules for part of its northern provinces which may be different from those in the south. Tropical Africa, in short, has grown out of the Congo Basin treaties with the advent of motor roads, aircraft, industries, universities and a rising African middle class. It can hardly accept an indefinite contingent veto from the heirs of Czarist Russian policy. The solemn engagements first entered into in 1885 are being, and will increasingly be, quietly evaded.

OEEC Meeting—II.

Planning for Progress

HAVING dealt with trade and payments questions with pencils sharpened to points of almost invisible fineness, the OEEC ministers, who met in Paris on June 9th and 10th, took up their broadest brushes and turned to two reports which look not at the months ahead, but at the years: one on the Italian development plan, the other, a report on European co-operation in the production and distribution of power, prepared by M. Armand, the president of the French national railways.

Last January a special working group was established to meet Italian experts and to examine in detail both the ten-year outline prepared by Sr Vanoni and the more specific plans and forecasts for the first four years. The verdict of the working group, which was endorsed by the Council, was one of strong support for the broad outlines of the Italian approach and qualified approval of the details. (The ten-year plan was summarised in *The Economist* on February 26th.) After drawing attention to the biggest question mark, which is whether the necessary national enthusiasm and discipline exist for a sustained effort of the magnitude contemplated, the working group analysed three economic dangers which it felt might threaten the plan.

The first danger is the possibility that the planned public investment will not lead to the expansion in the private sectors of the type and scale required to solve the employment problem. Particularly in the South, where the expansion is most required, there are serious shortages of skilled labour, of men of proven managerial ability, and of adequate capital at rates which are attractive to small enterprises. The second danger is that the plan will prove inflationary and that the government will seek to restrain the upward spiral of prices and wages with disinflationary policies which will damp down the very expansion on which the success of the plan depends. In this connection, the working group emphasised the importance of financing new investment from savings, and implied delicately, but strongly, that more rigorous taxation policies will be needed both to draw out savings and to restrain consumption. The third danger is that as incomes go up there may be too large an increase in imports or too small an increase in exports and the resulting balance of payments problem will be met by protection of high cost industries or by measures which would run counter to the expansionary objectives of the plan. Although the working group believes that the Italians are right to look to an increase in exports rather than a reduction of imports to balance their accounts, the goal of an increase of 55 per cent is an exceedingly ambitious one, and the group apparently felt that the Italian government had not yet given enough attention to administrative devices for encouraging exports.

The report concludes that although the success of the plan depends primarily on Italian efforts, international co-operation can appreciably lighten the load. Six forms of useful co-operation are suggested: technical assistance, trade liberalisation, encouragement of private investment, financial aid, short-term credits to met temporary balance of payments difficulties, and continued help over emigration. And, buried deep in the technical reports of the EPU, there is evidence that the OEEC will soon add concrete support in the shape of a short-term credit of $50 million to the advice and encouragement already given to the Italians.

Atomic Dawn

The second report, by M. Armand, presents a strong case for international co-operation both in the immediate exploitation of conventional sources of power and in the development of atomic energy. Like the British White Paper, M. Armand sees in the development of atomic power the chance to reverse the current trend towards higher energy costs and the prospect of doing so in a future which is near enough to make immediate co-operative planning economic common sense. Furthermore, with plentiful atomic energy just over the horizon, he believes that the general power problem is changing from the technical one of how to produce more energy without exhausting limited resources, to the economic one of determining how, at various stages of technological development, adequate power can be produced most cheaply.

> The first consequence of the dawn of the atomic era must be to abolish the fear of any power shortage in the future; it will therefore be necessary to abandon the idea that power costs in Europe are linked irretrievably with the price of coal and are therefore bound to rise. . . .

For many years to come atomic energy will only account for a small proportion of total supplies and no great change in present equipment plans is therefore required; investment programmes, however, must obviously be reshaped in the light of a future which will be very different from that anticipated a few years ago. M. Armand believes that international co-operation in this revision of programmes would be "prudent"; but that it is "vitally necessary" in the development of atomic energy, particularly if Europe is to match the United States on cost of power.

The OEEC ministers had little time to do more than endorse in principle M. Armand's view that the three "vertical" committees of the OEEC which deal with technical production and distribution questions for coal, electricity and oil, should now be supplemented by a power committee competent to relate the development plans in each sector of the power industry to each other and to the changed assumptions of the atomic age. A working party will also examine co-operation in the field of nuclear power—a small step in the right direction. But firm planning for international co-operation in atomic development deserves to come first on the agenda when the ministers next meet.

(Concluded)

A sherry that is sheer delight

A perfect gift to the most critical palate, Pintail is an exceptionally fine sherry, both pale and beautifully dry. Specially selected at Jerez, this proud product of Spain is available in a trial pack of two bottles at 42/7d; subsequent supplies at £12 per dozen bottles. Your orders will have prompt attention.



Pintail SHERRY

Established 1800 MATTHEW GLOAG & SON LTD., PERTH, SCOTLAND

HENRY GARDNER

AND COMPANY LIMITED

(CAPITAL & RESERVES £2,000,000)

Henry Gardner & Co. Ltd. provide manufacturers and producers of raw commodities with an economical method of marketing their products throughout the world. This assistance in problems of shipping, insurance, finance and the sale and distribution of British goods overseas has been valued by many leading manufacturers. For further information please apply to our Head Office or to your nearest branch.

HEAD OFFICE:—2 METAL EXCHANGE BLDGS., LEADENHALL AVENUE, LONDON, EC3
Telephone: MANsion House 4521 (10 lines)
Telegrams: Nonfermet, Telex, London
Cables: Nonfermet, London

143 ROYAL EXCHANGE, MANCHESTER 2
Telephone: Blackfriars 3641

LANSDOWNE HOUSE, 41 WATER STREET, BIRMINGHAM, 3 · *Telephone: Central 6471*

98 WEST GEORGE STREET, GLASGOW, C2
Telephone: Douglas 5433

THE THINGS WE DO FOR YOU - 3

You, sir, may not care a row of beans about us, but what we do for our living may nevertheless touch your own life at a good many points.

For example, you need

only think of your food

Your bread and biscuits are made of flour which was probably milled in a Simon-built flour mill (Henry Simon build most of the mills in the British Isles) and some of the wheat was very likely handled, stored, shipped and unloaded by Simon granaries and port installations on both sides of an ocean (there are Simon handling plants at every grain-receiving port in the Kingdom). Your eggs and bacon, your meat and milk, come from livestock which may be fed on the balanced rations made in some Simon-equipped provender mill. And if your wife has an electric kitchen, will you remind her that not a few of Britain's great power stations have boilers built by Simon-Carves?

coal washeries . coke ovens . power stations . heavy chemical and gasworks plants . metallurgical plants . materials handling plants . industrial gears . flour and provender mills and many other specialities.

SIMON ENGINEERING GROUP

SIMON-CARVES LTD
SIMON HANDLING ENGINEERS LTD
HENRY SIMON LTD
TURBINE GEARS LTD
BUNTINGTON, HEBERLEIN & CO LTD
CHEMICAL ENGINEERING WILTONS LTD
THOS. ADSHEAD & SON LTD
SANDHOLME IRON CO LTD
SIMON ENGINEERING (MIDLANDS) LTD
DUDLEY FOUNDRY CO LTD
METAL LAUNDRIES LTD
TYRESOLES (OVERSEAS) LTD

HS 173

ICFC

Finance for Industry and Commerce

ICFC provides finance in the form of long-term loans on fixed terms, or share capital, to industrial or commercial enterprises established in Great Britain. Amounts range normally between £5,000 and £200,000.

The Corporation is ready to consider applications for capital to purchase additional buildings, plant and machinery, or to provide increased working capital to further the expansion of business. Consideration will also be given to new ventures which are soundly conceived and adequately sponsored.

Please ask for our new booklet—"Capital for Business and Where to Find it".

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

Subscribers: ***The English & Scottish Banks.***

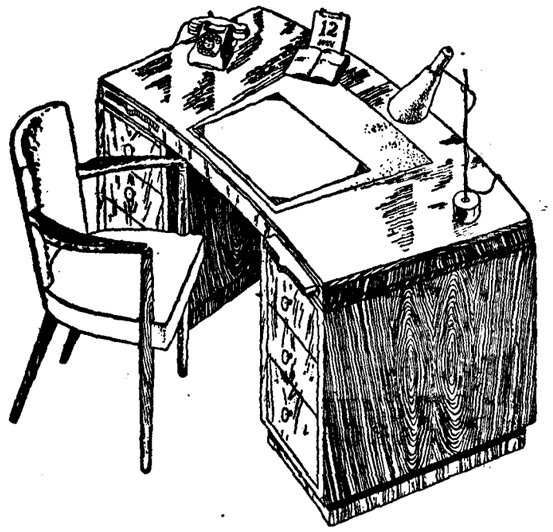
HEAD OFFICE:
7, DRAPERS' GARDENS, LONDON, E.C.2
Tel: NATional 8621/5

BRANCHES:

BIRMINGHAM—214, HAGLEY ROAD.	Edgbaston 4181
LEICESTER—31, FRIAR LANE.	Granby 854
MANCHESTER—73, WHITWORTH ST.	Central 5429
EDINBURGH—33, CHARLOTTE SQ.	Edinburgh 30212

Gla.

Finger-tip control



Sit at this new Heal desk and everything is under your finger tips. The unusual curved shape brings files, trays and telephones all comfortably within reach. There's a hide centre-piece, and above the six generous drawers there are two pull-out slides to cope with books and overflowing papers. In fact this is the very pattern of all a senior executive's desk should be.

Come and see this desk and a wide selection of Heal furniture for boardrooms and offices in our *Contracts Showroom. Your visit will show* you just why so many of today's leading and most progressive companies — both in Britain and abroad — put their furnishing and decorating problems in the hands of our designers, craftsmen and specialised decorating teams. If you cannot call, please tell your secretary to write for our booklet, *Furniture for Special Needs.*

HEAL'S
CONTRACTS LTD

196 TOTTENHAM COURT ROAD, LONDON, W.1

Telephone: MUSeum 1666

THE BUSINESS WORLD

Taxation of Profits and Income—II

A Capital Gains Tax?

NO division between the majority report of the Royal Commission on Taxation and the dissenting memorandum of the minority is deeper than the gulf that separates them on the question of taxing capital gains. The majority say "No"; the minority say "Yes," and they hang their proposal for a single tax on corporate profits at a relatively moderate rate of one-third on the condition that capital gains are taxed. It is fatally easy to look across this gulf, from its left side or its right, merely with the eye of prejudice. But so long as capital gains continue—and in this age of inflation and economic expansion they are not going to stop—some people will demand that they should be taxed. In all fairness to Mr Kaldor and his dissenting colleagues, their arguments for taxing capital gains are well-ordered and put with much power of persuasion. In all fairness to themselves, investors and savers should realise what the arguments are, and not make the mistake of howling that they are being hurt without knowing what has hit them.

For this purpose, it is convenient to take the memorandum of dissent and examine the case that it makes, and to draw less directly on the majority report. The minority plunge immediately into the deep water of principle. What is "income"? The tax code offers no definition of the word, and Mr Kaldor and his associates will have nothing to do with the convenient circularity of Lord Macnaghten's proposition that income tax is a tax on income. That leaves too much to be interpreted; yet the very process of interpretation has brought within the conception of taxable income gains that would formerly have escaped income tax. The classical tax tautology—"the word income means such income as is within the Act taxable under the Act" has grown some odd shoots. It is only 35 years since an earlier Royal Commission recommended that tax should be levied on casual or non-recurring profits arising from "profit-seeking transactions"; and although this proposal was not enacted, a series of decisions in the Courts has put much of its essence into effect. For example, the sale of whisky in bond by a woodcutter produced an isolated profit, but the Court held that it was taxable, on the ground that the transaction, even though it may have involved speculation of a rare kind, carried "the badges of trade."

What, then, governs the decision whether a particular transaction (or a series of transactions) should be invested with "the badges of trade"? If the "fruit" should be taxed, but not the "tree" (except for those who deal in "trees"), how is one to delimit the "interesting borderland" (as the Board of Inland Revenue calls it) between the mere disposal of property or investments for untaxed casual gain and those transactions in property and investments "just numerous and organised enough to constitute dealing so as to make the gains liable and the losses eligible for relief"? It is one thing, say the minority, to distinguish the profits of a regular business from infrequent profits of a casual kind. But certain profits are taxable even though they are isolated or casual; how then can it be equitable that other profits should be exempted (though they may be regular) because they are deemed to lack the atmosphere of a "venture in the nature of trade"?

These are arguments of some force. One has to be something of a tax metaphysician to distinguish fruit from trees in the borderline cases; the General Commissioners and even the Courts are not entirely consistent in their nice rulings (how could they be?); and the six broad lines of guidance that the majority propose for determining whether a profit should be taxable or not

are themselves far from precise, and are subject to reservations by two of their number. It is, however, worth setting them down in summary form, to show how the majority would identify the "badges of trade" which (they hold) should continue to be the criterion :

(1) *Subject matter.* Forms of property, such as commodities and manufactures, which are normally the subject of trading, are only very exceptionally the subject of investment.

(2) *Period of Ownership.* Property meant to be dealt in is generally realised in a short time—though there are many exceptions.

(3) *Frequency of Similar Transactions.* Successive realisations of the same sort of property set up a presumption of dealing.

(4) *Supplementary work on the Property Realised.* Working up property or special exertions to find purchasers for it suggest evidence of dealing. If nothing is done, the suggestion tends the other way.

(5) *Circumstances of the Realisation.* A sudden need for cash might negative the idea that any plan of dealing prompted the original purchase.

(6) *Motive.* Motive is never irrelevant, and can be inferred from the surrounding circumstances—even if necessary in the face of the seller's own evidence.

But these, to repeat, are no more than lines of guidance ; the one concrete recommendation from the majority is that appeals on this tricky subject matter should be heard by the Special Commissioners.

★

Although many gains formerly regarded as being of a capital nature are now treated unequivocally as taxable income, the minority have no doubt about what should be done :

> The major inequities, in our view, arise from the present tax immunity of capital gains . . . the tax exemption of the so-called capital profits of various kinds represents the most serious omission in our present system of income taxation.

They do not deny that the capital gains that occur as a result of inflation may be illusory ; but they argue that property owners who make gains because of inflation are better off than the rentiers who do not. Similarly, a fall in interest rates confers capital gains on some holders of securities (though this gain too is illusory if the investor wants to maintain the same nominal income), whereas other savers (for example, those who hold savings deposits) may suffer. So in each case, some are better off than others, and this is inequitable. But the bulk of the capital gains, argue the minority, come from dealings in securities, which are associated with the expectation of rising industrial earnings and dividends :

> The value which successful businesses acquire in the form of "goodwill"—the excess of their market capitalisation over their share capital and reserves—is not an isolated windfall. . . . It is part of the normal reward of successful enterprise . . . indeed, it is the most important part of that reward, the expectation of which is a crucial factor in the supply of risk capital and business ability to new ventures.

Because these gains are not taxed, they argue, elaborate dressing up of taxable income in the form of capital appreciation is encouraged. That may indeed be true. But it is nowhere more marked than in the case of the "one-man company" or "closed corporation," which has for several years enjoyed the protection of the umbrella opened by Sir Stafford Cripps, and can plough back much of its profits without much risk of a surtax direction ; both the majority and the dissenters might have discussed this typical modern case in much more detail. Certainly, the taxing of capital gains of this nature, which have no regular market price and would involve (as the Board of Inland Revenue's memorandum makes quite plain in its own italics) a valuation of the realised assets of every such business *as at the date when the tax came into force,* would present formidable difficulties. Certainly, no system of taxing capital gains that left this class of gains untouched would be acceptable for a moment.

★

So far the minority have been concerned with their conceptions of equity and justice in the treatment of capital gains. But when they come to practical matters, expediency enters the discussion :

> We recognise the force of the argument which leads to the conclusion that it would be inexpedient to tax capital gains at the full progressive rate of income tax and surtax combined . . . the effect would [then] be that a great part of these gains would be taxed at an extremely high rate [mounting at present to 18s. 6d. in the £], which would be bound to have a destructive effect on the willingness to assume risks.

This lets at least half the cat out of the bag. One must forbear from heavy taxation, lest capitalists should be discouraged from saving and encouraged to dissipate their capital. At what rate, then ? If these gains are income, is there any principle of logic that differentiates them from other forms of income ? The majority cannot find one. The dissenters find "no principle of equity" that declares that "if something cannot be taxed at 95 per cent it should be taxed at zero per cent." Nor will the dissenters admit any inherent claim that long-term gains should have more favourable treatment than short-term gains, though they would permit realised losses to be offset against realised gains, and unabsorbed losses to be carried forward indefinitely against future gains. They also have to recognise the fact that selling to establish tax losses can be coupled with automatic repurchase of the securities sold (though this can only be done at a cost). There would be incidental cases of hardship. For example, profits from the sale of owner-occupied houses should be exempted "to the extent of one residence for each taxpayer." Here again is an expedient discrimination in favour of one type of gain and against a comparable gain realised, say, on a motor-car or on the sale of a security from the

income of which the holder might be paying rent for a house.

"We do not," observe the dissenters, "wish to enter into a detailed consideration of the administrative problems created by a capital gains tax, except to record our view that we do not believe that these problems would prove so formidable as is sometimes suggested." The first part of this observation is discreet ; the second is entirely *obiter.* The Board of Inland Revenue, which is likely to know more about this than anybody else, makes no bones about the volume of work that a capital gains tax would entail. The Board conceives that such a tax would be highly unpopular among those likely to be affected ; it would apprehend continued demands for modification by the public ; an elaborate system of investigation would be needed, capable of probing into millions of transactions (its guess of 2½ million Stock Exchange transactions a year seems, incidentally, to be an underestimate) ; gifts would have to be registered ; collusive arrangements would have to be frustrated ; and powers might have to be taken to obtain returns for sales of valuable articles, ranging from jewellery to greyhounds. All this would land on the doorstep of Somerset House at a time when the Inland Revenue sees some years of full employment ahead even to catch up with the back-duty work that has been hanging over it since the war.

And to what end ? The Board's guess is that a capital gains tax might average £50 million a year, but that the yield could swing between £250 million and minus £250 million (if losses were carried back). The dissenters' memorandum will have none of this. Their estimate is that "the ultimate annual yield of the tax on our calculation of the rate of appreciation of capital would be between £200 million and £350 million." The very difference in these estimates will make the average taxpayer wary. He may be pardoned for recalling that when economists get down to figures, as they have on occasion in such diverse fields as the costs of social insurance and the net earnings of railways, they have been known to miss the target completely. It needs more than a series of broad assumptions and broader extrapolations to overthrow the Inland Revenue's guess at the yield, and the figures that the minority provide are no proof that a capital gains tax would give a worthwhile yield.

In the end, the arguments of the minority cannot prevail. They have admitted that progressive taxation on capital gains would destroy the enterprise that produces part of the gains. They have not examined the effects that a flat tax on such gains might have on saving. They make little of the effect of the Death Duties as a long-run capital gains tax. They do not appear to conceive of the possibility that the apparatus of a capital gains tax, once in being, could be brought into use for a direct levy on capital—and would certainly be regarded by all who suffered from it as a threat to the entire orchard and not just a tax on the cherries. There is a good deal of logic in the minority's case for taxing capital gains, even if it is tinctured here and there with a certain amount of spite. But if the freedom of capital gains from taxation is a condition of a major ingredient of enterprise and economic progress (other taxes being as high as they are), the cost of pursuing "equity" to the bitter end could easily lead to stagnation and capital decay. A capital gains tax makes a good siren's song for the ears of the Left, but the Devil, it will be remembered, has always had too many of the good tunes.

Trading in Coal

So far this year Britain has imported nearly as much coal as it did in the previous eight years of nationalisation. About a million tons a month are being landed, and officially the implication of some 12 million tons of imports in 1955 is treated without much reserve. The National Coal Board, in the dispirited annual report that it issued this week, accepts this as one more enduring humiliation : "the country may have to continue to import coal for some time to keep pace with the expected increase in industrial activity."

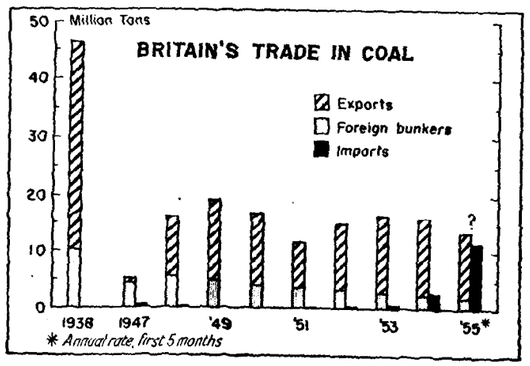
No shred of official confidence now remains that coal output can be raised as fast as fuel consumption is likely to rise. Significant results from the major colliery projects begun since the war are not expected before autumn, 1957 ; nor will the board be drawn into suggesting when or whether the increases that may accrue thereafter might catch up with demand. It has had some practice since the war in answering the question: "To what do you attribute your failure ?" and by now it seems fairly well able to analyse the reasons, though largely unable to influence them purposively. It is still losing manpower, and expects this to go on while full employment continues ; it is hard put to open more new underground capacity than the mining process automatically works out each year ; and every year less of the coal that it wins from its exhausting seams is good enough to sell. From this slippery slope the mounting curve of fuel consumption may well look frightening—five million tons more of coal alone last year, and for the board's guess five million more this year.

Britain is hardly yet a net importer of coal, but it has ceased to be a significant net exporter earlier than most people expected. On occasions this year the cumulative total of coal imported has exceeded the total exported—it did on June 11th, because exports were cut during the railway strike. But the rates so far would

be consistent with an annual total of perhaps 13 million tons for export and bunkering of foreign-going ships (which pay export prices), against perhaps 12 million tons of imports : the coal trade in and out is roughly in balance.

Net imports, however, may obviously soon be required. How far the balance will have to be tipped remains to be seen. Unless each year gets successively colder (which admittedly in Britain would surprise no one), it should be some years before the net imports required from the coal trade reach, say, the order of the net exports achieved in recent years (10-15 million tons). But the total amount of coal that Britain has to buy abroad depends on how much coal it is determined to export—and this decision rests with the Minister of Fuel and Power.

The National Coal Board shares no responsibility for that decision, but it has to bear most of the implications, physical and financial. Under the nationalisation act it has the duty of supplying the coal Britain requires: it therefore acts as the principal in securing coal from abroad, though it buys largely through agents. Physically, this reversal of Britain's traditional international trade in coal has its difficulties. Although in the thirties far more coal used to pass through British ports than is handled today, it was all going outward. A railway system laid down to carry coal from pithead to wharf is not necessarily convenient for carrying coal from port to consumer. Much of the coal comes in through small ports where channels, berths and landing gear are unable to handle the large freighters used, for example, to bring coal across the Atlantic, so that this has to be transhipped in Continental ports into smaller colliers.



Physically, however, the burden and disorganisation of handling larger coal imports are marginal to the Coal Board's main task. Once settled, a steady programme of imports could be handled better commercially, for example in the charter market, than in occasional convulsive bouts of buying abroad, and might offer some flexibility in stocks. Financially, their implications are by no means marginal: even in 1955, this stump of a tail is beginning to wag the dog. For the board pays nearly £2 a ton more for these shipments of foreign coal than the British prices at which it sells them: imports of 12 million tons a year would mean a direct loss of £20-£25 million this year for imports alone. Last year, the board made enough profit on all other operations to cover its interest charges, but a loss of £5 million on imported coal put it £3.8 million into deficit ; its losses on this account since nationalisation have accounted for £14.5 million out of an accumulated deficit of £17.4 million.

On the other side of that account, of course, has to be set the £100 million that the board has earned since nationalisation by selling coal abroad at world prices, instead of the controlled British price. If export premiums are set against losses on imports, the board has had nothing to complain of—until this year. The equation is simple enough: Britain both buys and sells at the world price of coal, but the board, at any rate, loses nearly £2 a ton on the coal transported here while it makes only about £1 a ton on what it exports. As soon as imports reach much more than half the volume of exports, the board is a net loser. It would almost always (there may be exceptional prices on particular qualities) pay the board to cut exports rather than buy abroad. But even if exports were abolished, net imports will cost it dear.

In deciding how much coal Britain should export, and therefore how much it will have to import, at least ton for ton, the Minister has more to consider than balancing the Coal Board's books. There are some "consequential" exports under particular agreements with countries that supply Britain with raw materials, such as Sweden ; there may be some shipping earnings in the balance, and there are the earnings of British firms in the coal trade ; there is some general trading prestige to be lost in abandoning what was historically Britain's greatest export ; there is sometimes said to be goodwill in the coal exporting business that could be rebuilt upon some day. In the visible trade balance coal imports are costing roughly £80 million a year today and coal exports are earning about £60 million a year. Much of the imported coal has come and more may have to come from the United States, and freights are rising against the coal importer ; but by flouting the British shipowner and accepting flag discrimination, the Government can get a good deal of this American coal for sterling. It should be added that coal is not the only fuel that Britain can import ; against £6-£7 a ton for imported coal, it is probably worth bringing in as much fuel oil at current prices as consumers can use. But fuel oil, too, is becoming less abundant.

Britain is going to have to pay heavily for fuel in the next decade, however the bill is presented—in costly coal imports or exports forgone, in shifting to oil, in heavier capital programmes of nuclear power stations. Coal Board deficits rank small in the tally. But it is worth remembering that some part in encouraging the waste of coal that undoubtedly lurks in soaring consumption figures has been played since the war by holding British coal prices well below what coal would fetch abroad—or, in a free market, here—and by delaying even the rises that become inevitable in those controlled prices. Successive governments share some responsibility for the National Coal Board's failure to produce as much coal as people will buy at artificially low prices. At present the Minister is delaying his assent to a rise in price that everybody knows to be large and inevitable ; that, no doubt, is temporary, and the import-export programme will affect it. The present Minister grasped the realities of Britain's current fuel situation more quickly than any of his predecessors ; he acted flexibly to meet it, and has shown skill in educating public opinion to accept his measures. But in leading Britain towards competition in fuel it is time that he began to dust off an older gadget that also works —the price mechanism.

Business Notes

Boom in the Markets

BOOM is a word used much too often. It was rightly used about the markets in 1929, and it must be used about the industrial share market now. Investors are on the feed as they have seldom been before. Money that does not usually play the London market—from America (through the switch market) and from deposits with the building societies—is flowing in and forcing prices up. Hardly a day passes without the *Financial Times* industrial index notching a new high record. By Wednesday of this week it had reached 219.8, a rise of 6.1 on the week though there was a slight easing on Thursday. The number of recorded bargains also—inadequate though it is as a guide to the total of business done—is at near record levels. In no single day has it quite reached the record of 19,438 reached in January, 1947, but both on Tuesday and on Wednesday of this week the total exceeded 19,000 compared with a run at about 12,000 a day just before the Whitsun holiday. Moreover the total of 84,276 for five consecutive business days up to Wednesday was the highest ever. But marking is not compulsory and in times of great activity, such as the beginning of the Stock Exchange account that started this week, brokers often find they have no time to mark.

The similarity with 1929 stops there ; it would be worse than useless to try to push it further, for whatever happens now—and there are several possibilities—there cannot be a replica of what occurred in 1929. This is a boom confined to the home industrial market and indeed to the leaders of that market, based on high earnings cover and high asset values compared with current dividends and current prices. It is not an occasion when every would-be financier and every would-be inventor can come to market for money and go away fully loaded. A prosperous economy, high profits and a stable government together provide the most plausible arguments why the boom should go further. But at the peak of every boom that ever happened it has always been possible to prove that it must go on ; if that had not been so the boom could not have taken place.

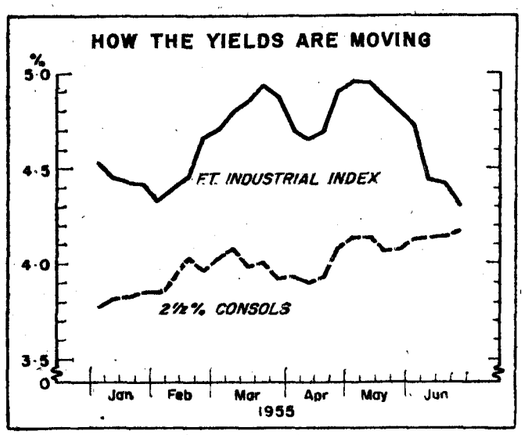
One of the most logical possibilities now would be an increased flow of new issues to the market, reducing the head of steam by mopping up some of the money. Since the election and the strikes have probably held up some new issues, there should now soon be some increase in the flow. There are indeed some signs that it is coming. The most important industrial issue recently is the offer to shareholders of one new share for each three held by the Bowater Paper Corporation at £3 10s. per share compared with a market price for the existing stock of £6. It will raise £8.4 million towards the corporation's vast development plans. The issue is underwritten by the London and Yorkshire Trust which receives the general commission of 9d. per share. It is unfortunate, since Bowater is one of the shares that has been heavily bought on American account, that American holders are not allowed by their own rules to exercise their rights, though they can sell them. It is doubly unfortunate that because American shareholders are barred other shareholders have been denied the opportunity to apply for excess shares. Instead they will be made available to executive directors and senior staff. Is there any reason why these valuable excess rights (likely to be more valuable because of the American disability) should not be available to all the shareholders.

A Little Gilt-Edged Borrowing

THE gilt-edged market is the converse of the industrial market. Business is lacking and prices drag gently downwards, many of the institutions with big regular sums to invest seem to be doing less than their normal investment and the *Financial Times* index of government securities has lost a little ground. On Wednesday it was 94.99 compared with 95.48 a week earlier and on Thursday it fell more sharply. Yields from industrials, as the chart shows, are thus out of tune with gilt-edged. Indeed the two are con-

verging fast together as industrial yields shrink and gilt-edged yields edge upwards. Tighter money policy is working in the gilt-edged market; industrials it has not yet touched. Here is a disparity that must one way or the other adjust itself. Either gilt-edged stocks must recover, which would imply that the tighter money screw had been released, or the industrial boom must be checked.

It is a dilemma for the Government. A heavy list of gilt edged borrowings is waiting including issues for the Gas Council and the Electricity Authority, and to replace the 1955 Serial Funding Stock to the amount of £523 million now largely held in the money market and due to mature in November. A strong gilt-edged market would suit the programme well. Yet the Government must not defeat its own policy by buying stock (not even the Serial 1955 stock) from the market. The Bank of England is proceeding warily and with modest success with the borrowing programme. One small but urgent operation in the gilt-edged market, the New Zealand loan, has been more successful than most experts foresaw. Not only were the underwriters relieved of any obligation on the £10 million 4¼ per cent cash and conversion issue dated 1970-73, but the large cash applicants had to be scaled down to about 57 per cent of their applications.



Now the Bank has launched another urgent refunding operation. The London Electric Transport Corporation issue of £42 million of 2½ per cent stock maturing in August is being replaced. A similar amount of British Transport 4 per cent guaranteed stock 1970/72 offered both for cash and for exchange at £96½. The issue price was fixed exactly in line with the market, for British Transport 4 per cent stock is already in existence and stood at that price. Not unexpectedly cash lists remained open throughout banking hours on Thursday. The exchange operation, however (the word conversion cannot be used, for London Electric Transport Finance Corporation has ceased to exist), should prove attractive to many holders of the maturing stock. There is an overlapping interest payment for July to holders who exchange worth about 2s. per cent net. They are also exchanging a stock subject to stamp duty and guaranteed under the Trade Facilities Act for one that is free of stamp. The new stock offers a yield of a shade over £4 5s. per cent to redemption at the latest date and a guaranteed 3½ points of capital appreciation. It should be particularly attractive to grandfathers thinking of setting up educational trusts. The maturing London Electric stock is believed to be widely spread in small amounts. Conversions should be high but it will be surprising if the government departments are not required to take up some part of the £42 million, and that is just what government policy has to try to minimise.

Sterling's Unseasonable Slip

THE waning effect of the strikes has brought no relief to sterling. The rate against the dollar has been slipping almost continuously and from $2.79¼ a week ago it has fallen to around $2.78½. The demand for dollars has in part been commercial and there have been unusually early signs of substantial payments for grains. These payments also account for the weakness of Sterling against the Canadian dollar, where the rate has moved during the past week from $2.74¾ to $2.74. Part of the selling of sterling has also been due to the running down of working balances by foreign holders of sterling. These sales have been induced by the reasoning that the railway, dock and liner strikes will have an unfavourable and fairly extended impact on the balance of payments and that in consequence the outlook seems to suggest a further decline rather than a strengthening of the rate.

The strikes have certainly occurred at an unfortunate psychological moment for sterling since their repercussion from the British balance of payments will tend to fall at a moment when the seasonal pressure on sterling gathers weight. But if much of the recent selling of sterling is no more than an emotional reaction to the expected effects of the strikes the rebuilding of sterling balances later in the year may provide a useful cushion to the normal commercial demand for dollars at that time. So far as the market can tell the intervention of the authorities in the exchange market appears to have been negligible in the past week—a fact which lends a somewhat more reassuring aspect to the actual adverse movement in the rate.

In the forward market the premium on three month dollars has remained steady at 1⅛-1¼ cents. There seems to be little evidence of a fresh influx of short term money from overseas. Such inflow of foreign capital as has come to London recently has been through the purchase of sterling securities mainly by American investors. This has affected the rate of security sterling which since the beginning of this month has moved from $2.77 to $2.78. But security sterling, helped by this unexpectedly large and persistent foreign demand for British equities, has climbed above the rate for transferable sterling. This rate has been fairly steady recently at about $2.77⅛. The market in transferable sterling has not recently required official support. Now that transferable sterling is the cheapest available way of converting dollars into sterling a fairly persistent demand for this type of sterling is reported on Middle East account. This has fully kept up with the supply of such sterling offered in the usual markets mainly in Zurich. There have even been some reports that the Exchange Equalisation Account has on occasion been a seller of transferable sterling against US dollars.

Starch
does surprising things

IN SUCH SURPRISING PLACES



Example:

STARCH IN SUGAR CONFECTIONERY

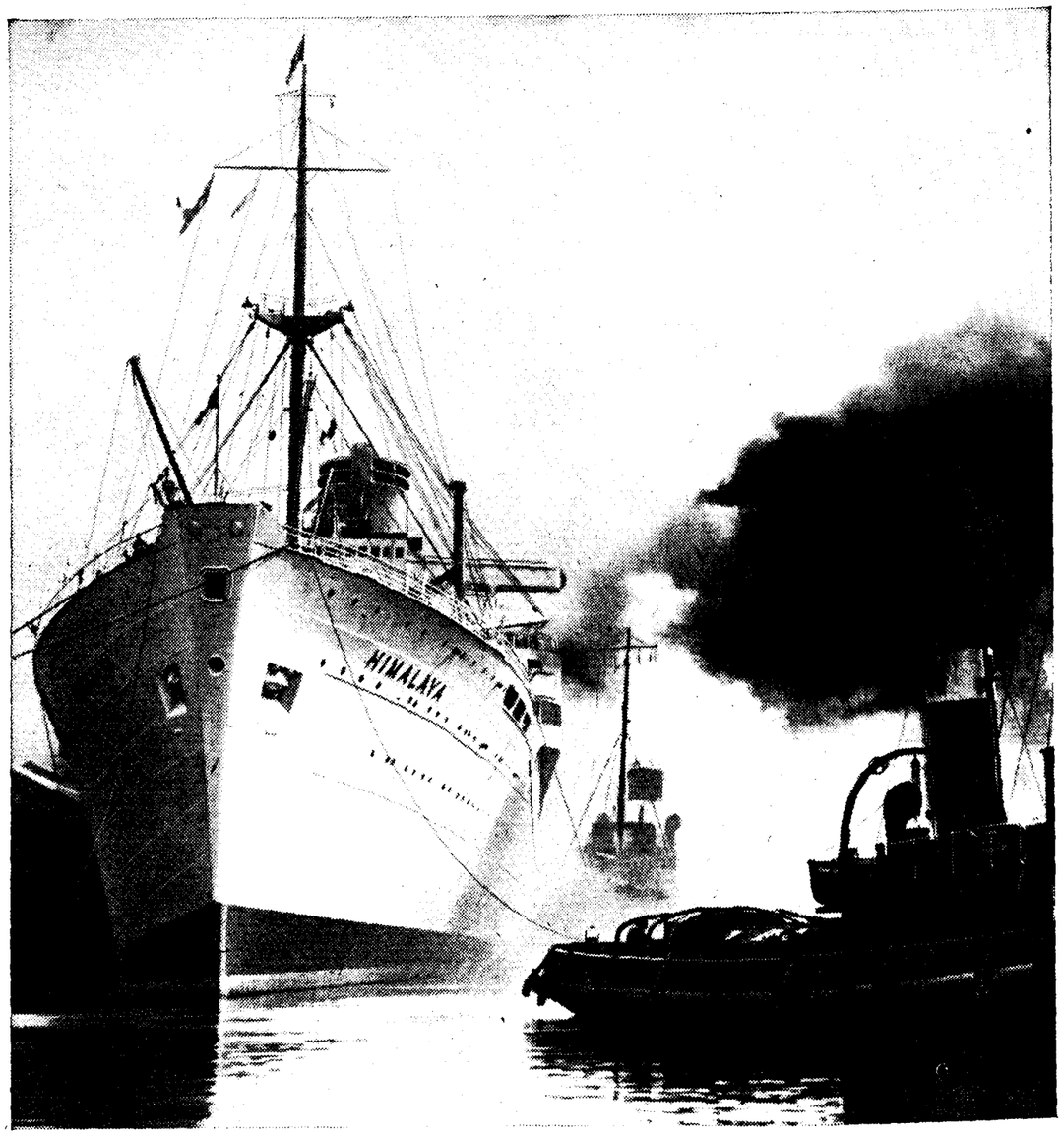
Every day, millions of young hearts are rejoiced by the sight of gay glass jars in sweet-shop windows, full of brightly-coloured 'cushions' of flavoured sugar, clear and translucent as the jars that display them.

But boiled sweets did not always shine so bright. Once (long ago, it is true) the sugar confectioners were vexed by the crystallising of the sugar in their sweets, which dulled their surfaces and spoiled their translucency. The first attempt to cure the trouble was by adding cream of tartar and so 'inverting' enough of the sugar to prevent crystallisation. That did stop the crystallising to some extent, but invert sugar is hygroscopic—it absorbs moisture from the air, and makes sweets that contain it damp and sticky. Surprisingly enough, the answer to the problem came from starch: glucose, made from starch, proved to be the ideal crystal inhibitor. Itself an energy-providing food, glucose affords a colloidal medium in which sugar crystals cannot form. Its use for this purpose in sugar confectionery is now the largest single use of glucose.

Corn Products Company Limited, the Industrial Division of Brown and Polson, produce 200,000 tons of starch products a year: more than 400 different products, which are helping more than 80 different industries to reduce production costs, to make better products, or even to make products that could not otherwise be made at all. We have spent more than 100 years in building up this large and varied business. We have learnt a lot about the industrial uses of starch products, and our advice is freely at your disposal.

CAN STARCH HELP YOU?
When you read in these advertisements how starch products are helping other industries you may see new possibilities of turning them to account in your own business. We shall be glad to discuss them with you.

CORN PRODUCTS COMPANY LIMITED
THE INDUSTRIAL DIVISION OF
Brown & Polson



BP SERVES THE SHIPS

AT MORE THAN 160 ports along the trade routes of the world the BP International Oil Bunkering Service provides oil power for ships; for tankers and tugs, cargo ships and passenger liners.

At Aden alone, where BP plays a major part in the fuelling of ships, over 4,500 calls are made each year.

BP products are a power behind transport on land, at sea and in the air.

The BP Shield is the symbol of the world-wide organisation of

The British Petroleum Company Limited

whose products include BP Super Motor Spirit *and* BP Special Energol 'Visco-static' Motor Oil

Money Tactics Now

THE Chancellor, in his speech during last week's debate on the Address, left no doubt of his conviction that the strikes have made it more than ever important to maintain the money squeeze and ensure that it is fully effective. There seems no reason to suppose, however, that he was already contemplating some reinforcement of this policy—although an impression to that effect did take shape briefly in consequence of his rather ambiguous references to "various other credit measures." Mr Butler had previously been speaking of the restrictions upon hire purchase, and was not prepared to give a definite estimate of their effect up to date. But he considered that, between the extremes of furniture (which has been hit "quite severely") and motor cars (sales of which are still rising rapidly) there was "considerable evidence that the upward movement . . . is being checked." The recent rumours of an impending tightening up of these restrictions were evidently ill-founded.

Although no change in present policy is envisaged, the Chancellor seems to be expecting that at least the orthodox parts of his "measures of February 24" may in the coming months exert a more evident effect upon the economy than has been discernible so far. He remarked that, "as this policy was intended to be severe, its severity is likely to be felt in the country in certain industries." Inevitably, in view of the continuing strong rise in bank advances, he confessed himself as not "yet" satisfied with their trend. He evidently accepts the explanation of the banks that the expansion that has taken place since February springs to a large extent from the utilisation of credit lines sanctioned before that date—while the total volume of advances has been swollen by the fact that new demands have not been accompanied by the customary flow of repayments, in consequence of the inactivity of the long-term capital market.

The bankers, for their part, seem during this period to have been following a somewhat stiffer policy in granting new limits, and are now facing the need to apply this stiffening more generally, because the scope for defending their liquidity ratios by sales of gilt-edged—upon which they have mainly relied in these past three months—is now much diminished. For both these reasons it seems possible that the curve of bank advances may soon show signs of flattening. But the process of extending the squeeze is causing a good deal of worry. The larger borrowers, who seem to have been those most affected so far, can without undue difficulty usually be made to understand the nature of the pressures upon the banks, but in present conditions of prevailing optimism and very full employment it is hard to make the smaller borrowers equally aware of the need for restraint.

Puzzle of High Exports

THE trend of British exports this year is both heartening and puzzling. A sharp recovery in the first quarter's rate was to be expected as shipments held up by the dock strike of last October were despatched in the New Year. It was also expected that exports in the last two months would not compare with the inflated rate of the first quarter. Yet in April and May, both short working months, the average rate was as high as in the first quarter. At some point in the last five months exports have first recovered lost ground and then surged ahead again. The change-round can be illustrated, if not pin-pointed, by comparing the average value with that of the same period a year ago (changes in export prices have not been significant):

UK EXPORTS

	Monthly Average £ million	% Change over 12 months
1954 1st quarter....	224·5	+ 7½
„ 2nd „	223·9	+ 6½
„ 3rd „	221·1	+ 4½
„ 4th „	222·0	− 3½
1955 1st „	247·3	+10
„ April/May	247·1	+ 9

The high rate of exports in the last two months can hardly have been a flash in the pan; the detailed figures for May show that, as in the first quarter, it was broadly based among engineering products, metals and chemicals. Shipments of engineering products, at £98.5 million a month in April and May, were £10½ million higher than in the same period of last year and £4½ million higher than in the first quarter of this year. Shipments of metals, at £33.5 million a month, were £4½ million higher than in the same period of last year and almost as high as in the first quarter, while shipments of chemicals, at £20 million a month, were £3 million higher than a year ago and as high as in the first quarter. It is the more unfortunate—and tantalising—that the trend during the next few months will be obscured by the effects of the recent rail and dock strikes.

The detailed trade figures also suggest that monetary policy can claim some credit for the further fall of £27.7 million to £290.3 million cif in imports last month. The fall in April had been almost wholly in foods and beverages; last month's fall was more widely—though far from evenly—spread. Imports of foods and beverages dropped by over £15 million, thanks to smaller and cheaper arrivals of tea and cocoa, and smaller arrivals of cereals and feeding stuffs and meat. Imports of basic materials dropped by £7 million; wool and timber were up, cotton, jute and rubber were down. Among manufactures, which dropped by £4 million, imports of chemicals rose further, iron and steel showed no change, but imports of non-ferrous base metals fell by £4½ million to £13 million—a decline mainly of volume, not of price. There was no change in the terms of trade last month, the index remaining at 102 (1954=100).

Atomic Interchange

THE Anglo-American agreements on the exchange of civil and military information have had a cool reception in this country, but in fairness to the American negotiators they appear to have gone as far as the amended MacMahon Act permits. The civil agreement, for example, makes it possible for the Americans to exchange data about reactor design that is still classified as secret in the United States and

although the Americans are probably behind Britain in practical atomic power development, they have considerable experience of designing and operating several basic types of reactor. Provision has been made for the transfer of materials and equipment between the two countries and the way has also been cleared for normal commercial negotiations between British and American manufacturers interested in atomic developments.

The present Act prevents the American authorities from giving either atomic weapons or practical data about them, but under the new military agreement it appears that a good deal of information is likely to be exchanged about their effects, their use and—a point stressed by the Prime Minister—the progress believed to have been made with them in other countries. Agreements of this kind can be made or marred by the manner in which they are interpreted, and in the past the American authorities have shown themselves adroit in stretching the letter of the law to its most liberal limits. The new agreements should therefore not be prejudged; if this same liberal spirit is applied to them, the two countries may gain considerably from closer co-operation. The British, on their side, operate under no such legal restrictions as the Americans and are therefore free to meet whatever the United States may offer at every stage.

When the United Nations conference on civil applications of atomic energy is held in Geneva in six weeks' time, much of the information contained in the Anglo-American agreements is going to be made public in a thousand papers being presented there. This could have a profound effect on American views about atomic security and it is a moot point whether the British negotiators might not have struck a better bargain had they waited until after the Geneva meeting, to conclude this week's agreements.

True Blue Incorruptible

It was perhaps to be expected that the Federation of British Industries might issue some statement defining its own considered views—or lack of views—about the principles involved in restrictive business practices shortly before the first general report of the Monopolies Commission on one of these practices, exclusive dealing, comes to be published (just as it was safe to bet that the Trades Union Congress would not). On the whole, it is useful that the federation has done so, and in advance (it can hardly be accused of prejudging practices it does not know about) Such a judgment must essentially be one of principles. And the federation's judgment—also hardly unexpected—is that it is unwise to generalise about restrictive practices, and that each case must be judged on its merits.

It considers, however, that "serious harm could be done to productive industry, to our national economy and therefore to the public interest if statutory action were to be based on some of the sweeping generalisations that have been made in public utterances in recent months." It has, therefore, appended to its main view a description of some of the restrictive practices concerned—price-fixing and market-sharing agreements, exclusive dealing, and resale price maintenance—and of certain considerations that lead trades and industries to employ them. It holds that:

> These practices need not and should not mean higher average prices in the long run, nor do they as a rule mean restriction of output. The degree to which they can create a closed preserve for those taking part in them is often exaggerated.

The federation admits that "undesirable results may follow in some cases of practices that limit competition: but it is wrong to assume that they necessarily do."

All propositions that begin with the word "Sometimes . . ." are hard to refute, and there is not a lot in the federation's explanations of how some of its members act that need even raise objection. There is, too, some recognition of the reasons for the slow accretion of public prejudice against these practices. What remains depressing is that the main stronghold of private industry in Britain is again declining to deviate, by so much as an inch, towards any prejudice in favour of competition. It is easy to see why. For if it once admitted that competition is, in general, a good thing, it would have to admit that any restriction of competition is, in general, a bad thing. And from there it is only one step to agreeing that the right course is for the law to pronounce a general condemnation of these restrictive practices, and to put upon particular industries the onus of proving their case before they could get exemption for the particular practices that they claim do so much good.

The Monopolies Commission's own first approach to any general restraint of competition is about to be disclosed. But it may be fair in the meantime to remind the federation that competition remains the best political argument, though it is not the only one, for private enterprise against nationalised monopoly.

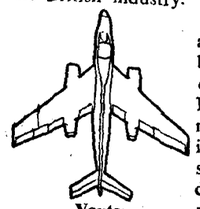
BIS—IMF Chorus

The Bank for International Settlements and the International Monetary Fund at one time seemed to American eyes to be rivals between whom coexistence would be impossible, but the two have long since become peaceable colleagues in roughly the same line of business. If there is one subject on which the voices of Basle and of Washington can be expected to speak in unison it is the march towards currency convertibility. The word "convertibility" hardly appears in the annual report of the BIS, but undoubtedly the spirit of convertibility suffuses the whole report. The past year is described in the BIS report as one of "prosperity and promise." Among its encouraging features three are marked out. They are the rapid recovery of the United States from its recent recession, the uninterrupted expansion in Europe, and the increased reliance on general financial measures to restore and maintain the economic balance. Even on the question of sound domestic policies the report is reasonably reassuring "now that reliance is increasingly being placed on monetary measures instead of on physical controls."

What then checks the further forward movement towards currency freedom? One influence, says the report, is "the false but not infrequently expressed idea that the establishment of genuine markets for foreign exchange is somehow incompatible with a continued expansion of international trade." The other is the human trait of procrastination of which the report says that while "there is no reason to dispute the advisability of proceeding by stages and with due

A French Aircraft Lead?

At two o'clock last Saturday afternoon a flying display began at Le Bourget that was to wind up the air show held by the French aircraft industry during the previous week. The flying went on uninterruptedly for more than five hours and when it ended most visitors, however exhausted, felt that the French had conclusively demonstrated their right to be readmitted into the exclusive circle of the world's major aircraft manufacturers. British technical observers were also prepared to concede that in some fields the French had established a lead over the British industry.

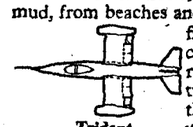

Vautour

This unpalatable admission is based on two quite different French achievements. The first is the inventive skill that produced such machines as the rocket-powered *Trident*, which has climbed at supersonic speed, and the ram-jet *Leduc*; the other the marked French success with two such conventionally designed aircraft as the *Mystère* fighter series and the *Vautour* bomber. The French claim to technical superiority is based on a narrow range of aircraft—the industry has made no attempt to develop heavy bombers and has not made much mark in the design of big transports—but its greatest successes have been scored during a period when the British aircraft industry has been having some difficulties with much the same type of aircraft.

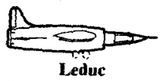
The French aircraft industry is part nationalised, part privately owned. It employs only 60,000 people, less than a third as many as in Britain. The leading manufacturer to emerge since the war is without question Marcel Dassault. In the two latest versions of the *Mystère* series, whose main features are listed in the table below, Dassault has achieved supersonic speed in level flight with engines of lower power and less complex design than either British or American designers. How this has been done is difficult to see—the *Mystère* is essentially a conventionally built aircraft—but it has been evolved from a long series, and developed step by step rather than springing straight from the drawing board.

Neither British nor even American designers have anything to show like the rocket-powered *Trident* nor the *Leduc* aircraft, both flown for the first time in public last week. The *Leduc* represents something approaching engineering genius. A ram-jet has no moving parts, it is a pipe into which fuel is steadily pumped and ignited while the air is rammed into it by the sheer speed of the aircraft. It is a diabolically dangerous device, but the ram-jet or the rocket are the only possible motors for flight at twice the speed of sound: which means the next generation of interceptors, manned on unmanned.

Some of the other French achievements are dictated by the country's special tactical requirements. The age-old fear of invasion has evolved into a deep—and probably sensible—suspicion of too great reliance on Nato's elaborate network of runways which would be the first and most vulnerable targets in wartime. The *Baroudeur* fighter has been launched off its trolley from a foot of wet mud, from beaches and from bumpy airfields. Few air commanders would relish a squadron of two-piece fighters that left their undercarriages behind them, but they might when the time came prefer them to no fighters at all. The same logic is behind the French pressure to develop light tactical fighters, which started some time before Nato became interested in them—these aircraft have not yet flown.


Trident

It may be pertinent to speculate on how much the spurt that has been made in the French factories during the past two or three years has been affected by the manufacturers' relations with the government. The French air force budget, which finances research and development in the way that the Ministry of Supply does here, has become far more stable than it was. Orders are no longer cancelled arbitrarily and it is probable that the industry was greatly encouraged when an off-shore order was placed for *Mystère IV*'s just as it has been disappointed by the even larger off-shore orders placed for Hawker Hunters.


Leduc

But the French industry receives an added stimulus. Development contracts placed by the French air ministry contain penalty clauses for failure to deliver on time and to specification and also allow a bonus for manufacturers who beat their dates. This recoups the cost of the overtime that may be needed to meet delivery dates. The industry may be predisposed to rush a prototype into the air before it is really completed, in order to qualify for this bonus, but that is a tendency that can be watched. The other danger is the designers' tendency to lose interest in existing projects once a new idea is born. In the past this has dissipated the industry's resources and justified the taunt that the French industry was an incorrigible producer of prototypes.


Mystère

One or two instances have suggested that the French are not keen on the idea of technical collaboration with, for example, British manufacturers. But there may be much to be gained from closer discussion about design requirements between Nato countries than seems to exist at present. Neither British nor American designers can assume any longer that the balance of air leadership, so far as it rests on aircraft performance, lies in their two countries only.

LEADING FRENCH AIRCRAFT

Type	Aircraft	Performance	Engine	Delivery
Day fighters	Dassault: Mystère IV	Supersonic in dive only	1 Hispano-built Rolls-Royce Tay	15 in service; 350 ordered
	Dassault: Super-Mystère	Supersonic in level flight	1 Hispano-built Verdon (developed R-R Tay)	Late 1956; 200 ordered
Experimental fighters	SNCASE: Baroudeur	Trolly launching permits operation without airfields	1 SNECMA: Atar	5 ordered
	SNCASO: Trident	Supersonic in climb	3 SEPR rockets. 2 Armstrong Siddeley Vipers	Operational fighter prototype 1956
	Leduc: 0.21	Planned for twice speed of sound	1 Leduc Tuyere ram-jet	High-sp'd version end 1955
Light bomber.....	SNCASO: Vautour	Supersonic in dive with bomb doors open	2 SNECMA Atars.	150 ordered; delivery end 1955
Civil transports.....	SNCASE: Caravelle	70 passengers, medium ranges	2 Rolls-Royce Avons	Commercial delivery 1958
	Hurel-Dubois: H.D.32	44 passengers, short to medium range. Undeveloped airfields	2 Pratt and Whitney or 2 Wright piston engines	Commercial delivery 1956; tooling for 150.

SNCASE = Société Nationale de Constructions Aéronautiques du Sud-Est. SNCASO = Sud-Ouest. SNECMA = Société Française d'Etudes et de Construction de Moteurs d'Aviation. SEPR = pour la Propulsion à Reaction.

safeguards . . . there may be an even greater risk in failing to take advantage of the opportunities that present themselves and . . . in postponing decisions especially where a line of action is inevitable in the interest of the country concerned and of other nations as well." In this concluding sentence of its report the BIS clearly wags a finger at Great Britain and sterling.

The International Monetary Fund has no inhibitions about using the word "convertibility." In its latest annual report on Exchange Restrictions it joins the BIS in handing a bouquet to "monetary and fiscal measures as contrasted with restrictions on foreign trade and payments" as being the main ally of the cause of convertibility. In reviewing the progress towards convertibility in the past year it gives pride of place to the extension of the transferability of sterling and to the decision of the British Government to intervene officially in the market for transferable sterling. When that decision was announced it was questioned whether such intervention might not contravene the articles of the IMF agreement. Far from it; "the Fund has welcomed this action of the UK authorities as being in the direction of the Fund's objectives." The IMF report notes the different paths along which countries are progressing towards convertibility—through the removal of discrimination on payments for current transactions, the liberalisation of capital movements, and greater freedom given to non-residents. The report also notes without any indication of preference that some countries are moving towards convertibility on the basis of a single and stable rate of exchange while others have felt the need for more flexibility. It would almost seem from this dispassionate description that the IMF is willing to condone flexibility.

Workers' Shares

A YEAR ago Imperial Chemical Industries blazed a trail. The scheme then announced of setting aside part of the profits for the workers, of investing it in ordinary shares of the company, and handing those shares over to the workers, was not new in its conception of profit-sharing or of encouraging workers to become shareholders: the novelty lay in the generosity and in the absence of transfer restrictions. The idea has since spread and with the blessing of the Chancellor it will doubtless gain more momentum. ICI has also decided to add a little to its original programme. At last week's meeting the Chairman, Dr Alexander Fleck, announced that another advance on the workers' shares front is being considered. The company has already an employees' share investment scheme (apart from the profit-sharing plan). Trustees buy shares for employees at market price plus commission and allow them to pay in full in instalments over two years by deduction from their pay packets. It is now proposed that they should be able to buy limited amounts of ordinary and preference capital at a small discount below market prices. This clearly implies that newly issued shares instead of existing shares bought through the market are to be used.

Capital as well as labour got its item of good news. Dr Fleck confirmed that ICI is to join the select few British companies making half yearly reports. The interim reports will come with the interim dividend announcements in September and as he pointed out they will be unaudited and will not include the net income after tax. Since both the profits tax, and the profit-sharing bonus are geared to the year's total ordinary dividend a net taxed profit figure for the six months would clearly be impossible. Even without it the interim statement should still be a most useful guide for shareholders.

Important changes, like extending employees' investment plans and introducing interim reports, are usually announced when the tide of prosperity is flowing in. Dr Fleck left no doubt that that tide is still flowing in ICI's favour. So far this year the company has experienced a period of great activity. The general level of both home and export sales is well above that of the corresponding period of last year. Many of those sales represent the products of new plants only recently completed and competition — particularly overseas—is strong. But Dr Fleck hopes that the company will not be forced by higher costs to raise its prices. It has been successful in keeping them relatively low so far, and is trying to keep the third partner in industry—the customer—in the picture.

Mr Wolfson Bids Again

HIRE purchase restrictions may come and go but Mr Isaac Wolfson goes on adding to his empire of multiple furnishing and drapery stores. His most recent bid is for the ordinary capital of Waring and Gillow. His offer is 40s. in cash for every 12s. ordinary stock unit plus two "A" ordinary stock units of Great Universal Stores for every three ordinary stock units of Waring and Gillow (which has an issued capital of £338,643). The directors of that company point out that on the basis of prices ruling at the time of the offer the bid is equivalent to 75s. per 12s. unit. When the offer was made the Waring and Gillow ordinary stock units had a market price of 62s. 3d.; since then they have jumped to 71s. 6d. The directors are considering the offer and have advised stockholders not at present to sell.

Waring and Gillow would fit comfortably into the GUS empire. Not only has it a long established business in furniture, upholstery and interior decoration, with factories and showrooms in London, Liverpool, Manchester and Lancaster, but also it has some minor interests in other household goods and in drapery. It has itself been adding to its subsidiaries and it has been fully alive to the possibilities of deals in property, recently separating its property owning business from its trading activities.

Mines and Men

THE mining finance houses have been in the news this week. Three of them—Anglo American Corporation of South Africa, Central Mining and Investment Corporation, and Selection Trust—have all produced their chairmen's statements. In addition, the Anglo American group has announced the formation of a new development corporation. Anglo American Rhodesian Corporation, with

Now! Luxury Air Service
TO KARACHI
via Cairo in 16* HRS

P.I.A. Super Constellations
Fly Fastest to the East

At last! Pakistan International Airlines have extended their domestic routes serving West and East Pakistan, India and Burma. Now you can fly to Karachi via Cairo in 15.50 hours air time*—fastest ever—*and* enjoy a trans-Atlantic standard of luxury aloft. P.I.A. Super Constellations leave London every Friday and Karachi every Tuesday. Ask your travel agent. First Class and Tourist accommodation with Bar Service available. The First Class section is fitted with special de luxe "Siesta-seats" to ensure perfect comfort during the day *and* night.



CAPTAIN N. HEMSWORTH
It's comforting to know that the man 'up front' is a man like Captain N. Hemsworth. Australian by birth, he brings to P.I.A's crack international air service a brilliant war record and experience of three airlines.

PIA PAKISTAN INTERNATIONAL AIRLINES
(SALES AGENTS: AIRWORK LTD.)
CONTACT YOUR LOCAL TRAVEL AGENT or P.I.A., Brompton Air Station, 249 Brompton Road, London, S.W.3. Telephone: Knightsbridge 4371

For sultry occasions...



Make friends with Martell BRANDY

with iced ginger ale or soda

You'll enjoy motoring as never before . . .

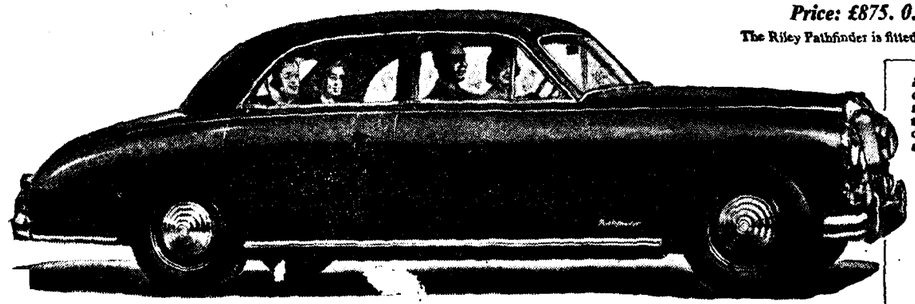
in the Brilliant

Riley

PATHFINDER

The most exhilarating, most satisfying motoring you have ever known awaits you at the wheel of the Riley Pathfinder. From the first sight of this fine car you will thrill to its clean aerodynamic lines and low build, which combined with the unique Riley suspension gives a sureness in roadholding and cornering that is outstanding even by Riley standards. The Pathfinder is not only 'the best Riley yet' but also the most spacious and luxurious. It carries six people in deep-seated comfort. Real hide upholstery is standard. So is a very wide range of auxiliary equipment to make your motoring safer and much more enjoyable. This is a car you must inspect for yourself. Your Riley dealer will gladly give you the opportunity.

Price: £875. 0. 0d. *plus £365.14.2 P.T.*
The Riley Pathfinder is fitted with Safety Glass all round.



Service in Europe — Riley owners planning a Continental Tour are invited to see their Riley Dealer for details of a free service to save foreign currency.

BMC

REMEMBER — Quality and dependability are guaranteed by the B.M.C. Used-Car Warranty and you are certain of a good deal when you sell.

RILEY for Magnificent Motoring

RILEY MOTORS LIMITED, *Sales Division*, COWLEY, OXFORD
London Showrooms: RILEY CARS, 55-56 PALL MALL, S.W.1 Overseas Business: Nuffield Exports, Ltd., Oxford and 41 Piccadilly, London, W.1



Pattern for progress

Here, at Kemsley Mills—alongside the famous No. 5 machine, largest in the world—Bowaters are installing a huge new paper-making machine. It is as long as an aircraft hangar, a factory in its own right.
Its cost: over one million pounds. Yet, under the Bowater international development programme, **five more such machines are to be installed**—two at Thames Mills, two at Mersey Mills, the other at Bowaters' Tennessee Mills, expanding even now, so soon after their acclamation last year as the greatest Anglo-American industrial venture since the war. Together these machines will produce some 370,000 tons of paper a year—a noticeable proportion of the entire world supply. They are the very heart of a master plan of expansion that includes *new power stations and pulp mills, new factories for the manufacture of building board, corrugated containers and high-grade tissues.* One of the great industrial enterprises of the century is under way.



Bowaters

THE BOWATER PAPER CORPORATION LIMITED

Great Britain United States of America Canada Australia South Africa Republic of Ireland Norway Sweden

an authorised capital of £2 million, of which Anglo American Corporation of South Africa and Rhodesian Anglo American will initially subscribe £500,000, is to canalise part of the earnings from the Northern Rhodesian copper mines into developing the natural resources of the Federation and assisting private undertakings and public works. Yet in spite of this implied warning of a possible shortage of finance, all the mining finance chairmen who have addressed their shareholders in the past week have put financial problems into the background.

Indeed Sir Ernest Oppenheimer, the chairman of Anglo American, has confirmed that the back of the problem of financing the new mines is broken. "The great effort of the last few years," he said, "has resulted in our bringing to production in the Orange Free State those mines for which we are responsible. We have also broken the back of financing the new mines in the Klerksdorp area. . . . All the finance required for the great Bancroft Mine in Northern Rhodesia has been secured. . . . Our financial requirements for the time being are of a routine nature and magnitude. We have, moreover, considerable reserves available for any new and profitable business that may arise." Neither Lord Baillieu, chairman of Central Mining, nor even Mr A. Chester Beatty, chairman of Selection Trust, spoke quite like that. But Lord Baillieu reports "a position of considerable strength", and Mr A. Chester Beatty reveals a most useful nest egg in the Selection Trust balance sheet. Quoted investments standing in the balance sheet of March 31st at £3,986,396 had a market value of £21,559,349. A year earlier quoted investments standing at £2,684,535 had a market value of £10,346,387. The change springs from the rise in American Metal common stock. Moreover, the unquoted investments standing at £658,284 include an investment in Tsumeb Corporation valued at £3 million. It is small wonder that Mr Chester Beatty has announced a one-for-twenty free scrip issue and that on the increased capital he expects next year's dividend to be not less than last year's.

On one other point two of the mining finance chairmen speak with the same voice. If the financial problem is on the way to solution, the human problem is not. Mr Chester Beatty does not discuss it; but Lord Baillieu reports a sharp improvement in native labour supplies not matched by a proportionate increase in the white labour force. Sir Ernest Oppenheimer in one of his most thoughtful speeches points out that human problems will absorb the Anglo American group's greatest efforts, that with the white people of the South Africa and the Rhodesias enjoying full employment there are grave shortages of qualified men at all levels. These shortages should be met from outside Africa. The corporation has indeed appointed a recruiting officer in England and is offering free university training. But South Africa is too small a country to afford a continuing series of constitutional crises that must diminish the confidence of the western world.

New Look at Synthetic Rubber

UNTIL recently synthetic rubber appeared to most British rubber manufacturers as an interesting substitute for the natural article, rather than as a full-blooded competitor. There were several reasons for that attitude. Synthetic rubber is not yet made in this country in commercial quantities; the industry has traditionally looked to natural rubber—and the Commonwealth—for its supplies; and there was no compelling need to undertake the laborious technical work of proving suitable synthetic compounds. There are signs that this attitude is changing. There is now a wider appreciation both of the technical acceptability for certain purposes of synthetic rubber (the quality of which has been improved) and of the possibility that supplies of natural rubber will be tight in the next few years. Natural rubber might therefore remain much dearer than synthetic, and British manufacturers would be at a disadvantage in export markets where they are directly competing with the United States. At present prices for forward shipments, natural rubber is now about 31d. a lb, almost one-third dearer than Canadian GR-S synthetic rubber at 22½d. a lb cif UK.

The change in the industry's view is reflected in its provisional estimate of its requirements of GR-S in 1956; this is for 26,000 tons, twice as much as its final estimate for 1955. Most of that rubber would be used for the manufacture of tyre covers, but this would still fill only a small part of a total rubber consumption for this purpose of about 120,000 tons a year. It cannot be assumed that licences will be granted for the industry's full requirements next year; so far, however, the effective limit has been its readiness to use GR-S and the availability of supplies. This year the final estimate was raised to 13,000 tons; that amount may not in fact be imported, because the additional quantity was requested when North American supplies were almost sold out. Normally the industry buys its butyl and GR-S synthetic rubber wholly from Canada, partly because imports from that country are duty free. But this year, as last, the Canadian Polymer Corporation could not supply enough, and the balance has had to be bought in the United States.

This is why the industry applied for, and was granted this month, the temporary suspension of the import duty of 10 per cent on American butyl and why it is now seeking suspension of the duty at the same rate on American GR-S. Demand for butyl, which is used mainly for inner tubes, is now falling owing to the introduction of the tubeless tyre, and if Canadian supplies are sufficient next year the duty will presumably be reimposed. But the industry may still have to buy a portion of its requirements of GR-S in America, and may therefore obtain suspension of that duty. As the chairman of the Dunlop Rubber Company has made clear, the industry will have to rely on North American supplies of synthetic rubber for some time to come.

Refuge Assurance Introduction

THE arrival in the market of the shares of a big insurance company, not hitherto quoted is a rarity. There will be much interest in the £1 "A" Ordinary and 10s. "B" Ordinary shares of Refuge Assurance Company when dealings start in about a week's time. Even at this late stage, though particulars of the company are already public property, details of the arrangements for the introduction have not been settled. Application has been made to the Stock Exchange Council for permission to deal in the whole of the company's capital consisting of 300,000 "A" ordinary

shares of £1 each and 600,000 "B" ordinary shares of 10s. each. The two classes rank pari passu except that the "B" capital is in ordinary circumstances non-voting. But neither the number of shares to be made available to the market, nor the likely opening price has yet been settled.

Investors must make up their minds on the basis of the published particulars. Refuge is a big and powerful company with net assets of £124.4 million. It is deeply entrenched in both ordinary and industrial life assurance and since 1953 has been concerned with general insurance (other than marine and aviation) through its subsidiary Federated Employers' Insurance Association, the whole of whose capital is held as an investment by the ordinary life branch of the Refuge. The shareholders' share of profits (and the policyholders' share too) rose in 1953 and 1954 owing to a reversal of the ultra-cautious policy that had to be adopted when markets fell in 1951. Total shareholders' profits of £323,411 in 1953 and £334,973 in 1954 are not expected to be repeated in the foreseeable future. Nevertheless the directors expect this year to be able to distribute to shareholders £188,000 net—that is a dividend of 54.49 per cent.

Refuge shares will therefore be "heavy." How heavy depends on the kind of market that develops. Dealers naturally hope that the family interests that hold the shares tightly will see the wisdom of releasing enough of both classes not only to start a market but to keep it alive. Nevertheless there is always likely to be less market in Refuge than in the other giants of the insurance world and for that reason investors may demand a slightly higher yield. While Prudential "A" yields a fraction under 4 per cent it would be reasonable to expect Refuge to yield a fraction over 4 per cent. That may price the "A" shares roughly in the region of £13 and the "B" in the region of £6 10s.

Transfer Machines

At last week's highly successful conference on automation organised by the Institution of Production Engineers at Margate, the only paper concerned directly with automatic transfer machines—machine tools that carry out a series of different operations upon a workpiece, passing it from one cutting head to the next—was given by M. Bezier, of the French motor company Rénault. Some comment was aroused by this, coupled with the fact that no representative of a British machine tool company gave a paper to the conference. The lack of a machine tool company's paper—two papers were given by research engineers on computer control of machine tools, but both were from the instrumentation side—seems to have been an inevitable accident of completing arrangements early. But the choice of a representative of Rénault to speak about transfer machines was entirely fitting. Generalisations about highly complex factories are extremely difficult to make, but the visitor's impression of Rénault's motor plant at Billaincourt on the Seine is that in certain machining operations at least this nationalised French company operates longer and more elaborate sequences of these transfer machines than most of the big British plants. It is, too, a pioneer in design, having been responsible for planning most of its machines itself from the basic machining units, which are generally interchangeable.

Nearly all British mass production motor plants employ transfer machines, and British machine tool companies are able to supply them. James Archdale of Birmingham indeed is a pioneer in their construction and design and Asquiths make them to their own design; other companies that build, wholly or using some imported units, include BSA, Sentinel, and Pollards. The demand for machines of this type is obviously limited—orders may arrive several years apart, except in a period of general expansion of the large motor companies such as has now begun—and every customer has his own special needs. The field in which the machine tool expert can contribute most is in the design of interchangeable unit heads, as Archdale's have done; it is perhaps fair to suggest that the British machine tool industry as a whole might benefit from closer co-operation on research and design with the makers of control systems and instruments.

The Fewer the Higher

The current run of rates in the tramp shipping market suggests that the fewer fixtures that are arranged on the Baltic Exchange the higher freight rates seem to go. Freight rates are not rocketing as much as Stock Exchange prices, but despite the onset of the normal summer doldrums period, and the fact that there is no sign of charterers falling over each other in any scramble for tonnage, they are creeping steadily higher. The Chamber of Shipping voyage freight rate index for May worked out at 122.6 compared with 110.2 for April. Comparable figures for last year were 77.4 and 75.8 respectively (1952 = 100), since when the index has shown an almost uninterrupted rise. This rise has been maintained despite a substantial increase in the volume of tonnage in supply.

Demand for increased shipments of coal and scrap across the Atlantic seem to have been mainly responsible. Fixtures of tonnage for these commodities have at least doubled this year, compared with the same period of last year. Meanwhile, trading in other commodities has been on much the same level, apart from a slight lapse in lumber chartering, although this has been done at much improved rates. In the time charter market, too, demand for extra ships by the liner companies has been heavy, although this has subsided somewhat in view of the falling off of shipments because of British strikes. The high demand for Transatlantic coal tonnage will be well maintained throughout the year; the demand for scrap is equally expected to continue at a high rate, although there may be a temporary quiescence. Meanwhile the demands of the Transatlantic market, at enhanced rates, have denuded other more distant markets of tonnage, so that if grain shipments are to be resumed, as forecast, at a rather higher level than last year, substantially higher freights may be needed to attract timely tonnage. Already there are reports of tankers being used for grain cargoes. More significant, however, is the considerable number of tankers now being converted into ore carriers, with a view to taking advantage of the marked increase in movement of ore that is confidently forecast for the next few years. The freight market position is, in fact, at a critical stage, and could burst into a boom before the autumn has become winter.

WORKERS IN THE TEAM *Number 10 in a series*

ANALYTICAL CHEMISTRY is Donald Brereton's job. Every material used in building and civil engineering—from cement and aggregates for concrete to tiles and paint—comes to the laboratories where he works for exact assessment of its properties. He visits sites to help solve problems and improve results, and takes part in research on new materials and techniques. His life is busy and varied, and he knows that his work is constructive.

The section of which Donald is a junior member is part of an organization within the company which is actively applying science to the selection, development and use of materials and plant. Already it has made outstanding contributions to economy, speed and quality in construction; its usefulness grows with each advance of knowledge systematically recorded. It works as part of the team whose activities at home and overseas are based on accurate study of requirements and methods.



LAING

JOHN LAING AND SON LIMITED
Building and Civil Engineering Contractors
GREAT BRITAIN, CANADA
UNION OF SOUTH AFRICA, RHODESIA

Preserving our National Heritage

The rapid expansion of industry has left very few British streams and rivers unspoiled by obnoxious waste products.

In many cases however, the polluting effect of industrial waste on these natural waters can be reduced or even eliminated by pre-treatment with Spence Aluminoferric.



Details may be obtained on request.

SPENCE **Aluminoferric**

PETER SPENCE & SONS LIMITED · WIDNES · LANCASHIRE
Also at LONDON and BRISTOL

ACCOUNTANTS WANTED

for the ARMY EMERGENCY RESERVE

to spend

FIFTEEN DAYS IN CAMP

earning full pay and allowances plus a total of

£9

IN TAX FREE BOUNTY & EFFICIENCY GRANT

You can spend fifteen days with your friends, earning full Regular Army pay and allowances. As a member of the Army Emergency Reserve (Cat. IIA) *you have no other duties during the year.* If a grave national emergency should arise, you may be called up for service in the United Kingdom. *You can be called out for overseas service only by Proclamation.* Volunteers are accepted from 18 years of age and engagement is for two, three, or four years. If you have served before in a non-commissioned rank there is every possibility of your filling an existing vacancy or of being promoted as soon as a vacancy occurs.

Lend your skill to Britain, doing the job you know best

Send this coupon now for details of how to join to:

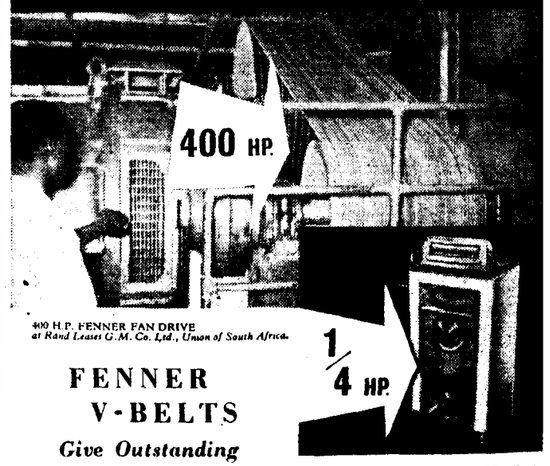
O.C. HEADQUARTERS, ARMY EMERGENCY RESERVE R.A.P.C.

District Pay Office, Aldershot District, Hospital Hill, Aldershot.

NAME .....

ADDRESS EO/565

Digging Gold . . . . or Washing Shirts



400 H.P. FENNER FAN DRIVE at Rand Leases G.M. Co. Ltd., Union of South Africa.

½ H.P. FENNER DRIVE on Hoover Domestic Washing Machine

FENNER V-BELTS

Give Outstanding Performance

RANGE FOR DRIVES FROM ¼ HP. to 400 HP.

A man's job—400 HP continuously 24 hours every day; or a woman's need of ½ HP for a couple of hours on Monday mornings only. Fenner High Power industrial V-Belts do the one, and Fenner Fractional Horse-Power V-Belts are equally at home on the other. Fenner V-Belts include steel cable, anti-static, heat and oil resisting and dry cotton types. See the name Fenner on every V-Belt you use—it is your guarantee of satisfaction. **J. H. Fenner & Co. Ltd. Hull England**

FENNER

OF HULL

LARGEST MANUFACTURERS OF V-BELT DRIVES IN THE COMMONWEALTH

FIRE FIEND v. NU-SWIFT

All Fire Extinguishers look alike. Please tell us why NU-SWIFT are so much better—BEFORE IT IS TOO LATE!

Name.....

Address.....

Post NOW to Nu-Swift Ltd. 25 Piccadilly W.1. —AHEAD OF THE FIRE FIEND'S VISIT!

In Every Ship of the Royal Navy

Making Television Tubes

THE growth of television set sales has brought problems for the makers of cathode ray tubes. The glass industry's traditional hand methods are not suited for production counted in millions; output is at present running at 1¼-1½ million sets a year, and the high rejection rate that appears characteristic of tube manufacture means a very much higher output of glass sections. But glass of the right properties does not come easily from automatic methods, and changing screen sizes have prevented standardisation.

Nearly 80 per cent of the glass components for British tubes are now made by Pilkington Brothers and their subsidiary Chance Brothers. The rest are made by Webb Crystal Glass and by the three main tube makers, Mullard, EMI, and Edison, which make some glass parts themselves. Pilkington entered the cathode ray tube business in 1948 at the request of the Ministry of Supply. Until then most British tubes were hand blown or hand pressed, and a large number of components had to be imported.

Pilkington began manufacture on a commercial scale in 1949, making 9 in. lead glass tubes from a small pot furnace. But neither lead glass nor boro-silicate glass are suitable for continuous automatic production; it was another year before the right "frit," or mix, was found (sand, soda, potash and barium carbonate, with a little nickel and cobalt to give the glass its grey tint) and a continuous tank furnace was developed. A second such furnace has now been built, feeding molten glass into a battery of automatic pressing and spinning machines. These machines are of American design. The remarkable spinning machine, operated under licence from Corning Glass, is used to make tube cones larger than 17 in.

With four shifts in a 168-hour week, the new plant, costing nearly £1 million, can produce at least 2 million units (screens plus cones) a year, which will enable its five-year-old neighbour to be cooled and reconstructed. Pilkington supplies these components at about 5 per cent of the final tube price (including purchase tax); but the tube maker has first to seal the two parts and the tube neck, treat the inner surface, insert the anode button and the "gun," and exhaust the finished tube. The supply and manufacture of cathode tubes is now the subject of a reference to the Monopolies Commission.

SHORTER NOTES

The World Bank has sanctioned three important loans in the past fortnight—of $15.9 million to Colombia for 25 years at 4¾ per cent; $13.8 million to Pakistan, for 15 years at 4⅝ per cent; and $10 million to Austria, for 25 years at 4¾ per cent. The Pakistani loan is of special interest as £735,000 (just over $2 million) is being subscribed by six eastern exchange banks, without the World Bank's guarantee; and the whole of the loan is expected to be drawn in European currencies, chiefly sterling and deutschemarks. The greater part of the loan to Austria is expected to be made in European currencies. Both loans are to be used for the development of electric power, that to Pakistan for the construction of a thermal power station and the Austrian loan for a hydroelectric scheme. The loan to Colombia has been made to finance the extension of the Magdalena Valley Railroad, which is being built with the aid of a previous loan from the World Bank.

★

The Associated British Picture Corporation, having reported an advance in trading profits from £2,213,312 to £2,988,093 in the year to March 31st last, has raised its ordinary dividend from 20 to 30 per cent. Net profits have almost doubled, rising from £555,629 to £1,011,013.

★

Mr. J. A. Rank has announced that some two years ago he transferred his voting control in the Odeon Theatres group, through the intermediary of Odeon Cinema Holdings, Ltd. and certain private companies, to a company limited by guarantee without share capital, of which the directors are Mrs. Rank, Lord Mackintosh, Mr. John Davis, Mr. Rank, and "his professional advisers." He transferred the accompanying rights to dividends from the group to trustees—the same persons—to apply the proceeds for charitable purposes. Negotiations have recently been reported in which the American film company, Twentieth Century Fox, was considering the purchase of control of a South African cinema company that owns half the equity capital of Odeon Cinema Holdings, Ltd. Mr Rank formerly had a casting vote in Odeon Cinema Holdings; this is presumably the voting control that he now describes as "firmly established in British hands for the future."

★

Ryders Discount Company is the first of the discount houses to present annual accounts spanning both increases in Bank rate but not the reduction of May, 1954, and also covering the phase of major pressure on the short bond market. The accounts to May 31st, Ryders' first as a public company, show that investment depreciation has been provided for without any draft on disclosed reserves. Profits have fallen from £209,558 to £79,801, but the maintained dividend of 7½ per cent—"not less" than this was foreshadowed twelve months ago—is covered with £12,000 to spare.

★

The directors of Thomas De La Rue have raised the ordinary dividend from 20 to 30 per cent. The group earned

"Motor Business"

The current issue of this quarterly research bulletin for the motor and allied industries includes:

The domestic and export markets for commercial vehicles 1955-1960.

A financial and economic study of two major British motor manufacturers.

Second hand price indices of cars and vans.

The U.K.'s leading export markets for parts and accessories.

The Bulletin is fully illustrated by charts.

For full particulars of this service apply to:—

THE ECONOMIST INTELLIGENCE UNIT
22 Ryder Street, St. James's, London, S.W.1
Whitehall 1511. Ext. 47

a profit before tax of £834,526 in the year to April 2nd, compared with a gross profit of £525,658 in 1953-54.

*

The Double Taxation Agreement between Britain and Pakistan has been published as a Schedule to a draft Order in Council.

*

A loan of $4 million repayable in five years has been made by two United States banks, the Bank of America and the Manufacturers' Trust Company, to the Italian corporation Azienda Nazionale Idrogenazione Combustibili to help finance the construction of a plant manufacturing synthetic rubber and nitrogen fertilisers from natural gas available in the Po valley. The loan carries the guarantee of the Banca Nazionale del Lavoro of Rome. It will be used to purchase equipment and technical services from the United States.

*

Anglo-Japanese talks on trade and payments will open in Tokio next week, when the existing arrangements expire.

*

The Board of Trade has relieved importers of the chore of scanning a long list to see what goods can be freely imported from the sterling area. Notice to Importers No. 740 of June 22nd contains a list which now includes only those goods which cannot be imported under open general licence, and also a list showing which goods can be freely obtained from which non-sterling countries.

Company Notes

BRITISH CELANESE. The decline in the profits of *British Celanese* was due to lower sales in export markets and to a "substantial reduction" in margins in those markets. So the chairman, Mr G. H. Whigham, explains in his statement accompanying the full accounts for the year to April 2nd. Home trade was satisfactory and is likely to remain so as long as there is full employment. But Mr Whigham can see no signs of "immediate improvement" in overseas markets. The more expensive acetate rayons in which British Celanese specialises seem to be meeting more resistance in foreign markets than viscose rayon in the production of which Courtaulds, which secured an increase in exports in the year to March 31st, has such a large share.

	Years to April 2, 1954*	1955
Consolidated earnings:—	£	£
Trading profit	4,701,411	4,104,393
Total income	4,961,288	4,298,972
Depreciation	764,130	836,000
Taxation	2,291,973	1,631,106
Net profit	*1,776,710*	*1,777,085*
Ordinary dividends	372,168	426,677
Ordinary dividends (per cent)†	9	10
Retained profits	1,029,356	1,599,834
Consolidated balance sheet:—		
Fixed assets, *less* depreciation	11,641,168	14,077,611
Net current assets	14,375,382	12,630,240
Stocks	5,256,709	5,324,811
Liquid assets	10,676,679	8,467,663
Capital reserves	5,893,379	3,121,598
Revenue reserves	4,411,146	4,950,817
Ordinary capital	3,759,267	7,518,534
£1 ordinary stock at 32s. 3d. xd yields	*£6 4s. per cent.*	

* 53 weeks. † Equivalent rates on capital of 7,518,534.

What policy is British Celanese adopting to combat the decline in export sales? First, *the company* is looking more to local manufacture overseas. Last year, for instance, it acquired the control of a large knitting plant in South Africa and it also purchased a warp-knitting plant in New Zealand. Secondly the company is marketing new fabrics. The first samples of the new yarn "Tricel," which is a tri-acetate more versatile than the traditional "Celanese," were sent out in the 1954-55 financial year. At first fabrics made from this yarn will be a few pence a yard dearer than "Celanese" but when manufactured in bulk "it will be very little different in price and in any case will be substantially cheaper than any of the so-called miracle fibres." Given that price advantage it could compete with the new synthetics. British Celanese will be in that field too, for next month it will market "Cellon," a nylon-six polymer. The company is also building a plant capable of producing about one third of the present domestic consumption of vinyl acetate, a chemical, Mr Whigham claims, of "growing importance for the paint, adhesives and plastics industries."

*

WIGGINS TEAPE. Boom is written in large letters across the 1954 accounts of Wiggins Teape, as it is across the reports of the other paper-making companies. Last year its profits (which included eleven months' profits earned by the newly acquired subsidiary, Thomas Owen) were £5,675,404, compared with £3,873,485 in 1953. Allowing for the 66⅔ free scrip issue the ordinary dividend has been raised from 10½ to 17½ per cent. The boom still goes on. The mills are working the maximum amount of overtime wherever possible and so far this year profits show a "considerable increase" over the 1953 figures; that is due to improved results at the mills of Thomas Owen, to the increase in output at the Bridgend mill, and to a further expansion in the group's merchanting business.

Like the other paper makers Wiggins Teape has been adding to its productive capacity—as the acquisition of Thomas Owen, whose assets are consolidated into the latest balance sheet, shows. But demand still outruns capacity and, again like its fellows in the trade, the company intends to add still more to its productive capacity. New machines are being installed and the company intends to build a new pulp mill. It will use primarily home-grown hard woods to make *bleached pulp*. New capital will be needed to finance these ventures. The directors therefore propose that the authorised ordinary capital should be increased by 1,000,000 shares. They intend

	Years to Dec. 31, 1953	1954
Consolidated earnings:—	£	£
Trading profit	3,873,485	5,675,404
Repairs and renewals	703,200	1,002,865
Depreciation, etc.	193,370	257,372
Taxation	1,445,535	2,182,214
Net profit	*1,389,535*	*2,239,913*
Ordinary dividends	375,795	743,683
Ordinary dividends (per cent)	10½*	17½
Retained profits	776,488	1,261,626
Consolidated balance sheet:—		
Fixed assets, *less* depreciation	9,756,603	12,860,889
Net current assets	9,695,831	10,798,539
Stocks	4,800,074	5,388,795
Debtors	3,700,067	4,939,590
Liquid assets	4,184,190	5,323,486
Bank overdraft	...	712,683
Reserves	5,537,717	5,005,709
Ordinary capital	3,904,362	7,483,519

£1 ordinary stock at 76s. 3d. yields £4 12s. per cent.
* Equivalent rate on capital after 66⅔ per cent free scrip issue.

in due course to make a "rights" issue to ordinary stockholders. As the current price of the existing shares is 76s. 3d. xd., the directors have room to offer the shares on advantageous terms.

*

LAND SECURITIES INVESTMENT TRUST. Since the beginning of May when Mr Harold Samuel announced the details of the reconstruction of Land Securities Investment Trust, the property-owning company, the price of the 10s. ordinary shares has climbed from 73s. 9d. to 102s. 6d. The complete absorption of another property company—Ravensfield Investment Trust—was the prelude to the reconstruction and was one of the reasons for the jump in the price of the shares.

Even allowing for the general rise in stock markets it is clear that the speculative possibilities of Land Securities Investment Trust in its new form have caught some people's attention. Stockholders will receive a true bonus issue of stock, in that every 10s. ordinary share in the present company will be exchanged into one new £1 preference share (with a coupon not below 4½ per cent) and four 10s. ordinary shares in the new company. Moreover, the mortgages on the properties

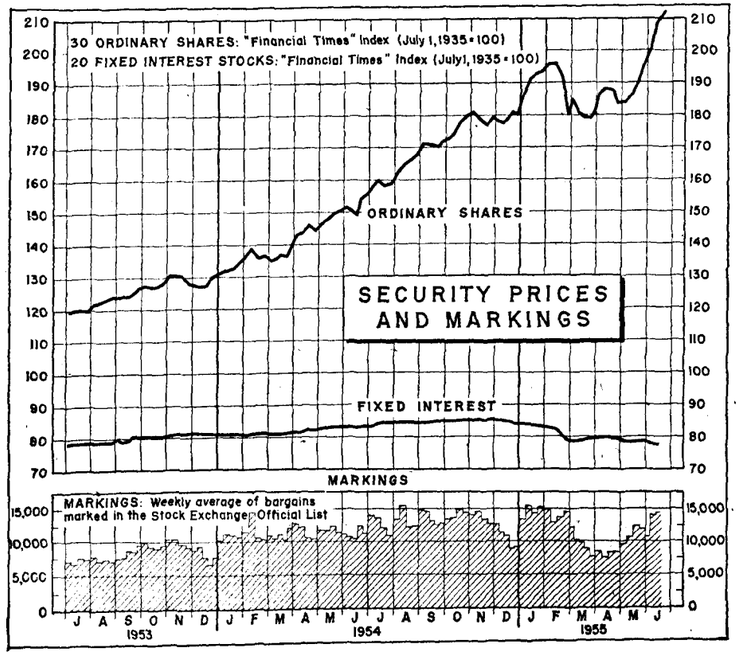
owned by the company (which are put out at various rates of interest) will be replaced by a 4½ per cent debenture finally redeemable in 2005, but on that debenture a sinking fund (at ½ per cent per annum) begins to operate in 1961. The debenture of £20 million has been placed at par largely with the principal mortgagee, Legal and General Assurance, Norwich Union and the Church Commissioners for England. As the group, including the Ravensfield Investment Trust, has about £15 million outstanding on mortgage a balance of cash will be left for further capital development.

As the existing company will be wound up and as the new company will have to build up its reserves from nothing, the directors will not declare an ordinary dividend in the first year of its existence (ending on March 31, 1956). But, by way of compensation they intend, before the dissolution of the old company, to declare a dividend of 17½ per cent (the same rate as for the year to March 31st last) from the old company's profits. In addition shareholders in the new company will secure the interest on the preference shares. The change in the structures of the company will not alter its policy. It aims to buy freehold properties, to convert and develop them and, then, to let them largely as business premises free from rent control. While the group continues to expand, that policy means that there are always some assets in the course of conversion and usually some unlet. Income tends to expand in fits and starts as reconstructed properties are ready for letting. The consolidated net income in the year to March 31, 1954, for instance, was only £30,429, as there were several properties being converted and several unlet, but in the year to March 31, 1955, the net income was £108,408. But there is no doubt that the secular trend of the income of Land Securities is upwards.

*

METAL BOX. In a booming market this week the £1 ordinary stock units of Metal Box have gone from strength to strength. On the news of increased profits, a higher dividend and a 100 per cent free scrip issue—discussed in these columns last week—the stock units gained 19s. 3d. to 112s. 6d. Since then they have climbed up to 130s. xd (to offer a yield of 3⅛). Net earnings cover the 20 per cent dividend handsomely and the assumption in Throgmorton Street is that they will go on rising, carrying the dividend up with them.

Sir Robert Barlow's statement, accompanying the full accounts, must strengthen that hope. The springboard for the jump in profits was the extension of productive capacity. In the year to March 31st last the gross book value of fixed assets rose from £17,295,537 to £20,285,377. That capacity was fully utilised, as the increase in sales (from £43,580,000 to £52,603,000), the rise in trading profits (from £3,838,243 to £4,893,471) and the increase in stocks (from £11,136,836 to £13,549,562) all bear witness. The growth in physical capacity continues and will soon be given the support of a new issue for cash of ordinary shares to stockholders and employees. Throughout his statement Sir Robert draws attention to new capacity which is either coming into production soon or is now being installed and his references to new developments such as self-service stores or *flat top beer cans*, show plainly that he is sure that Metal Box has an expanding market for its products.



LONDON STOCK EXCHANGE

Next Account begins: July 6th
Next Contango Day: July 6th
Next Settlement Day: June 28th

THE boom in Throgmorton Street gathered pace this week. The old account closed with the *Financial Times* index at 218.1 (compared with 212.6 a week earlier). And on the first day of the new account the index climbed to another peak, 219.8. But on Thursday prices were easier in the industrial market, with the electrical equipment shares showing the biggest declines. Earlier all the leading shares, often helped by American buying, went ahead. ICI and Courtaulds were particularly strong, on American support. Other notable rises took place in Metal Box (on the free scrip and cash issues), in Waring and Gillow (on the offer from GUS) and in Burberry (on take-over possibilities). Bowater Paper, however, reacted on Wednesday on the news of the "rights" issue. Banking and insurance issues were firm, with Guardian and Prudential making strong advances.

The gilt-edged market was completely overshadowed by the boom in equities. Small losses were common. The New Zealand issue of a 4½ per cent stock (1970-73) opened at a premium of ⅛ of a point on the issue price of 97½; on Wednesday it improved to 1⅜ premium.

Oil shares were prominent in the boom in equities, both British Petroleum and Burmahs being bought on American account. Other oil shares turned a little easier. Rubber shares advanced strongly at the end of the account on the higher price for the commodity; they went ahead again when the new account opened, but profit taking was then encountered. Gains were common among tea shares until the new account opened, when the market became rather irregular. Kaffirs were subdued, though Selection Trust made a good advance on the full report and Hartebeest attracted further support. Copper shares made a good advance.

FINANCIAL TIMES INDICES

1955	Security Indices: Ord.*	Fixed Int.†	Yields: 2½% Cons.	Ord.
			%	%
June 15	213·7	107·62	4·14	4·42
„ 16	212·2	107·18	4·17	4·45
„ 17	213·9	107·22	4·16	4·42
„ 20	215·7	107·24	4·16	4·38
„ 21	218·1	107·25	4·16	4·33
„ 22	219·8	107·22	4·17	4·30
1955, High	219·8 (June 22)	115·97 (Jan. 7)	Total bargains 1955	
„ Low	175·7 (Mar. 15)	107·18 (June 16)	June 15	14,589
1954, High	184·0 (Dec. 31)	118·10 (Nov. 18)	„ 16	14,532
„ Low	131·1 (Jan. 1)	111·78 (Jan. 5)	„ 17	13,068
			„ 20	18,163
			„ 21	19,114
			„ 22	19,399

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, 1955 Jan. 1 to June 22 High	Prices, 1955 Jan. 1 to June 22 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, June 15, 1955	Price, June 22, 1955	Net Yield, June 22, 1955 §	Gross Yield, June 22, 1955
					£ s. d.	£ s. d.
100 9/16	97 1/16	Funding 2¾% '52-57	97⅛	97⅛	2 16 2	4 0 2*l*
100⅛	97⅜	War Bonds 2½% '54-56	98 3/32	98 3/32	2 16 3	4 4 7*l*
100 11/16	96	War Loan 3% '55-59	96 3/32	96 3/32	2 12 3	3 19 6*l*
100 3/32	99⅜	Serial Funding 3% 1955	99 1/16	99 1/32	2 7 7	4 0 2
100⅛	96⅛	Serial Funding 2½% 1957	96⅛	96⅛	2 17 7	3 18 0
99 13/32	92⅜	Conv. 2% 1958-59	93 3/32	93 3/32	3 4 3	4 1 8*l*
97⅜	91⅛	Exchequer 2% 1960	91 13/32	91 13/32	3 0 9	4 0 1
104⅛	96⅜	Exchequer 3% 1960	96 1/16	96 1/32	2 9 0	3 16 9
100 11/16	90⅜	Savings Bonds 3% '55-65	92 1/16	92 1/16	4 1 11	4 1 10*l*
100⅜	91⅜	Funding 2½% '56-61	92	91⅝	3 0 6	4 3 8*l*
97	86⅛	Funding 3% '59-69	86 13/32	86 13/32	2 18 5	4 6 8*l*
103 7/16	97	Funding 4% '60-90	97⅜	97 1/16	2 17 9	4 13 5*e*
96⅜	85⅝	Savings Bonds 3% '60-70	86⅜	86⅛	2 17 11	4 6 7*l*
102⅝	92 3/16	Exchequer 3% '62-63	93⅜	93⅜	2 13 2	3 19 9*l*
99⅜	87⅞	Exchequer 2½% '63-64	88 5/32	84 1/32	3 0 1	4 3 4*l*
95 1/16	84⅛	Savings Bonds 2½% '64-67	85 5/32	84⅜	2 19 11	4 3 8*l*
94⅝	83⅜	Savings Bonds 3% '65-75	84 13/32	84 5/32	2 15 9	4 4 11*l*
105⅛	98	Victory 4% '20-76	99⅛	99 1/16	2 9 4	4 4 10†
98⅛	87⅛	Funding 3% '66-68	88 1/16	88⅜	2 17 2	4 5 9*l*
103	92⅛	Conv. 3½% 1969	93⅜	93⅜	2 12 11	4 5 0
98⅜	87⅝	Treas. 3½% '77-80	88⅞	88⅜	2 13 1	4 5 4*l*
99 5/16	88⅜	Treas. 3½% '79-81	89⅜	89⅜	2 12 6	4 5 4*l*
88⅛	78	Redemption 3% '86-96	79⅛	78⅜	2 11 10	4 2 5*l*
95 1/16	86⅛	Funding 3½% 1999-2004	87*	86⅞*	2 9 5	4 2 4*l*
97⅜	90⅜	Consols 4% aft. Feb. '57	91⅛	91⅛	2 11 0	4 9 4*f*
88 9/16	79⅛	War L'n. 3½% aft. Dec. '52	81⅜	80⅜	2 9 10	4 6 9*f*
89 1/16	79⅛	Conv. 3½% aft. April '61	81⅜	81⅛	2 9 11	4 7 3*f*
78⅛	69⅞	Treas. 3% aft. April '66	71⅜	70⅜	2 9 0	4 5 7*f*
66⅜	59 13/16	Consols 2½%	60⅜*	60*	2 7 11	4 3 3*f*
66⅞	59⅛	Treas. 2½% aft. April '75	60⅛	59 13/16	2 8 4	4 4 5*f*
94 13/16	84⅛	Br. Elec. 3% '68-73	85⅛	85⅛	2 16 6	4 5 2*l*
93 13/16	83⅛	Br. Elec. 3% '74-77	84⅜	84⅛	2 14 6	4 3 6*l*
109⅛	99⅜	Br. Elec. 4½% '74-79	100 3/16	100 3/16	2 8 11	4 5 8*e*
98 15/16	87⅞	Br. Elec. 3½% '76-79	88 15/16	88⅜	2 13 3	4 5 7*l*
105⅜	97⅞	Br. Gas 4% '69-72	99	98⅜	2 8 10	4 4 4*l*
102⅜	91⅛	Br. Gas 3½% '69-71	93	92⅜	2 11 11	4 3 11*l*
88 7/16	78⅜	Br. Gas 3% '90-95	79⅜	79 1/16	2 11 0	4 1 1*l*
94 15/16	84⅜	Br. Trans. 3% '68-73	85⅜	85⅛	2 16 6	4 5 2*l*
105 1/16	96	Br. Trans. 4% '72-77	96 3/16*	96⅜	2 10 3	4 5 1*l*
88 7/16	78⅛	Br. Trans. 3% '78-88	79⅛*	78⅜*	2 14 2	4 4 0*l*

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

Prices, 1954 High	Prices, 1954 Low	Prices, 1955 Jan1 to June22 High	Prices, 1955 Jan1 to June22 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, June 15, 1955	Price, June 22, 1955	Yield, June 22, 1955
							£ s. d.
97⅞	90⅛	94⅜	86⅛	Aust. 3½% '65-69	88⅛	88⅛	4 7 7*l*
101⅞	97⅛	101⅜	95	Ceylon 4% '73-75	97⅛	97⅛	4 3 9*l*
106⅜	98⅛	103⅞	94⅛	N. Zealand 4% '76-78	94⅛	94⅛	4 7 9*l*
79⅜	71⅜	75⅜	66⅛	L.C.C. 3% aft. 1920	68	68	4 8 3
99⅜	95	99	88⅛	Liverpool 3% '54-64	90⅛	90⅛	4 5 11*l*
87⅜	80⅛	84	73⅛	M.Wtr.'B'3% '34-2003	74⅛	74⅛	4 6 0*l*
104⅛	100	102⅛	99	Agric. Mort. 5% '59-89	101	100⅛	4 17 3*e*
109⅝	71⅜	120	91	German 7%	117	117	...
168⅛	102	189	149	German 5½%	186⅛	188⅛	...
171	132⅜	193⅛	160	Japan 5% 1907	192⅛	189⅛	...
198⅛	167	232⅛	190	Japan 5½% Conv. 1930	231⅛	230⅛	...

Prices, 1955 Jan. 1 to June 22 High	Prices, 1955 Jan. 1 to June 22 Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, June 15, 1955	Price, June 22, 1955	Yield, June 22, 1955
		%	%		BANKS & DISCOUNT			£ s. d.
58/6	48/9	5	*a*	7 *b*	Barclays £1	56/-	57/6	4 3 6
76/7½	64/-	7	*a*	8 *b*	Lloyds 'A' £5, £1 pd.	68/-	68/6	4 7 7
89/3	76/9	8	*a*	10 *b*	Midland £1, fully pd.	81/-	81/6	4 8 4
87/-	76/-	8¼	*a*	9½ *b*	N. Prov. 'B' £5, £1 pd.	82/6	83/6	4 6 3
96/10½	84/6	8	*a*	8 *b*	Westmstr'B'£4,£1¼pd.	88/-	90/-	4 8 11
69/-	50/-	7¼	*a*	8½ *b*	Alexanders £1	51/6	51/6	4 17 1*x*
58/6	47/6	5	*a*	7 *b*	Nat. Disc. 'B' £1	50/-	51/-	4 14 1
60/-	51/-	5	*a*	7½ *b*	Union Disc. £1	52/6	54/-	4 12 7
48/10½	39/6	4	*b*	4 *a*	Barc. (D.C.O.) £1	45/6*	48/-	3 6 8
51/9	42/3	7¼	*a*	7½ *b*	Chart. Bk. of India £1	45/-	45/-	6 13 4
					INSURANCE			
21	14¼	50	*a*	110 *b*	Leg. & Gen. £1, 5/- pd.	19	20½	1 19 0
26⅛	20⅛	20†a		45† *b*	Pearl £1, fully pd.	24⅛	26⅛	4 6 1
52	41⅛	112½†*c*		117½†*c*	Prudential 'A' £1	50	51⅛	3 19 4
					BREWERIES, ETC.			
141/-	124/6	33	*b*	10 *a*	Bass £1	128/9*	126/3	6 16 3
34/9	22/-	25	*c*	10 *a*	Distillers 6/8	30/-	34/-	2 13 10*h*
49/6	40/3	15	*b*	8 *a*	Guinness 10/-	48/1½	46/-*	5 0 0
93/9	81/-	7	*a*	14 *b*	Whitbread 'A' Ord. £1	82/6	82/6	5 1 10

Prices, 1955 Jan. 1 to June 22 High	Prices, 1955 Jan. 1 to June 22 Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, June 15, 1955	Price, June 22, 1955	Yield, June 22, 1955
		%	%		STEEL & ENGINEERING			£ s. d.
37/3	25/10½	5	*a*	7 *b*	Cunard £1	29/6	29/-	6 17 11*m*
57/-	45/-	12	*c*	12 *c*	Furness Withy £1	50/6	53/6	4 9 9
76/-	55/-	3	*a*	13 *b*	P & O. Def. £1	68/6	68/-	4 14 1
					MISCELLANEOUS			
90/3	61/3	14	*c*	2½ *a*	Assoc. Elect. £1	86/3*	90/-	3 2 3
123/-	88/9	5	*a*	15 *b*	Assoc. Port. Cem. £1	120/-*	122/6	3 5 3
125/3	67/-	7½	*a*	15 *b*	Bowater Paper £1	125/-	121/3	2 19 8*u*
55/3	44/1½	2½	*a*	7½ *b*	B.I.C.C. £1	53/6	53/6	3 14 9
52/9	35/6	4	*a*	8 *b*	Brit. Aluminium £1	52/-	52/6	4 11 5
61/3	47/10½	15†	*c*	5† *a*	Brit. Amer. Tob. 10/-	57/-	60/-	4 7 0
$64⅜	$51⅞	3	*b*	3 *a*	Canadian Pacific $25.	$62½	$64½	4 4 10
45/4½	31/4½	41⅜	*b*	6¼ *a*	Decca Record 4/-	42/6	44/9	3 7 1*r*
33/4½	27/-	4	*a*	10 *b*	Dunlop Rubber 10/-	32/-	31/6	4 8 11
78/3	54/1½	4	*a*	8½ *b*	English Elect. £1	75/9	77/6	3 4 6
68/1½	51/3	12½	*c*	4½ *a*	General Elect. £1	66/3	67/6	3 14 1
61/6	38/3	4	*a*	6 *b*	Imp. Chemical £1	55/9	60/9	3 5 10
65/10½	57/9	8¾	*a*	12½ *b*	Imp. Tobacco £1	65/-	65/-	6 9 3
$129⅜	$105½	$2·90		$2·90 *c*	Inter. Nickel n.p.v.	$126⅜	$129⅛	4 1 3
76/-	57/6	7¼	*a*	10 *b*	London Brick £1	71/3	72/6	4 16 7
38/-	26/-	6⅜	*a*	15⅜ *b*	MonsantoChemicals5/-	34/6	37/-	3 0 11
80/9	60/3	3¼	*a*	14½ *b*	Tate & Lyle £1	75/-*	80/-	4 0 6*g*
98/-	72/6	10	*b*	10 *a*	Tube Investments £1	92/6	97/6	4 2 1
118/3	95/6	17½	*b*	5 *a*	Turner & Newall £1	113/9*	113/1½	3 19 7
91/6	69/3	6	*a*	9½ *b*	Unilever £1	89/-	88/6	3 11 2
43/3	34/6	7½†	*b*	7½† *b*	United Molasses 10/-	38/-	37/6	5 17 11*j*
49/9	34/-	2½†	*a*	27½† *b*	Cons. Tea & Lands £1	37/9	38/9	26 18 7
2 2/8	1 1/10½	10	*c*	15 *c*	London Asiatic Rbr. 2/-	2 5/8*	2/6	12 0 0
54/3	38/9	7¼	*a*	20 *b*	United Sua Betong £1	50/-	53/1½	10 7 1
					MINES			
9⅜	7 21/32	20	*a*	50 *b*	Anglo-Amer. 10/-	8½	8 1/16	4 2 11
143/3	106/10½	80	*a*	120 *b*	De Beers 5/- Bearer	125/-	127/6	7 16 11
126/3	78/9	...		...	Free State Geduld 5/-	92/6	88/9	Nil
70/9	51/7½	10	*b*	10 *a*	Randfontein £1	57/6	56/10½*	7 0 8
9 0/32	6/8½	24	*c*	28 *c*	London Tin 4/-	8/6½	8/10½	12 13 0
40⅞	31½	200	*b*	50 *a*	Rhokana £1	39½	40½	6 2 9

New York Closing Prices

	June 15 $	June 22 $		June 15 $	June 22 $		June 15 $	June 22 $
Balt. & Ohio	49⅛	50⅛	Am. Smelting	52⅛	53	Inter. Paper	113½	111⅛
Can. Pac.	34⅞	35	Am. Viscose	55½	58⅞	Nat. Distill.	21	21⅛
N.Y. Cent.	44⅛	44⅜	Cel. of Am.	23⅛	24⅜	Sears Roebuck	91⅛	93⅞
Pennsyl.	29⅛	30	Chrysler	78	81	Shell	61⅜	63⅝
Amer. Tel.	184	183	Gen. Elec.	55	55⅞	Std. Oil of N.J.	119⅜	122½
Stand. Gas	10	10⅛	Gen. Motors	102⅛	108⅜	U.S. Steel	50	50⅜
United Corp.	6⅜	6⅜	Goodyear	62⅜	64⅜	Westinghouse	69⅛	70⅜
W. Union Tel.	26⅛	26	Inter. Nickel	70⅜	71⅛	Woolworth	47⅛	49

* Ex dividend. † Free of tax. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 50%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16·1%. (*h*) On 15%. (*l*) To latest date. (*m*) On 10%. (*o*) On 9%. (*p*) On 8½%. (*q*) Yield basis 22·10% gross. (*r*) On 37½%. (*u*) Dividend for 15 months. On 18%. (*v*) On 7½%. (*x*) On 12½%.

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	June 4th	Western Europe	
Production and Consumption	June 11th	Production and Trade	May 7th
Manpower	June 18th	British Commonwealth	June 11th
External Trade	This week	Western Europe	
Financial Statistics	This week	Prices and Money Supply	June 18th
Industrial Profits	April 30th	United States	This week
		World Trade.....April 30th	

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages 1952	1953	1954	1954 Mar.	April	May	1955 Feb.	Mar.	April	May
VALUE											
Imports:											
Total	£ million	289·8	278·6	281·6	298·7	284·5	280·5	309·5	365·4	318·0	290·3
Food, drink and tobacco	"	100·5	109·6	110·9	120·3	107·4	107·8	125·5	143·4	119·9	104·7
Basic materials	"	95·4	87·8	85·4	87·8	93·7	86·4	83·8	103·5	92·6	85·5
Mineral fuels and lubricants	"	28·2	26·1	27·4	29·6	28·7	28·4	29·4	35·7	34·6	32·7
Manufactures	"	64·1	53·6	56·7	59·8	53·5	57·0	69·6	80·9	70·1	66·4
Exports of UK produce:											
Total	"	215·4	215·2	222·9	246·5	225·0	229·1	232·8	260·3	244·8	249·4
Manufactures	"	178·5	174·9	181·0	201·4	184·7	187·2	191·0	214·1	202·5	207·1
Re-exports	"	12·0	8·8	8·4	11·7	8·0	9·0	9·0	12·6	8·3	8·3
Balance of trade (exports *less* imports)	"	− 62·4	− 54·6	− 50·3	− 40·5	− 51·5	− 42·4	− 67·7	− 92·5	− 64·9	− 32·6
VOLUME											
Imports	1950=100	103	112	114	122	117	114	120	140	125	...
Exports	"	95	98	104	115	104	106	108	124	114	...
BY AREA											
Imports:											
Dollar area—total	£ million	60·1	52·9	51·6	44·9	39·6	48·1	62·6	80·1	66·9	60·5
" USA	"	26·2	21·1	23·6	20·2	17·4	19·6	32·7	39·9	29·9	27·8
" Canada	"	26·7	25·5	22·7	18·6	16·7	23·1	24·7	32·9	30·7	26·8
Non-sterling OEEC countries	"	71·3	64·0	68·2	70·3	63·2	69·3	71·7	79·5	71·4	75·0
Sterling area	"	119·7	125·3	125·1	145·4	146·1	126·7	132·3	160·8	135·4	119·8
Exports:											
Dollar area—total	"	31·4	33·7	31·3	32·6	32·2	32·9	29·6	33·8	35·8	35·2
" USA	"	15·1	14·3	13·3	14·3	13·4	14·0	13·1	16·9	16·3	14·8
" Canada	"	11·0	13·4	11·3	11·6	13·2	13·3	9·9	11·1	11·8	15·2
Non-sterling OEEC countries	"	58·4	62·2	64·7	74·2	66·0	64·1	66·6	77·6	67·1	69·6
Sterling area	"	107·0	106·8	113·3	122·7	112·0	117·3	119·6	131·9	125·2	123·0
Balance of trade (exports *less* imports):											
Dollar area	"	− 28·7	− 19·2	− 20·3	− 12·3	− 7·4	− 15·2	− 33·0	− 46·3	− 31·1	− 25·3
Non-sterling OEEC countries	"	− 12·9	− 1·8	− 3·8	+ 3·9	+ 2·8	− 5·2	− 5·1	− 1·9	− 4·3	− 5·4
Sterling area	"	− 12·7	− 19·5	− 12·8	− 22·7	− 34·1	− 9·4	− 12·7	− 28·9	− 10·2	+ 3·2
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	325·3	335·0	289·1	248·7	206·9	155·8	407·9	428·4	381·2	365·4
Meat	"	45·5	63·1	56·4	69·2	67·4	57·4	73·7	85·8	57·9	48·1
Sugar unrefined	"	164·6	247·4	201·5	277·9	212·0	254·7	135·4	268·0	257·4	198·3
Raw cotton (1)	"	21·8	27·5	30·8	38·3	36·4	34·9	30·0	30·8	30·5	25·3
Raw wool, sheep's and lambs' (1)	mn. lb.	51·9	63·2	51·9	52·8	79·0	66·8	62·7	74·2	57·0	60·0
Rubber natural and synthetic (1)	'000 tons	16·7	18·4	20·7	22·1	18·3	17·9	26·6	25·9	21·7	17·7
Softwood	'000 stds.	85·2	119·1	122·2	66·9	78·4	113·5	87·2	106·0	79·7	104·2
Woodpulp	'000 tons	119·8	133·7	159·9	122·3	139·3	177·8	183·1	168·3	172·7	174·1
Crude petroleum	mn. galls.	494	558	606	685	653	622	575	625	656	578
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,254	1,400	1,351	1,399	1,434	1,417	1,069	1,189	1,048	1,271
Woven piece-goods—cotton	mn.sq.yds	59	59	53	64	59	58	52	54	46	45
" " wool	'000 sq. yds.	8,143	8,710	8,205	8,531	7,552	7,630	9,212	9,085	8,287	8,643
Passenger cars and chassis	number	25,824	26,181	30,507	34,416	33,898	36,459	34,085	35,470	38,233	33,577
Commercial vehicles and chassis	"	10,636	9,196	10,621	11,038	11,052	11,926	12,952	14,191	15,292	12,885
Agricultural tractors	"	8,746	7,807	8,979	11,082	10,085	9,228	9,637	11,565	10,170	10,115
Machinery—electrical	£'000	4,805	5,023	4,916	5,987	4,757	5,501	4,925	5,513	5,642	5,065
" other	"	29,758	30,003	30,575	34,963	32,470	32,685	32,824	35,963	35,161	36,700
Chemicals, elements and compounds	"	4,352	4,177	4,215	4,735	4,424	4,760	4,695	4,762	3,981	5,228

(1) Retained imports.

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1954 prices
	1947-49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	...	42	48	88	100·0	23·86	46·15
1953	110·1	97·0	114·4	112·8	104·8	117·7	117	102	115	193·3	71·69	71·91
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	101	119	229·8	71·86	71·86
1955, January	110·1	92·5	114·3	110·6	103·3	119·6	120	102	118	270·6	73·97	74·27
„ February	110·4	93·1	114·3	110·8	103·4	119·6	120	100	120	281·0	74·74	75·04
„ March	110·0	92·1	114·3	110·8	103·2	119·6	...	...	...	279·6	75·11	75·41
„ April	110·5	94·2	114·2	111·2	103·1	119·8	...	...	...	286·8	74·77	75·15
„ May	109·9	91·3	...	...	...	...	...	...	...	289·0	76·11	...

PRODUCTION AND MANPOWER

	Gross national product	Total industrial production	Manufacturing production						Building	Civilian employment		
			Durable goods			Non-durable goods						
	Seasonally adjusted annual rates		Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products	New construction; seasonally adjusted	Total labour force	Total employment	Unemployed as % of labour force
	$ billion	Index 1947-49=100; seasonally adjusted							$ million	thousands		% rate
1939	91·1	58	49	53	48	66	80	...	683	55,230	45,750	17·2
1953	364·9	134	153	132	189	118	107	142	2,938	63,815	62,213	2·5
1954	357·2	125	137	108	175	116	100	142	3,131	64,468[1]	61,238[1]	5·0[1]
1955, January	370·0	132	145	127	191	121	106	148	3,428	63,497[1]	60,150[1]	5·3[1]
„ February		133	147	131	193	121	105	151	3,451	63,321[1]	59,938[1]	5·3[1]
„ March		135	148	136	195	124	109	153	3,442	63,654[1]	60,477[1]	5·0[1]
„ April	...	136	150	138	198	125	112	155	3,498	64,647[1]	61,685[1]	4·6[1]
„ May	...	138	153	144	199	126	...	156	3,512	65,192[1]	62,703[1]	3·8[1]

TRADE

	Personal consumption Annual rates	All business[2]		Total retail[2]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res	Total	Finished goods	Imports	Exports
	$ billion; seasonally adjusted					$ million					1936-38=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	94	113
1953	230·1	48·4	80·3	14·2	22·7	898	217	224	1,304	911	158	262
1954	234·0	46·7	76·9	14·2	22·1	853	200	193	1,247	811	146	253
1954, December	237·7[3]	48·7	76·9	15·1	22·1	931	206	218	1,307	775	158	263
1955, January	242·0	48·7	76·9	14·9	22·2	862	202	199	1,152	695	149	234
„ February		48·9	77·3	14·8	22·4	844	204	209	1,221	742	145	249
„ March		50·7	77·6	15·1	22·6	1,008	...	...	1,330	...	...	...
„ April	...	51·0	77·7	15·2	22·8	873	...	...	1,249	...	...	...
„ May	...	...	...	15·2	...	...	...	...	...	...	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit		Banking statistics[3]		Budget expenditure[4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	— 3·9	0·023	...	3·01
1953	286·1	204·4	12·2	29·54	22·19	78·1	67·6	74·3	— 9·4	1·931	2·93	3·20
1954	286·5	202·3	11·9	30·13	22·47	85·3	70·6	67·8	— 3·1	0·953	2·53	2·90
1954, December	291·4	204·4	11·3	30·13	22·47	85·3	70·6	6·3	— 2·5	1·174	2·57	2·90
1955, January	291·4	205·9	12·1	29·76	22·44	85·7	70·6	4·9	— 0·3	1·257	2·65	2·93
„ February	292·4	206·4	12·5	29·52	22·51	83·6	71·2	4·8	+ 0·6	1·177	2·72	2·97
„ March	294·6	208·3	12·0	29·95	22·97	81·2	72·3	5·9	+ 3·8	1·335	2·71	3·00
„ April	295·6	208·8	12·0	30·66	23·51	82·6	72·9	5·2	— 1·5	1·620	2·77	3·02
„ May	...	...	...	...	...	...	...	...	...	1·491	2·75	3·04

(1) Figures calculated on the basis of a new and larger sample. (2) 1939 figures not strictly comparable with rest of series: stocks are at end of period.
(3) All commercial banks. (4) Annual figures are totals for the fiscal year ended June 30th. (5) Fourth quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended June 18th there was an "above-line" deficit (after allowing for Sinking Funds) of £11,589,000 compared with a deficit of £34,864,000 in the previous week and a deficit of £21,472,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £29,955,000 bringing the total cumulative deficit to £226,223,000 (£191,438,000 in 1954-55).

£'000	Estimate 1955-56	April 1 1954 to June 19, 1954	April 1 1955 to June 18, 1955	Week ended June 19, 1954	Week ended June 18, 1955
Ord. Revenue					
Income Tax	1877,400	198,828	192,818	15,802	13,729
Sur-tax	136,000	19,400	17,400	1,100	1,200
Death Duties	185,000	38,900	40,000	3,700	3,000
Stamps	74,000	13,900	14,200	800	900
Profits Tax & EPT	180,000	26,200	28,300	1,500	2,900
Excess Profits Levy	25,000	13,400	8,600	1,000	600
Special Contribution and other Inland Revenue	1,000	350	150	...	...
Total Inland Rev.	2478,400	310 978	301,468	25,902	22,329
Customs	1131,700	243,851	246,809	19,546	23,638
Excise	796,050	153,790	162,540	3,450	3,940
Total Customs and Excise	1927,750	397,641	409,349	22,996	27,578
Motor Duties	80,000	8,067	9,180	...	...
PO (Net Receipts)	...	...	6,650	*4,300*	850
Broadcast Licences	25 000	2,500	3,300	...	...
Sundry Loans	24,000	2,171	2,171	148	...
Miscellaneous	175,000	32,515	17,062	179	9
Total	**4710,150**	**753,872**	**749,179**	**42,926**	**50,765**
Ord. Expenditure					
Debt Interest	600,000	140,647	148,685	...	...
Payments to N. Ireland Exchequer	53,000	8,737	9,286	...	...
Other Cons. Fund	10,000	760	1,120	128	154
Supply Services	3862,875	724,563	691,012	63,850	61,800
Total	**4525,875**	**874,706**	**850,103**	**63,978**	**61,954**
Sinking Funds	56,000	6,405	5,824	420	400
"Above-line" Surplus or Deficit		**127,239**	**106,748**	**21,472**	**11,589**
"Below-line" Net Expenditure*		58,323	119,475	16,193	29,955
Total Surplus or Deficit*		**191,438**	**226,223**	**37,665**	**41,544**
Net Receipts from					
Tax Reserve Certificates		96,807	27,689	4,737	802
Savings Certificates		3,500	8,700	600	700
Defence Bonds		— 7,239	1,071	— 53	100

* Since end September, 1954 the capital expenditure of the Post Office has been charged directly on the Exchequer instead of being financed from the Savings Funds) and is consequently included in "below-line" expenditure and the total deficit. As at June 18th this item stood at £10,900,000.

FLOATING DEBT

(£ million)

Date	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Depts.	Bank of England	
1954					
June 19	3,300·0	1,372·1	296·1	...	4,968·2
1955					
Mar. 19	3,180·0	1,731·3	297·4	...	5,208·7
„ 26	3,180·0	1,741·5	329·1	...	5,250·6
„ 31		4,931·4	315·2	...	5,246·6
April 9	3,200·0	1,801·9	274·1	...	5,276·0
„ 16	3,220·0	1,830·5	269·8	...	5,320·3
„ 23	3,240·0	1,765·2	315·9	...	5,321·0
„ 30	3,250·0	1,797·2	273·9	...	5,321·0
May 7	3,260·0	1,769·1	258·5	...	5,287·6
„ 14	3,270·0	1,760·7	275·8	0·8	5,307·2
„ 21	3,270·0	1,768·8	295·7	...	5,334·5
„ 28	3,260·0	1,808·1	268·4	5·8	5,342·2
June 4	3,250·0	1,839·5	295·9	...	5,385·4
„ 11	3,240·0	1,903·6	282·7	...	5,426·3
„ 18	3,230·0	1,948·7	293·7	0·5	5,472·9

THE MONEY MARKET

CREDIT conditions in Lombard Street in the past week have been less stringent than at any time since the tightening of official policy in February last. This reflects no modification in that policy; the greater ease was attributable mainly to the reflux to the banks of currency on the termination of the rail strike, and in part also to considerable official disbursements. At the week-end credit was in plentiful supply, and overnight loans were offered by outside banks at down to 2 per cent. Dealings in early September maturities took place at $3\frac{29}{32}$ per cent. On Wednesday conditions were again easy, and outside balances were offered at down to 2½ per cent.

The market raised its bid by 1d., to £99 0s. 2d. per cent, at the Treasury bill tender on Friday last—at the end of a week in which credit conditions had been quite stringent. Total applications fell by £13 million to £365.6 million, and the market succeeded in raising its allotment from 53 to 65 per cent. The average rate of discount fell by less than the market's tender rate, that is by 2¼d. to £3 19s. 5.17d. per cent.

Sterling has weakened steadily in the past week. The London spot rate on New York fell from $2.79\frac{7}{8}$ on Thursday last to $2.78\frac{15}{32}$ on Thursday of this week; and the transferable sterling rate has fallen from around $2.77\frac{1}{4}$ to $2.77. The price of gold in London has accordingly risen from 251s. 1d. a fine ounce to 251s. 7¼d.

The Bank return shows a reflux of notes of £1.9 million.

LONDON MONEY RATES

Bank rate (from 3½% 24/2/55)	4½	**Discount rates**	%
Deposit rates (max)		Bank bills 60 days	4
Banks	2½	3 months	4
Discount houses	2½*	4 months	4
Money Day-to-day	2–3½	6 months	4–4½
Short periods	2½–3	**Fine trade bills**:	
Treas. bills 2 months	3⅛	3 months	4½–4¾
3 months	3⅛	4 months	4½–4¾
		6 months	4¾–5

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	1954	1955	
	June 23	June 15	June 22
Issue Department:			
Notes in circulation	1,641·5	1,787·5	1,785·6
Notes in banking dept.	33·8	37·8	39·8
Govt. debt and securities*	1,671·2	1,821·2	1,821·2
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·4	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	11·0	13·3	17·0
Treasury special account	4·8	9·3	9·3
Bankers	285·5	251·0	245·0
Others	67·2	70·2	66·3
Total	366·3	342·8	337·6
Securities:			
Government	320·9	289·7	290·4
Discounts and advances	13·6	17·0	7·2
Other	13·8	14·1	16·0
Total	348·3	320·8	313·6
Banking department reserve	35·1	40·2	42·2
	%	%	%
"Proportion"	9·8	11·7	12·4

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

TREASURY BILLS

Date of Tender	Amount (£ million)			Average Rate of Allotment	Allotted at Max. Rate*
	Offered	Applied For	Allotted	s. d.	%
1954					
June 18	260·0	400·4	260·0	81 7·57	56
1955					
Mar. 18	270·0	385·2	270·0	78 11·64	56
„ 25	280·0	410·2	280·0	76 11·21	51
April 1	270·0	408·5	270·0	75 10·33	48
„ 7	250·0	402·4	250·0	74 5·00	61
„ 15	250·0	420·7	250·0	76 3·09	33
„ 22	230·0	385·2	230·0	77 1·08	39
„ 29	220·0	380·3	220·0	77 12·45	39
May 6	230·0	384·8	230·0	78 3·59	41
„ 13	230·0	382·4	230·0	78 4·69	46
„ 20	240·0	375·6	240·0	78 4·64	50
„ 27	250·0	389·9	250·0	78 4·37	48
June 3	250·0	370·5	250·0	78 11·80	52
„ 10	260·0	378·6	260·0	79 7·83	53
„ 17	260·0	366·6	260·0	79 8·27	65

On June 17th tenders for 91 day bills at £99 0s. 1d. secured about 65 per cent of the sum applied for; higher tenders were allotted in full. The offering yesterday was for a maximum amount of £270 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	June 22	June 16	June 17	June 18	June 20	June 21	June 22
United States $	2·78–2·82	2·79⅛–2·79½	2·79–2·79⅛	2·78⅞–2·79⅛	2·76⅞–2·78	2·78⅛–2·78⅜	2·78⅛–2·78⅜
Canadian $	...	2·74⅜–2·74½	2·74⅜–2·74½	2·74⅜–2·74½	2·74⅜–2·74½	2·73⅝–2·74⅛	2·73⅝–2·74⅛
French Fr.	972–65–987·35	978⅛–978½	978–978⅛	977½–978⅛	977–977⅛	977⅛–977⅜	976¼–976⅝
Swiss Fr.	12·15⅛–12·33⅛	12·23–12·23⅛	12·22⅝–12·22⅞	12·22–12·22⅛	12·21⅝–12·21⅞	12·22–12·22⅛	12·21⅞–12·21⅝
Belgian Fr.	138·95–141·05	139·90–139·95	139·85–139·90	139·85–139·90	139·80–139·85	139·85–139·90	139·82½–139·87½
Dutch Gld.	10·86–10·72	10·63⅝–10·63⅞	10·63⅝–10·63⅞	10·63⅝–10·63⅞	10·63⅛–10·63⅜	10·63⅜–10·64	10·63⅜–10·63⅝
W. Ger. D-Mk.	11·67⅛–11·84⅛	11·71½–11·71⅝	11·71–11·71⅛	11·70⅝–11·70⅞	11·70⅜–11·70⅝	11·70⅜–11·70⅝	11·70–11·70⅛
Portuguese Esc.	79·90–81·10	80·05–80·30	80·05–80·30	80·05–80·30	80·05–80·20	80·05–80·20	80·05–80·20
Swedish Kr.	14·37½–14·55½	14·47⅛–14·47⅜	14·46⅞–14·47	14·46–14·46⅛	14·45⅞–14·45⅝	14·45⅞–14·46	14·45⅝–14·45⅞
Danish Kr.	19·19½–19·48½	19·40⅛–19·41⅛	19·40–19·40⅜	19·40–19·40½	19·38⅛–19·39⅛	19·38⅛–19·39⅛	19·38½–19·39
Norwegian Kr.	19·85–20·15	20·01–20·01⅛	20·00⅝–20·01⅛	20·00⅝–20·01⅛	20·00⅜–20·00⅝	20·00⅜–20·01⅛	20·00⅝–20·01⅛
One Month Forward Rates							
United States $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
Canadian $		½c. pm	½c. pm	½c. pm	½c. pm	½–¾c. pm	½–¾c. pm
French Fr.		Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis	Par–1 dis
Swiss Fr.		2–1½c. pm	2–1½c. pm	1½–1c. pm	1½–1c. pm	1½–1c. pm	1½–1c. pm
Belgian Fr.		½ pm	½–¼ pm	½–¼ pm	½–¼ pm	½–¼ pm	½–¼ pm
Dutch Gld.		2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm
W. Ger. D-Mk.		1pf. pm–par	1pf. pm–par	1pf. pm–par	½pf.pm–½pf.dis	½pf.pm–½pf.dis	½pf.pm–½pf.dis
Swedish Kr.		⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis
Danish Kr.		Par–2⅛ dis	Par–2⅛ dis	Par–2⅛ dis	Par–2⅛ dis	Par–2⅛ dis	Par–2⅛ dis
Norwegian Kr.		⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/1	251/1	...	251/2½	251/3½	251/4½

Look to Canada!

In areas which only yesterday were remote, great developments are taking place in uranium, oil, gas, iron ore, nickel and hydro-electric power .... New resources for a dynamic Canada.

In the midst of the tremendous growth in population, industrial production and economic strength, The Canadian Bank of Commerce, one of the world's leading banks, can help you capitalize the opportunities that modern Canada offers.

We invite your enquiries.

THE CANADIAN BANK OF COMMERCE
2 Lombard Street, London, E.C.3
Head Office: Toronto, Canada

Over 680 Canadian Branches

CREDIT SUISSE
ZURICH
(ESTABLISHED 1856)
Capital and Reserves
Swiss Francs 225,000,000

With Branches in all parts of Switzerland and also at 25 Pine Street, NEW YORK, and with Correspondents throughout the World the CREDIT SUISSE, one of the oldest and largest BANKS of Switzerland, provides an efficient service for all kinds of banking transactions.

Please address your enquiries to the Head Office in Zurich, or to :—

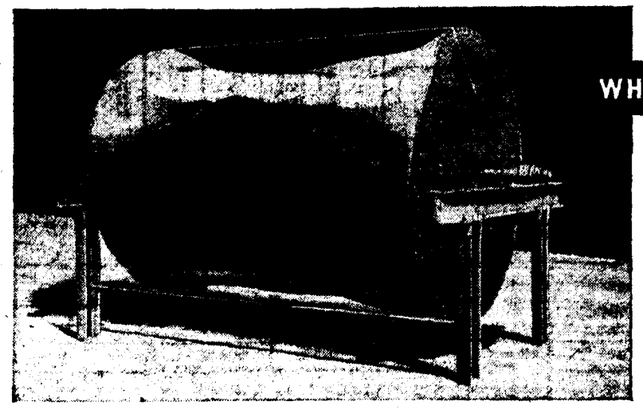
THE UNITED KINGDOM REPRESENTATIVE
Robert J. Keller
4 Tokenhouse Buildings, Kings Arms Yard, London, E.C.2

• • •

AFFILIATED COMPANIES

SWISS AMERICAN CORPORATION
25 Pine Street, NEW YORK

CREDIT SUISSE (CANADA) LIMITED
1010 Beaver Hall Hill, MONTREAL



WHAT A LET DOWN FOR THE DRUM!

This deflated looking object *was* a steam-heated drying cylinder, 6 ft. diameter, 8 ft. in length. It was used for processing a hot liquid which was poured over the surface at 160°F. Copper constructed, with end-plates of ¼ in. thick mild steel, it was fitted with four equi-distantly-spaced vacuum relief valves.

It was not until after the collapse, which even forced in the stay-supported ends, that it was discovered that steam, condensing within the lightly-built cylinder, had created a vacuum. One faulty valve, and an inadequate steam supply pipe, had not helped matters either.

What **Vulcan** *say about it ...*

The possibility of the formation of a vacuum is frequently overlooked in the design of pressure vessels.

Whatever Vulcan insure, be it boiler or steam-engine, electrical apparatus, crane, lift or any other factory plant, Vulcan inspect. Inspect with an expert eye, pointing out a possible weakness, spotting the accident before it happens.

And if you want to read all about industrial accidents and ways to avoid them, why not write to us now for "Vulcan"? It is a Quarterly Journal for Power users, and it's free. Write to Dept. 17.



THE **Vulcan**
BOILER & GENERAL INSURANCE CO. LTD
67 King Street, Manchester, 2
Vulcan Inspects – and protects

A HOME FOR YOUR SAVINGS



The savings of today ensure the homes of tomorrow.

Help yourself and the nation by saving regularly.

★ INTEREST AT 2½% PER ANNUM FROM DATE OF INVESTMENT.
★ £1-£5,000 ACCEPTED.
★ WITHDRAWALS AT SHORT NOTICE.

TEMPERANCE
The Gateway To Security

FOR 100 YEARS

PERMANENT BUILDING SOCIETY
223-227 Regent Street
London W.1.
Phone: Regent 7282
Branches throughout the Country

ALLIANCE
ASSURANCE COMPANY LIMITED
Head Office:
BARTHOLOMEW LANE, LONDON, E.C.2
Established 1824

The Finest Service
for
All Classes of Insurance

REPRESENTATION THROUGHOUT THE UNITED KINGDOM
THE BRITISH COMMONWEALTH AND ELSEWHERE ABROAD

The Company undertakes the duties of Executor and Trustee

SANWA BANK
Authorized Foreign Exchange Bank

CAPITAL : Yen 2,500,000,000

HEAD OFFICE : IMABASHI, OSAKA
TOKYO OFFICE : MARUNOUCHI, TOKYO

A complete network of 186 nationwide branches & worldwide correspondents

SAN FRANCISCO BRANCH
465 CALIFORNIA ST., SAN FRANCISCO
TAIPEI REPRESENTATIVE OFFICE
TAIPEI, FORMOSA

BAYERISCHE VEREINSBANK

Every description of Domestic and Foreign Banking Business transacted

Munich Office: 14, Kardinal-Faulhaber-Strasse
Cable Address: "Vereinsbank" Phone: 28401. Telex No. 052/3321

Nuremberg Office: 21, Lorenzerplatz
Cable Address: "Bayverein" Phone: 27741. Telex No. 06/2217

Augsburg Office: 37, Maximilianstrasse
Cable Address: "Vereinsbank" Phone: 4681/84. Telex No. 053/820

78 Branches
Correspondents throughout the World

SAFETY FIRST

INVESTMENT

Share Accounts

Two and a half per cent per annum

Income Tax paid by the Society

Equivalent to £4.6.11 per cent to investors

subject to income tax at the standard rate

Total Assets exceed £213,461,000



ABBEY NATIONAL

BUILDING SOCIETY

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

COMPANY MEETINGS

BRITISH CELANESE LIMITED

MR G. H. WHIGHAM'S STATEMENT

The Thirty-sixth Annual General Meeting of British Celanese Limited will be held at The Great Hall, Winchester House, 100 Old Broad Street, London, E.C.2, on Thursday, July 14th, at 12 noon.

The following statement to Stockholders by the Chairman, Mr G. H. Whigham, has been circulated with the full Report and Accounts for the year ended April 2, 1955:

The Group Net Profit for the year before taxation of £3,341,246 compares with £4,069,209 for the previous year. After deducting taxation the Net Profit is £1,710,140 as compared with £1,777,236. Alterations in the taxation allowances on capital expenditure and the reduction in the standard rate of Income Tax affect the comparisons, however, and in particular in arriving at the total taxation charge for the year credit has been taken for an amount of £230,000 in respect of Investment Allowances.

During the year we have settled outstanding matters regarding our liability to taxation consequent on the change in the Company's accounting date in March, 1953, and other sundry matters, as a result of which previous provisions for taxation amounting to £626,000 are no longer required and are now transferred to the credit of Profit and Loss Account. As a consequence of similar adjustments in the Subsidiary Companies' Accounts dividends from them of approximately £67,000 out of the balance brought forward have been brought to credit in the Parent Company's Accounts.

After transfers to Reserves of £1,493,218 and after providing for dividends as shown in the Accounts, the carry-forward of the Group is increased to £850,817.

The final dividend now recommended on the Ordinary Stock brings the total for the year to 10 per cent, which compares with an equivalent of 9 per cent for the previous year. The total dividend of 10 per cent on the Ordinary Stock is equivalent to 4.8 per cent on the Issued Ordinary Capital plus Reserves at April 2, 1955. During the year £92,721 of Debenture Stock was redeemed.

Apart from the capital required for expansion, it is essential to retain in the business sufficient of the profits remaining after tax as will provide for maintaining and modifying plants and services so that we may work at the highest efficiency and productivity. It should also be borne in mind that any replacement or modernisation of existing plant has to be carried out at a level of cost invariably higher than the original cost.

During the last ten years we have spent approximately £14,500,000 on Capital equipment for all the purposes of the business. In addition, a sum of £4 million requires to be paid out of our liquid resources over the next two or three years in respect of Capital Expenditure already sanctioned.

Further considerable sums not yet sanctioned will be required over the next few years for Plant and Equipment in connection with the development both of our established products and of our new products. I refer later to three new products, namely, "Tricel," "Cellon" and Vinyl Acetate.

CURRENT TRADING AND FUTURE OUTLOOK

Discussing the future outlook in my statement last year, I spoke of the likely continuance of a good domestic demand for textiles, although under highly competitive conditions, but I said that I did not regard the prospect for exports as very reassuring. Events have borne out this view.

Home trade has remained satisfactory, but exports, both of yarn and fabric, have proved increasingly difficult and we have experienced not only lower export turnover but also a substantial reduction in margins, and this naturally has affected the profits.

As you will be well aware, this Company has not been alone in this particular difficulty and the general decline of textile exports of the country is a serious matter to which much publicity has been given recently, and I can see no signs of immediate improvement.

Given the continuance of full employment, we can look to demand on the domestic market being such as to maintain a satisfactory total volume. But, unless there is some unexpected recovery in the country's textile exports, domestic fabric prices are likely to be under considerable pressure.

Last year, I made reference to the general tendency for countries which hitherto imported textile products to seek to manufacture these themselves. While I continue to deplore the tendency, which must inevitably depress the prospects of international trade for all nations, it is obvious that there is going to be no change of heart in the foreseeable future. We cannot, therefore, stand aside while our trade with traditional markets dwindles, and during the past twelve months we have taken two important steps to protect the Company's interests and, as far as may be possible, to ensure the continuity of our yarn exports. We have acquired the control of a large knitting plant in the Union of South Africa, where it will be our policy to expand the volume and still further enhance the reputation of "Celanese" fabrics, which have long enjoyed a ready demand in this market. We have also purchased a warp-knitting plant in New Zealand. Here, again, we aim to provide our many customers with fabric fully up to the "Celanese" standards to which they are accustomed, with all those additional advantages which local manufacture will allow us to give by way of service.

The situation as it affects our large Australian market is unfortunately much more obscure. Not only has the earlier relaxation of the control of imports of textiles been followed by a reimposition of restrictions, but the inquiry by the Australian Commonwealth Tariff Board regarding acetate yarn and cellulose acetate flake was, surprisingly, reopened within a few months of the announcement of its findings and decision. We have prepared a case and re-submitted evidence before this fresh enquiry, the result of which is as yet unknown. Nevertheless, this uncertainty and the suddenness with which policies and decisions are called in question, common though both are in international trade at present, must inevitably still further delay the crystallisation of our plans for Australia and their implementation.

In my statement last year I stated that spinning was planned to commence early in 1955 at our new Wrexham factory. This forecast has been realised and it is expected that the factory will be in full operation in another twelve months.

In the Chemicals and Plastic sections we have increased both the turnover and the variety of products, and we expect this steady progress to continue.

Costs of most services, wages and salaries continue to increase, and we are faced with additional costs in connection with effluent disposal. A preliminary agreement with Derby Corporation has been signed and work on the extensions to their Sewage Treatment Works is in progress.

NEW PRODUCTS

We have offered a number of new yarns to the market, and our Development Departments and Fabric Sections have done useful work in showing customers how best to use them. We believe that one of the best ways to improve business, particularly in the overseas markets, is in the development of new and more interesting fabric structures, and to this end we have placed before our customers a number of variants of acetate yarn. These new yarns include what are called thick and thin yarns for the reproduction of wild silk effects, spun dyed yarns, yarns with specially shaped filaments and a yarn which we have named "Soufflette" and which we believe is the forerunner of a number of important developments in what are described in the trade as "bulked yarns." These are yarns made in such a way that they are very bulky and voluminous and thus light and airy in texture, and we believe will give a new lease of life to many existing fabric constructions.

The most important thing, however, as far as we are concerned, is that during the year under review we have put out the first samples of an entirely new yarn, which we propose to market in the form of continuous filament yarn and staple fibre for which we have registered the trade name "Tricel." This new product which is the result of a number of years' research on our part, has for its base our chief primary product, cellulose acetate, but unlike our normal "Celanese" is tri-acetate. What we are aiming to do with this new fibre is to make possible the production of fabrics which, whilst not sacrificing the good properties of our traditional "Celanese" (outstanding amongst which are pleasant to handle, drapes well and comfortable to wear), will have many additional properties. They can be permanently pleated and embossed and are tough enough to stand up to the exigencies of modern life; they can be so treated that the fabrics are crease-resistant. Garments made from "Tricel" fabrics can, if necessary, be boiled without fear of shrinking; they will dry extraordinarily quickly and in many cases ironing will be unnecessary, although in cloth constructions where ironing is required they will be able to stand up to the impact of a really hot iron without damage or glazing. Undoubtedly, the increased use of the home washing machine and probably also of home drying devices, such as the modern tumbler dryer, are going to set an entirely new textile requirement and we believe that this new product of ours will provide exactly the properties required with, what is most important, reasonable price.

At first, fabrics made from this new product will probably reach the market a few pence per yard dearer than the ordinary "Celanese," but when manufactured in bulk we believe it will be very little different in price and in any case will be very substantially cheaper than any of the so-called

"miracle fibres." Development of this new product, however, will take time, but we anticipate having reasonable quantities of it on the market within a year.

You will appreciate that, although "Tricel" will open to us new outlets and new applications, it will not supplant normal "Celanese," which has established itself over so long a period. We intend, in the next month or so, to market a synthetic polymer staple under the registered trade name of "Cellon." This type of nylon-six polymer is not at present made in this country and is of great interest to spinners, both for 100 per cent spun yarns and also for blends with other fibres, such as wool, where it has been found that the inclusion of relatively small percentages of this type of fibre increases considerably the resistance to wear and tear.

On the Chemical side of our business we are erecting a plant for the production of vinyl acetate monomer. The process, which we developed ourselves, uses raw materials which we already manufacture on a large scale and we shall be the first to operate it in Europe. Vinyl acetate is a chemical of growing importance for the paint, adhesives and plastics industries. Initially our plant will be capable of producing the equivalent of approximately one-third of present domestic consumption, and it is so designed as to facilitate rapid expansion.

RESEARCH AND DEVELOPMENT

Success in research, as applied to industry, is to be measured by its fruits in terms finally capable of commercial development. Bringing new projects to the stage of commercial use naturally involves some lapse of time during which little can be said of the work in hand. Correct timing in introducing such developments to the market is always a most important consideration and we are equipped to make the necessary evaluation trials before launching new products. Resources must also be adequate for the development foreseen. The product must not be introduced without first taking all steps to ensure appreciation at the hands of the ultimate consumer. Market research must closely follow technical research and must be supported by the acquisition of adequate technical knowledge. Not only must the technique of economic production be established, but trouble-free application in secondary manufactures and final satisfaction to the user require their own technical studies. These considerations are nowhere more important than they are in the case of new yarns. I have elsewhere mentioned items of ours now in active development after a period of study, and our research will continue to help us in broadening our range of products.

The new research laboratory at Putteridge Bury is now working. I spoke last year of further strengthening our research and development. An important step in this direction has been the appointment of Professor F. E. King, FRS, as a Director; his distinguished academic career is well known. We look forward with confidence to the outcome of his work with us, which will be whole time from this autumn, when he will be in charge of the Company's Research.

PERSONNEL

The policy of the Company being that, so far as possible, positions offering opportunity for progress should be filled from within the Company, we require a regular inflow of young men who will be able to take senior appointments. With this object in view we are maintaining close contacts with the Universities, Technical Colleges and Schools.

In common with other organisations, we find that the ever-increasing demand for suitably qualified graduates in science and technology is greatly exceeding the supply. We are glad to note, therefore, that the Government has recognised this need and has made a start in providing additional facilities by grants to increase accommodation for technology at Universities, and to encourage more graduates to adopt careers as teachers. The building of more technical colleges is also a hopeful sign and should in due course help British industry to maintain and improve its position in world markets. We on our part are providing opportunities for extra-mural studies on the part of staff who are suited to take advantage of these facilities. Many large companies like ours have Scholarship Schemes and for several years past our Company has awarded scholarships tenable at various universities. Some outstanding work has been carried out by students under this Scheme.

As a further measure of self-help in this direction our established apprenticeship schemes which operate in our own shops have been extended to the fullest extent in collaboration with the Crafts concerned.

In all our factories increasing productivity must continue to be our aim so that every employee may be afforded the opportunity to make his maximum contribution to a healthy, competitive and therefore prosperous industry. Unless adequate profits are in fact made there are no resources to provide the material means for increasing productivity so necessary for competition in the world market. The prosperity of all industries in this country is a matter of prime concern to every worker, as without prosperity not only are his living standards endangered, but the whole industrial future of the country.

The expansion of the Company's interests both at home and abroad has imposed additional demands on the Company's employees, and I should like to take this opportunity of thanking them for their continued hard work and enthusiasm during the past year.

ABRIDGED PARTICULARS.

REFUGE ASSURANCE COMPANY LIMITED

(Incorporated under the Companies Act, 1862)

SHARE CAPITAL

Authorised:		*Issued and Fully Paid:*
£300,000	in 300,000 "A" Ordinary Shares of £1 each	£300,000
£300,000	in 600,000 "B" Ordinary Shares of 10s. each	£300,000
£600,000		£600,000

Neither the Company, nor its subsidiary, Federated Employers' Insurance Association Limited, has any Mortgages Debentures or Loan Capital outstanding.

Application has been made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the whole of the issued Share Capital of the Company.

THE FULL PARTICULARS SHOW (INTER ALIA) U.C. that:

1. The Company was incorporated in England in 1864 under the name Refuge Friendly Society Limited, the name being changed in 1881 to Refuge Assurance Company Limited. The principal business of the Company is that of ordinary and industrial life assurance. In 1953 the Company acquired as an investment of its Ordinary Life Branch the whole of the issued capital of Federated Employers' Insurance Association Limited. Federated carries on general insurance business (other than marine and aviation) and since 1st January, 1954, the Company has also carried on in its own name similar general insurance business, which business has been wholly reinsured with Federated on terms that leave to the Company neither profit nor loss.
2. The Company's history is one of steady expansion of income; in 1954 the premium income from Ordinary Life Assurance amounted to £7,471,598 and from Industrial Life Assurance amounted to £9,779,501 (making a total of £17,251,099) and the total income of the Company exceeded £22,000,000. At 31st December, 1954, the following life policies were in force:—
   Ordinary Life Assurance.—501,232 Life Assurance Policies assuring the sum of £143,250,226 (including reversionary bonus additions) and 1,610 Annuity Policies securing the payment of £137,058 per annum.
   Industrial Life Assurance.—8,177,425 Policies assuring the sum of £180,333,313.
3. The Company employs approximately 5,600 persons. Most of the Company's business is obtained by full-time employees who call at the homes of policyholders to collect Industrial Branch premiums and at the homes of prospective policyholders to canvas for business.
4. The Total Net Assets of the Company at 31st December, 1954, held for Policyholders and Shareholders were £124,403,918.
5. Provided unforeseen circumstances do not arise during the remainder of the year the Directors are of the opinion that the transfer to the Profit and Loss Account in respect of 1955 should enable them to recommend a distribution to Shareholders of £188,000 net, equivalent with income tax at 8s. 6d. in the £ to a gross rate per annum of 54.49 per cent.

Copies of the particulars required by the Council of The Stock Exchange, London, in connection with the application for permission to deal in and for quotation for the whole of the issued Share Capital of the Company may be obtained from:—

THE REGISTERED OFFICE: 103, Oxford Street, Manchester, 1,
and from
R. NIVISON & CO., 25, Austin Friars, London, E.C.2, and The Stock Exchange, London.

23 June, 1955.

GALLAHER LIMITED

(Incorporated in Northern Ireland)

CONSIDERABLE EXPANSION IN PRODUCTION AND SALES

INCREASED DIVIDEND

SIR EDWARD De STEIN'S STATEMENT

The fifty-ninth Annual Ordinary General Meeting of Gallaher Limited was held on June 22nd at Winchester House, Old Broad Street, London, EC, Sir Edward de Stein, chairman of the company, presiding.

The secretary (Mr George Iliff, ACA) read the notice convening the meeting and the report of the auditors.

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

The year under review has shown considerable expansion in production and sales which has resulted in substantial changes in the Balance Sheet figures.

BALANCE SHEET FIGURES

The Preference Capital of the Company at December 31, 1953, was £ million in 6½ per cent Cumulative Preference Stock. This Capital has been converted into 5½ per cent Cumulative Preference Stock, and in order to compensate the holders for the lower rate of dividend payable in future they have been allotted out of Share Premium Account £1 of additional 5½ per cent Stock for each £5 of 6½ per cent Stock which they held on the date of conversion. The Issued Preference Capital has also been increased during the year by the issue for cash of 3 million 5½ per cent Cumulative Preference Shares of £1 each —since converted into Stock. As a result, the Issued Preference Capital is increased by £3,200,000 to £4,200,000.

The outstanding changes in the Group's current Assets and Liabilities are the increases in Stocks and Debtors and in Borrowings on Bank Overdrafts and Bills Negotiated.

Stocks have increased by £3,500,000 and Debtors by £4,500,000. These increases reflect the expansion in the trade of the Group compared with twelve months earlier. Stocks of duty paid and unmanufactured tobacco show increases both in quantity and value, but the increase in the stock of unmanufactured tobacco is not commensurate with the increase in turnover. I will deal with this later when I refer to our leaf supplies.

The higher value of Stocks and Debtors has been financed mainly out of the proceeds of the 3 million Preference Shares issued for cash and by the increase in Borrowings on Overdrafts and Bills Negotiated, which have advanced by £3,850,000 to £10,150,000.

In the Balance Sheet of Gallaher Limited the increases in Stocks and Debtors during the year have been higher than in the Consolidated Balance Sheet. This is due to the transfer since December 31, 1953, of part of the Stocks and Debtors of some subsidiary companies from the financial books of those companies to the books of the parent company—entirely for convenience in administration.

TRADING RESULTS

The Consolidated Trading profit for the year is up from £2,011,000 to £2,511,000 after charging Depreciation, Auditors' Fees and Expenses and Interest. Of this increase £311,000—just over 62 per cent—is taken by taxation leaving the Company with a net increase of £189,000 as compared with the previous year.

After providing for dividends—including a recommended increase in the Ordinary dividend from 20 per cent to 22½ per cent—the carry forward in the Consolidated Balance Sheet has been increased by £182,062. We have appropriated £186,383 to General Reserve, rounding off the balance in the Gallaher Balance Sheet at £1,500,000. Thus we have retained in the business this year £368,000—about one-third of our profits after taxation.

GENERAL MATTERS

The expansion of the business has been possible because of the change in the method of allocating Dollars to the industry. For many years the output of the main selling cigarette brands of the Company has been restricted by the method adopted for the allocation of Dollars for American and Canadian tobacco. This basis of allocation was changed in the middle of 1954 in order to give greater freedom of choice to the public. Your Company benefited from the change and received an improved allocation of Dollars which enabled us to go some way towards meeting the public demand for our most popular selling brands. In order, however, to cover the situation, output had to be rapidly and substantially increased under conditions which could not be maintained over a longer period. In this respect the year under review was an abnormal one. I will refer to the future later.

LEAF SUPPLIES

Dollars are normally allocated in June for the purchase of American tobacco, the auction sales of which commence each year at the end of July. Last year, as I have said, we were permitted to purchase increased supplies in America and Canada. The quantity of these types of tobacco which we had in hand at December 31, 1954, was higher than in the previous year, but due to our increased sales, these stocks, when expressed in terms of months' usage at the current rate of sales, are lower than they were at December 31, 1953.

In Sterling tobacco markets where no restrictions apply we were able to buy increased supplies in line with our estimated usage and stock requirements.

Negotiations are taking place between the Treasury and the United States Government whereby manufacturers in the United Kingdom would be permitted to purchase a quantity of Dollar tobacco for Sterling. If these arrangements are successful your Company will receive its share: this purchase, together with our annual allocation of Dollars, should enable us to restore our stocks to a more satisfactory level. Naturally, this will increase by a considerable amount our borrowings on Bank Overdrafts and Bills Negotiated.

ENGINEERING SUBSIDIARY

I am pleased to be able to tell you that our engineering subsidiary has again made a record profit, the major part of which has been ploughed back in the business.

SALES

The sales of tobacco for 1954 constitute a new record for the Group. In the hard tobacco section public demand continues to diminish, but we have maintained our share of the business. Sales of our other tobaccos increased during 1954, notably "Old Holborn" manufactured by Richard Lloyd & Sons in London.

All our major cigarette brands, and particularly "Senior Service" and "Park Drive," have done well this year. Our cigar subsidiary, J. R. Freeman & Son, Limited, has shown good results for the year, and the demand for its principal product "Manikin" remains as strong as ever.

PREMISES

The Directors have deemed it prudent since December 31, 1954, to acquire an additional factory in the Manchester area for use at present as a material store and to enable us to expand our manufacture as the occasion requires.

OUTLOOK

Now that the public are able for the first time for 15 years to buy the brand of their choice, it is obvious that we must expect increased competition. This is welcomed by your Directors, but these conditions will inevitably involve higher selling and advertising costs. Other costs are also increasing, including, in particular, the high cost of borrowing following the rises in the Bank Rate in January and February, 1955. The latter is a very material item. There are indications also that the cost of our leaf tobacco may well rise again this year and wage rates were advanced in September, 1954. These items represent a formidable addition to our working costs.

Nevertheless, because of the high quality and value for money of all our products, the public demand for our goods stands at a satisfactory level and we shall make every endeavour to continue the expansion of our trade. Your Directors see no reason why results for 1955 should not remain at a satisfactory level.

DIRECTORS

Since the last Annual General Meeting Mr J. D. Hopkins has been appointed a Director of the Company. He has been with us for twenty-five years, in the course of which he has held a number of important appointments. The experience he has gained, particularly in the buying of leaf tobacco, is invaluable to his colleagues on the Board. His appointment will come up for confirmation later.

Due to his many commitments, Mr Clarence Parker, who has been a Director of the Company since we acquired control of Cope Brothers & Company Limited, tendered his resignation a few months ago.

EMPLOYEES

The increased output of our cigarette brands necessitated considerable reorganisation in our factories and distribution depots, which was carried out smoothly but under high pressure, and the greatest credit must be given to all concerned during this period.

Indeed, the abnormal and sudden increase in production was only made possible by the wholehearted co-operation of all employees of the Group, and our thanks are particularly due to them this year for their willing co-operation. In recognition of their conscientious efforts, we have paid them a special bonus equivalent to six weeks' wages in place of the four weeks' paid for some years past.

The report and accounts were unanimously adopted.

The proposed dividend was approved and the retiring directors, Mr J. N. Hogg, Mr M. R. Norman, OBE and Mr J. D. Hopkins, were re-elected.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Union of South Africa)

YEAR OF PROGRESS AND CONSOLIDATION

PROBLEMS OF STAFF RECRUITMENT

SIR ERNEST OPPENHEIMER'S STATEMENT

The following are extracts from the statement by the Chairman, Sir Ernest Oppenheimer, which has been circulated to shareholders:

The year 1954 was a satisfactory one for the Corporation. We increased our revenue under all headings, and our profit, after taxation, was over £4 million—some three-quarters of a million more than in 1953. We were able to add further sums to the general reserve, which now stands at the substantial figure of £20 million, and at the same time to increase our dividend distribution to the ordinary shareholders from 6s. to 7s. a share. Our cash position remains strong, and our quoted investments, which stand in our books at £24 million, had a market value at the end of 1954 of £60,800,000—a considerable advance over the previous year. The year 1954 was also one in which we were able to consolidate our position in respect of many of our investments, as market conditions generally were favourable.

PROBLEMS CONFRONTING MINING INDUSTRY

In mining, as in other industries, we have to face three types of problem—financial, technical and human. In the past few years our major problem has been financial. The sums required for the establishment of the gold mines in which we are interested in the Orange Free State and the Klerksdorp area were very considerable indeed, and, in the statement I issued with the 1953 accounts, I reviewed how we had solved this problem and what we had achieved. Financial problems are, of course, always with us, but, because of the great prosperity being experienced by the diamond and copper industries and the sound basis on which our gold and coal interests have been financed, our financial requirements for the time being are of a routine nature and magnitude. We have, moreover, considerable reserves available for any new and profitable business that may arise, and we are ever on the lookout for new openings and opportunities.

In the technical field conditions are not dissimilar. The gold mining industry has met triumphantly the great challenge set by the construction of vast uranium and acid plants at the highest possible speed. The difficulties inherent in opening up any new mining field, such as the Orange Free State, are gradually being overcome and solved. In the diamond and copper fields, and particularly at the Wankie Colliery, our major programme is well advanced towards completion. Technical improvements there always will be: there do not, however, appear to be any technical problems confronting us in the next few years that we cannot face with complete confidence.

It is towards the solution of the third group of problems, the human problems, that our greatest effort will perhaps need to be directed. It is becoming more and more difficult to get enough men and women to carry on uninterruptedly the development of this great and rich country.

The local population is rising to great heights, but it is simply not big enough to face up alone to the job. The gold mines have today a better supply of Native labour than they have had for very many years, but more than half of this labour comes from outside the borders of the Union and for its continuance we are dependent upon the good will and the needs of our neighbours. The White peoples of the Union and the Federated Territories of Rhodesia are enjoying full employment: in fact, there are grave shortages of qualified men at all levels, and in nearly all industries and Government departments.

STAFF RECRUITMENT

The mining industry is making every possible effort to recruit and train men locally, and is offering training facilities even to University degree standard in its efforts to staff its enterprises. The population of South Africa is, however, clearly too small to meet the opportunity, and the Corporation has had to look further afield, and we have appointed a recruiting officer in England. To assist in recruiting, we recently brought to Southern Africa a party of some twenty educationists from Great Britain, who, it is hoped, will influence young men to join our ranks. We are offering free University training to suitable candidates. Neither are our efforts confined to Great Britain, for we have recently recruited technical officers from Scandinavia and from Australia, from Switzerland and Canada.

In the Central African Federation the European population is still very small, and both on the Copperbelt and at Wankie our European establishment must be drawn largely from outside the Rhodesias, mainly from South Africa and from Great Britain. In order to help the young men and women of Northern Rhodesia we have decided, in association with the Rhodesian Selection Trust, to set up on the Copperbelt a Foundation, which will establish a Technical College and take such other steps as its governors may judge necessary to make available the highest technical education.

The African population in the Federation must also be trained to play its part in the world of industry. African training on the mines is being constantly developed, and the recognition of the African Mineworkers' Staff Association marks a step forward in the development of the African population towards higher responsibilities and skills. Our long discussions on the subject of African advancement into a range of work that had traditionally been the preserve of the European have been greatly assisted by a statement from the European Mineworkers' Union, who are willing to co-operate in making a start with African advancement, which I welcome particularly as a genuine and valuable contribution towards this difficult problem.

Both in Rhodesia and in the Union of South Africa we are struggling with the problem of finding a way of living that provides justice and opportunity to peoples of two races—and of two levels of civilisation.

SEARCH FOR NEW ECONOMIC MINERAL DEPOSITS

I should now like to refer briefly to another branch of the Corporation's activities, which is vital to our continued existence. I refer to our prospecting activities in the search for new economic mineral deposits. A considerable programme of prospecting has been laid out for the whole of Southern Africa, not merely covering areas where concessions or exclusive prospecting rights are held; and modern methods and techniques are being applied to very considerable areas in the hope of making some useful discoveries. While it would not be appropriate, at this stage, to make any more detailed reference to the work we are doing and to the areas where we are carrying it out, I can say that we are sparing no expense in conducting extensive research under the guidance of the experienced staffs of our Geological and Engineering Departments, which have been considerably enlarged for this purpose.

May I conclude this statement on a personal note? I have recently passed my seventy-fifth birthday and have also had, for a few weeks, to detach myself from the daily round of business and to take a longer rest than I have enjoyed for many years. During this period my thoughts have gone back to the establishment of the Corporation, thirty-eight years ago, and to the men who have helped me to build it up into the great institution that it is today. I feel a great debt of gratitude to those who were by my side in the early and difficult years, and to the staff which is today so vigorously and ably carrying on our business.

It is still a young organisation, established in countries that are themselves still young in human development. It is controlled and staffed by citizens of these young countries. I know it will continue to play a great part in their material development. It is my hope that it should also help towards that unity which is so essential to these young nations, and towards which they are now struggling through many difficulties and setbacks. I hope and believe that unity and concord will be attained, and that our Corporation will make a contribution towards their achievement.

Copies of the Chairman's Statement and of the Annual Report and Accounts can be obtained from the London Office of the Corporation, 11, Old Jewry, London, E.C.2.

MILK MARKETING BOARD

FEATURES OF AN EVENTFUL YEAR

MR THOMAS PEACOCK'S REVIEW

The annual general meeting of the Milk Marketing Board was held on June 17th in London.

Mr Thomas Peacock, CBE, JP, the chairman, in the course of his speech said: The year that we are now reviewing has been very full and interesting. We have celebrated the twenty-first anniversary of the Milk Marketing Scheme, with the good wishes of the Minister of Agriculture and Food and many others who have been associated with the work of the Board since the early years. You will notice that the Report and Accounts carry our new Coat of Arms, the gift of the Board's staff at the coming of age of the organisation. It is, I feel, a symbol of the new responsibilities which the Board have this last year been called upon to undertake.

I told producers last year that the clock has not been put back to 1939, and I am sure that our experience during the past twelve months has shown to us that this can never be so. We have an industry greater than ever before; we have an organisation of milk producers whose activities are on a far broader scale than perhaps the authors of the Milk Marketing Board ever envisaged and certainly much wider in scope than any other similar organisation that I know of anywhere else in the world. The changeover last April passed smoothly and our administrative arrangements proved to be adequate to deal with the new problems that came along. We had much assistance not only from the buyers of milk, who have worked with us throughout the year, but also from the Government and from the National Farmers' Union.

DIFFICULT YEAR FOR PRODUCERS

For milk producers, however, the last year has been very difficult; indeed it is hard to recall a time when farmers have had to contend with such disastrous harvests. As a result there was a severe fall in output of milk during the winter months and our estimate is that probably 40 million gallons of milk were lost owing to the real difficulties of feeding our dairy herds adequately during the long winter. There was, however, an adequate supply throughout to meet the full demand of consumers for liquid milk.

I should like to take this opportunity of paying a tribute first to the milk producers and their workers and secondly to the transport workers and others whose task, already onerous, has been exceptionally arduous this last winter.

Last year I explained the new guaranteed price arrangements between the Government and the Board and we have explained fully in the Annual Report the results in this first year. In our estimates we anticipated that output might exceed the standard quantity by about 30 million gallons and in consequence we did not anticipate that our final payments would reach fully the guarantee determined at the Annual Review. The fall in output in the winter-time, however, brought output very near to the standard quantity and enabled the Board to pay higher prices per gallon than had been originally expected. We found it possible also to get a better realisation for manufacturing milk than had been anticipated. The financial results of these movements enabled us to adjust published prices to producers upward in the Spring months. The Board were pleased to be able to do this at a time when milk producers were facing their greatest difficulties. Another time the adjustment may go the other way, depending entirely on the course of supplies and markets.

PRICE POLICY

The Board decided last year to reduce producers' prices in the winter months and this was in accordance with the policy which I have mentioned to you on a number of occasions of moving a little away from winter output and a little nearer to summer milk. Our reason for adopting this policy is clearly that we are not anxious to manufacture large quantities of milk in the winter months, when costs are high. At mid-winter, all we need over and above the liquid market is the margin necessary to meet day to day variations in supply and requirements.

There are already some signs to show a tendency for more emphasis on summer milk. We must watch this balance of supplies most carefully and in particular we must not discourage winter milk to the extent that there is any danger of shortage in the liquid market. At the present time we only have just the minimum of surplus necessary to guarantee the liquid market through the year. And after last year's disastrous season we must be careful not to arrive hastily at conclusions about trends in milk supplies.

QUALITY

Turning from quantity to quality I refer to the fact that last September saw the end of the "Accredited" Scheme, which was begun by the Board in 1935. Since that date the names of very many producers have been written on the Accredited Roll and, as the Board had hoped, most of these producers have gone on to produce milk of higher quality from Tuberculin Tested cows. The only quality designation which now remains is Tuberculin Tested milk and I am very proud to say that at the present time 60 per cent of our milk is of this category. This is a tremendous achievement in a short span of years. It is not sufficiently appreciated perhaps that this is a very high grade of milk, because the cows have to be Attested and the milk has to reach a high standard of bacterial content. The two essential features of safety and hygiene are incorporated in it. I hope the time is not far distant when we shall have a sufficiency of this high quality of milk to satisfy the liquid market. The Joint Committee for the Control of Milk Quality has continued its good work of regulating the control of hygienic quality of milk sold off our farms.

We have, as you know, agreed with the buyers of milk that if any problem arises where we are unable after discussion to come to an understanding, then we will refer the problem to a Consultant whose decision the Board and the buyers have agreed to accept. The Consultant is Sir Edgar Sylvester, KBE, who has a long and distinguished record of commercial and public service, and the Board have every confidence that if an occasion should arise when his advice will be sought then it will be given with justice and impartiality. During the past year markets have been fairly steady and our main attention has been directed to maintain and to expand the liquid milk market.

MILK IS GOOD VALUE

Milk at today's prices is good value and this is appreciated by the housewife. It has a wide variety of uses not yet fully exploited and we hope that these will be brought increasingly to the housewife's notice. Milk and milk products form a large part of the budget of our households. We appreciate this and the industry in turn in my view offers an excellent product and good service. This is the sure and firm basis for expansion.

I have heard the opinion often expressed that the dairy industry of this country should restrict itself to the liquid market, and people often talk as if milk producers should produce no more milk than is necessary for consumers to drink. Those of us in the industry know full well that all our milk cannot be sold liquid, that we must have some milk which is surplus to liquid requirements if only to meet the day to day changes in total demands. This surplus is the basis for the manufacture of milk products in this country. We have this manufacturing market and we must look after it. Every effort has been made to place milk in the best markets and this means more milk for cream, for chocolate and for our special cheeses, which we believe can be expanded considerably.

SERVICES TO FARMERS

The board are most anxious that along with the exercise of new and varied marketing responsibilities they should continue to offer services to farmers to help them to achieve more efficient production on the farm. A reduction in costs of production is quite as important as an improvement in markets. These services have expanded during the past year. There is continuing progress in our Artificial Insemination service, and last year one half of the nation's dairy herd was artificially bred.

PRIVATE MILK RECORDS SCHEME

During the past year we have appointed a small number of Consulting Officers, one of whose tasks will be to help in the field in the difficult problem of finding good bulls for our artificial insemination stud and selecting outstanding dams to be mated to them. Last year we introduced an unofficial recording scheme specially designed to meet the needs of the commercial milk producer. This scheme, which is called Private Milk Records, has operated most successfully during the past twelve months, and already over 8,000 milk producers are using the service we have provided.

Looking back over this eventful year, we have certainly been active always with the aim of making our industry efficient and capable of giving good service to consumers. We have been encouraged on our way by many leading milk producers; they have given time and energy in helping the Board on the various committees. We have had also much co-operation and assistance from the National Farmers' Union and from the buyers of milk. Our experience in the first year with the new form of the producer price guarantee, in which the industry shares responsibility with the Government, has been satisfactory, and we have received valued help and guidance from the Ministry of Agriculture, Fisheries and Food.

The report and accounts were adopted.

GILL AND DUFFUS

PROFITS MAINTAINED DESPITE DIFFICULTIES

CAPITALISATION OF RESERVES

MR J. I. MURRAY'S STATEMENT

The Eighth Annual General meeting of Gill and Duffus Limited will be held on July 14th in London. The following is an extract from the Chairman's circulated Statement:

In my statement last year I referred to the great problems which were facing the Chocolate and Confectionery Industry at that time and what I said then has, I think, been proved to be an understatement. We had of course, the price of raw Cocoa particularly in mind.

COCOA PRICE FLUCTUATIONS

In the early part of last year this commodity rose steadily from its opening price of £365 per ton to a peak price of £560 per ton, which was reached in May. In the second half of the year the process was reversed and Cocoa fell steadily again until December, at which time the price was around £375 per ton. In other words, Cocoa values rose by £195 per ton in the first six months of the year and declined by £185 per ton in the second six months. Such convulsive movements set the whole industry, including our organisation, very difficult problems. That these have, I think, been soundly handled, is proved by the results achieved. I must, therefore, record our sincere thanks to the Managing Directors and Staff both at home and overseas on their conduct of our affairs in unprecedented conditions.

In dealing with the figures in the Profit and Loss Account and the Balance Sheet, I shall, as in the past, refer only to the consolidated figures. This year these will include the figures of Gill and Duffus (Liverpool) Limited, which became a subsidiary Company by the acquisition of 1,776 Ordinary Shares during 1954.

GROUP PROFITS AND ALLOCATIONS

The group profits last year were £907,128 as compared with £906,415. After making provision for all taxation, which absorbed £521,184, and after deducting the profits attributable to Minority Shareholders in Subsidiary Companies and the increase in amounts retained by Subsidiary Companies, the net profit available to members was £337,753. The preference dividend, and the ordinary dividend of 50 per cent of which 17½ per cent was paid in December, require in all £144,863. After bringing in the amounts brought forward from last year and a provision made in previous years now not required, and after writing off the Goodwill of £50,000, the balance to be carried forward to next year is increased from £291,237 to £439,928 of which £219,521 is attributable to the parent Company and £220,407 is retained by the Subsidiary Companies.

The policy which has been adopted in the past of prudently writing down our assets and building up reserves, has now enabled the Board to adopt a somewhat more liberal dividend policy, but it must be emphasised that although our reserves would for the moment appear to be adequate for any foreseeable contingency, we still need working capital on the basis of the current prices of commodities and of our turnover—which last year was £30 million, and reflects the extraordinary price levels obtaining during 1954. Moreover, in 1954 we spent on plant and machinery almost £200,000, and expenditure of £300,000 has been sanctioned for 1955. In the view of the Directors, keeping the plant up to date is a vital necessity. Consequently when earnings are good, as they have been recently, the policy of ploughing back a substantial part of each year's profits must continue if the Company's position is to be maintained and a proper degree of stability is to be achieved even if, as is always possible, a real decline in turnover develops.

BALANCE SHEET ITEMS

Under the heading of Current Assets, and Current Liabilities and Provisions, there is an indication of the abnormal trading conditions to which I have already referred. Stock has risen by £2,076,144 to £4,723,626. Trade and Sundry Debtors increased by £557,162 to £1,343,383 and on the other side the Bank overdraft rose by £2,365,985 to £3,170,256. In the Autumn with the object of ensuring that our Mills received the right quality of Cocoa as it became available, we made large purchases from the Marketing Boards which were shipped and paid for before the end of the year. This accounts for the exceptionally large stock shown in the Balance Sheet. The whole of this stock of raw material had been sold for forward delivery in the form of its various products, and the changes in the Balance Sheet are a reflection of the financial burden of buying and carrying the necessary stocks to enable us to fulfil our customers' contracts.

Our working capital is in excess of £2 million and in comparison with the Issued and Paid up capital, this underlines the conservative policy which has been adopted in the past. Working capital of this order was, however, inadequate for the purpose of carrying a stock of £4,700,000 and we had to seek additional accommodation from our Bankers. Since the close of the past year our overdraft has been reduced and is at present approximately £2,500,000. A further reduction is likely between the beginning of August and the end of September, when the abnormalities in the present situation should tend to disappear.

CAPITAL OF PARENT COMPANY

The capital of the parent Company at £710,000 reflects the issue under the resolution dated December 31, 1954, of 10,000 6 per cent Preference Shares of £1 each to the Preference Shareholders and 100,000 6 per cent Preference Shares of £1 each to the Ordinary Stockholders, all fully paid.

In accordance with the preliminary agreement concluded with N. V. Cacaofabriek "De Zaan," referred to in the company's circular of February 25th, Mr W. Huysman, their Chairman, has been elected to our Board and Mr Spice has joined their Board. The formal agreement has now been signed and 200,000 Ordinary Stock Units of 5s. have been exchanged for a minority interest in the capital of "De Zaan." We welcome Mr W. Huysman as a colleague and also this rationalisation of the close association which has existed between the two companies for many years.

As already announced, permission has been granted by the Capital Issues Committee and subject to the passing of the necessary resolutions at the Extraordinary General Meeting to follow this meeting the directors have decided to increase the ordinary capital by £275,000 by capitalising £233,628 standing at the credit of Capital Reserves and £41,372 being part of the balance of Profit and Loss Account and to issue free to each Ordinary Stockholder one 5s. Unit of Ordinary Stock for every two 5s. Units held. This will increase the Company's Capital to £1,035,000 and take a further step towards bringing it, as circumstances permit, more into line with the actual capital employed in the business.

THE COCOA MILL IN TAKORADI

West African Mills Limited remains on a care and maintenance basis and there is no immediate prospect of the Mills being reopened since the Gold Coast Government has informed us that it has at the moment no intention of seeking legislative approval of a reduction in the rate of local cocoa duty. When we decided to build a Cocoa Mill in Takoradi, we were given a measure of relief from the local taxes on raw Cocoa to meet the increased costs of working due to the employment of inexperienced African labour and the many other difficulties arising in a country in which industrialisation was and still is in its infancy. These reliefs were given to us during the first years of production, but were then reduced until in March, 1954, it was no longer economical for us to continue and the Mill was closed.

We have made repeated approaches on this subject to the Gold Coast Government, but none has met with any success and in Takoradi we are therefore unable to meet the competition from similar Mills operating in some other Cocoa growing countries, whose Governments are giving them not only currency concessions but a far greater measure of relief from local taxes on raw Cocoa than is at present available to us. As the pioneers of the industrialisation of raw Cocoa in the Gold Coast, we very much regret this position and the fact that the Mill which today would cost about £750,000 should be standing idle. This situation can only hinder the development of industry in a country which professes to be endeavouring to attract Capital from abroad and claims to need the establishment of local industries.

SAW MILL'S TEETHING TROUBLES

The Saw Mill is still suffering from teething troubles and from a shortage of timber due to transport difficulties in the Gold Coast. We are, however, watching the position most carefully.

Gill & Duffus Inc. and Gill & Duffus (Canada) Limited had a satisfactory year and are developing along the lines foreseen. Business in both USA and Canada would appear to offer potential scope, but development in this respect can only be slow and gradual if it is soundly based.

Finally, some reference to the prospects for 1955 will no doubt be expected. In a business such as ours it is always difficult to forecast profits even though half of the current year has already passed. The sellers market has now disappeared and trade has become very much more competitive with a resulting drop in profit margins. Subject, however, to any drastic change in the situation in the next six months, in 1955 we should be able to maintain, reasonably covered, a dividend of 33 and one-third per cent on the Ordinary Capital as increased.

THE INDUSTRIAL AND GENERAL TRUST

PROBLEMS CONFRONTING INDUSTRY AND THE NATION

GROSS REVENUE AGAIN INCREASED

The sixty-seventh annual general meeting of The Industrial and General Trust, Limited was held on June 16th in London.

Sir Edwin Savory Herbert, LLB (the chairman), who presided, said:

On the subject of the Accounts, there are a few observations I should make. The Revenue Account shows that the gross income of the Trust again reached new heights, the total of £1,321,787 exceeding last year's figure by £216,000. We collected some £11,000 less in arrears, but recoveries on account of double taxation relief rose sharply by over £83,000. The improvement in our recoveries of Double Tax Relief was due partly to an increase in our investments overseas, particularly in North America, and partly to an accelerated rate of recovery arising from a new method of dealing with claims.

The amounts we get back from the revenue authorities are not, of course, all gain, as they give rise not only to a liability for income tax, but also to an additional liability for Profits Tax. Our total liability for both income and profits tax after allowances was £570,000 and, after deducting this figure and all expenses, the net income for the year was approximately £600,000. From this we have transferred £150,000 to General Revenue Reserve against £100,000 last year bringing the total of this reserve up to £850,000. Another £5,000 has been placed to Contingencies Reserve, making £10,000 in this Account.

After these appropriations there remained £444,356 which, with the balance of £343,927 brought forward from last year, left £788,283 to be dealt with. The Interim Dividends of last November absorbed £166,000 and we now recommend the usual payment of 2½ per cent actual on the Preference Stock and a Final Dividend on the Ordinary Stock of 12½ per cent, making with the Interim Dividend of 7½ per cent, a total of 20 per cent for the year. These recommendations, if adopted, will require £274,203, leaving a balance of £348,049 to be carried forward, which is some £4,000 more than last year.

You will have noted that we have strengthened our reserves by nearly £160,000 and, at the same time, we recommend an increase in the Ordinary Dividend from 17½ per cent to 20 per cent. It has long been the policy of your Board to place substantial sums to reserve when possible and the justification for it, if indeed it needs justification, is to be found in the results we have been able to put before you each year and in the dividends we have recommended.

BALANCE SHEET

The Balance Sheet calls for no particular comment. You have been advised many times, over the years, not to pay too much heed to the market value of our investments, as shown in the Balance Sheet and I would repeat the advice. There is an improvement this year of about £4½ million as compared with the figure at March 31st last year; this represents an appreciation over the cost in books of approximately 137 per cent. This is certainly satisfactory, but any fall in markets might well cause a substantial part of the appreciation to disappear almost overnight.

ECONOMIC CONDITIONS

The results of the year reflect, as they always do, the general condition of the country's trade and commerce. The year has seen a further advance to a free economy and further steps away from the system of controls. On the whole industry appears to have responded well to this policy. Trading results have certainly been good generally and one cannot help feeling that growing freedom has released energy and initiative on a large scale. During the latter part of the year, however, less favourable signs began to appear. The value of the pound at home and abroad began to show signs of instability and the balance of payments position gave cause for renewed anxiety. The Government acted vigorously with successive rises of Bank rate and the partial restoration of limitations on hire purchase. These measures appear to have been fairly effective, but doubts must always remain about the purchasing power of the pound until people are prepared to accept and act on the hard truth that it is impossible to consume more than is produced. Inflation is a mark of self delusion as well as other things.

The latter part of the year was also overshadowed by political uncertainty. We have for some years lived under conditions that suggested that the nation was almost equally divided between two broadly opposed views of life, a state of things which led to a near deadlock in the House of Commons. Since the end of the year that deadlock appears to have been resolved for some time to come, but during the year it continued to give rise to uncertainty and uncertainty is always bad for business.

INDUSTRIAL UNREST

The year, too, experienced a period of increasing industrial unrest, which has become accentuated since the end of the year. Partly one may suspect that this unrest has not always been wholly industrial in origin. Partly it seems to reflect the turmoil of ideas in which we live. How shall we handle ourselves in a period of full employment? What should the rewards and sanctions be? Do we want equality, or equality of opportunity? Where should egalitarianism stop? All these are deep human questions which need to be answered if the conditions of confidence which business needs are to exist. I believe that answers will be found in time but they will need searching for and in that search hatred, envy and malice will be poor counsellors and those who preach them should stand self-condemned.

During the year the prospects of maintaining peace seemed to be improving and that improvement has apparently gained momentum since the end of the year.

THE CURRENT YEAR

We may say then, that while the year had its ups and downs, which led to considerable stock market fluctuation, it was a good year. The signs for the current year so far have been mainly favourable. As to the future, if we have peace and can solve the problems I have already mentioned, I see no reason why the ability, inventiveness, energy, experience and reliability of our countrymen, should not bring to our country a growing and widely diffused prosperity.

I have been speaking of our own country, but we are interested in other countries, too. Our investments become more widely spread each year, so it is important that our officers should be familiar with conditions in countries overseas. It is with pleasure, therefore, that we welcome home our Managing Director, Mr Ockford, from his recent journey across the USA and Canada. To him and to all the Staff we offer our thanks for devoted service during a year that has been full of problems.

The report and accounts were adopted.

OFFICINE VIBERTI S.P.A. TURIN, ITALY

(Motor Manufacturers)

The Annual General Meeting of Officine Viberti was held on April 28th in Turin, with Dr Angelo Viberti, sole Managing Director, in the chair. The following are details of his report:

The Company's capital totalled Lit. 750 million (£430,000) of fully paid-up shares. Production reached 6,820 units during the year, bettering the 1953 figure by 14 per cent in volume, and 16 per cent in value; sales total more than £5 million.

The output of motor buses in particular showed a spectacular rise, and was more than 50 per cent up on the previous year. This was due to the success achieved by the MONOTRAL VIBERTI, a vehicle with a bearing body which has had an excellent reception.

The Company's products meet practically every transport requirement: from passengers to goods, from airport feeder services to the carriage of fuel, from fire-engines to street sweepers for municipal services, from tipping lorries to special vehicles for the Army and Air Force. OFFICINE VIBERTI have designed suitable economical transport vehicles for all types of goods and for every need, and are prepared to meet every possible special requirement.

All the machinery and plant damaged during the war is once again in full working order and now carries a book value of £600,000.

Capital expenditure during the last three years, mainly on new plant and machinery, totalled £160,000. As a result the Company is now equipped on the most modern lines and geared to a high level of production.

The VIBERTI group includes a number of other important companies manufacturing transport vehicles. They are mainly concerned with the production of all types of trailers, and are responsible for the output of 60 per cent of all such vehicles made in Italy.

Productivity shows a steady increase both as a result of improved organisation, and owing to the interest the Company's employees now take in their work. This attitude has been reflected in the results of the recent Works Council elections when workers in the Company's plant showed to what extent they identified their interests with those of the undertaking. They realised that this was an essential condition to ensure a high standard of living for themselves.

IMPERIAL CHEMICAL INDUSTRIES LIMITED

RECORD GROUP SALES

DR ALEXANDER FLECK'S SPEECH

The twenty-eighth annual general meeting of Imperial Chemical Industries, Limited, was held on June 16th in London.

Dr Alexander Fleck, the chairman, in the course of his speech said: The consolidated sales of the Group, after deducting the value of the sales made by our new subsidiaries, have increased from £282 million to £327 million—an increase of £45 million or 16 per cent over the figure for 1953, itself at that time the highest in our history. The Company's home sales and direct exports each increased by approximately the same percentage.

I should like most specially to draw your attention to the table of price indices in which the changes in home trade prices of the Company's products are compared with other significant indices. I am sure you will agree that the comparison shows the Company's prices in a very favourable light. Since 1938 the cost of our raw materials has risen by 272 per cent and the earnings of our workers have risen by 202 per cent. For the same period the Board of Trade wholesale price index increased by 225 per cent. In comparison with these increases (each of which exceeds 200 per cent) the prices at which ICI sells its products in the home market have risen by only 91 per cent. This, I think you will also agree, shows the remarkable success which has attended the Company's policy of keeping its selling prices as low and as stable as possible. Low and stable prices encourage our customers to use more of our products, and as our products are used by many British industries, we believe that our price policy aids and supports the economy of the country as a whole.

Between 1953 and 1954 the Company's price index for home sales has moved up by one point only, and the increase in the value of our home sales during this period is therefore almost entirely due to increase in volume. The consequential increase in profit for 1954 is also attributable to increase in volume, coupled with improvements in efficiency due to Work Study and other factors.

The Company will continue this price policy and will aim not only at absorbing increased costs but, wherever practicable, at seeing that reductions in costs resulting from improved methods and greater efficiency are reflected in lower prices to its customers. Let me emphasise, however, that the price indices I have quoted are averages, and that it may not be possible in all cases to avoid an increase in price; in fact, I am sure that some readjustments upwards in some of our products will almost be inevitable. This is particularly so where raw materials, fuel and freight represent a large proportion of total costs. We are glad to play our part with others first of all in striving after methods of increasing productivity and then of passing on the results of such efforts. Contributions of this nature will, we hope, come from all branches of British industry.

EXPORTS AND OVERSEAS INTERESTS

At £67½ million the Company's exports were a record and showed an increase of 16 per cent over the previous year. This increase in the value of exports represents a still greater rise in the volume of exports.

I regard this high export figure as a particularly significant feature of the year's trading, because it has been achieved in the face of keen competition from other major chemical producing countries and in spite of the strong demand for our products from the home market. Indeed, if indirect exports were included, it would be seen that more than 40 per cent of the Company's production now goes abroad.

A number of our overseas companies are now substantial manufacturing entities, and when I tell you that the total turnover of the Company's overseas business (both local manufacture and imports from the United Kingdom) through subsidiary and associated companies is now approaching in value ICI's sales in the United Kingdom, I am sure you will appreciate how important our overseas interests are.

It is worthy of note that the net ICI Ordinary dividend, requiring just under £8 million, represents rather less than 37 per cent of the net income of the year, £21¼ million. Furthermore, this Ordinary dividend, requiring £14 million before deduction of income tax, represents a return of 4.8 per cent gross on an employed capital of £295 million, which according to the Company's balance sheet is the employed capital belonging to the Ordinary stockholders.

I referred last year to the Employees' Profit-Sharing Scheme then being introduced so as to operate from January 1, 1954. The Board regard it as a valuable development in industrial relations and one means of emphasising the essential unity and partnership of all those who are engaged in the Company's business.

CURRENT YEAR'S TRADING

As regards current trading, I am pleased to tell you that in 1955 we have so far experienced a period of great activity. The general level of both home and export sales is well above that of the corresponding period of last year. In fact, I do not think I can do better than repeat the words that I used to the stockholders last year and say that "So far this year the Company has enjoyed, in common with other industries in this country, a period of expansion, and the prospects are in general good."

This, of course, assumes that the very serious strikes which so gravely affect our national economy are not allowed to recur and that our united efforts can be successfully directed to minimising, if not eradicating, the deplorable setback which the country as a whole has suffered.

On the other side of the acount, I would tell you that the increased level of sales this year, to which I have referred, is due to some extent to production now coming forward from new plants which have recently been completed. Competition, particularly overseas, is strong, but we are confident that, provided our prices do not have to be put up because of rising costs at home, we can meet this competition and make still further progress. It is much to be hoped, therefore, that all concerned in these matters will realise the serious effect which further upward movements in wages, freight charges and in the price of fuel and other raw materials, may have upon the exports of this country as a whole.

The report and accounts were adopted.

LOBITOS OILFIELDS, LIMITED

RECORD PRODUCTION

The forty-seventh annual general meeting of Lobitos Oilfields Limited was held on June 20th in London, Mr F. C. Bowring, chairman, presiding.

The following is an extract from the Chairman's circulated statement for the year 1954:

Crude Oil production by your Peruvian subsidiary company reached the all-time record of 490,338 tons. This figure compares with 461,225 tons for the previous year, and represents an increase of 6.3 per cent over that year.

The improved production did not come from any spectacular discovery, but from a series of factors. The most important of these were the continued success of pressure maintenance and consequent lower rate of decline in the Lobitos field, the continued concentration on the improvement of drilling completion and production methods, and to the efforts of the Production Department in the field of gas-lift and displacement pumping.

FOOTAGE DRILLED

During the year under review the footage drilled totalled 206,152 ft, compared with 223,222 ft in the previous year. In all 61 wells were completed, of which 15 were exploration wells; of the latter, six were producers, and of the total 38 produced oil. Thirteen wells were suspended for deepening with a heavier rig at a later date.

Production from the "Strip" Area, the original area of Joint Development, amounted to 161,130 tons compared with 129,181 tons for the previous year. The Peruvian Company's share of this production amounted to one-half, i.e., 80,565 tons, which as usual is not included in the total production figure given earlier in this statement, and gave a satisfactory profit. Six wells were completed in this area, of which four were producers. This increased production was unexpected and was due to the excellent results obtained from two wells.

Production from the second area of Joint Development, Area "A," was 86,716 tons, compared with 16,417 tons in the previous twelve months.

The consumption of Refined Products within Peru continued to increase, resulting in your subsidiary company's contribution to the domestic market being increased from 60 per cent of their production in 1953 to 65 per cent in the year under review.

PROFIT AND DIVIDEND

The Gross Profit of the Group, before charging the Debenture Interest, at £1,268,990 shows an increase over the comparable figure for 1953 of £197,803. The Gross Profit of Lobitos Oilfields Limited before taxation is £700,895 including £269,795 received in dividends from the subsidiary companies. The net profit after taxation is £336,431 and after payment of the proposed final dividend the carry forward of the Profit and Loss Account will be increased by £83,832.

The Board now recommends a payment of the final dividend of 8 per cent (less Income Tax) which together with the interim dividend of 6 per cent represents a total distribution of 14 per cent out of the Trading Profits for the year plus a special distribution of 2 per cent (not liable to Income Tax or Surtax in the hands of the Stockholders) from the Investments Reserve out of profits realised on the sale of investments.

The report and accounts were adopted.

SUEZ CANAL COMPANY

INCREASED VOLUME OF TRAFFIC

The Annual General Meeting of the Suez Canal Company was held on June 7th in Paris.

M. Francois Charles-Roux, the President, in the course of his speech, said:

Traffic increased beyond our expectations. This improvement affected both the number of transits and the tonnage of the ships: 13,215 passages as against 12,731; 102,494,000 tons as against 92,905,000.

In step with the increase in traffic, that of receipts came up to estimates. It was even higher: nearly 32⅓ thousand million francs against less than 31. This increase justified the reduction which we informed you of a year ago and which came into force on July 15, 1954.

The results of the first five months of 1955 showed an increase in receipts of about 630 million francs compared with 1954. This is the reason why we thought it possible and advisable to extend the reduction in dues adopted last year for a period of twelve months.

The rise in receipts has almost been offset by that in expenditure which rose from 15,406,437,000 francs in 1953 to 16,861,889,000 francs in 1954.

In spite of our efforts to keep down the cost of working the Canal, we must not labour under the delusion that it is not going to be more costly as it becomes more active. The growth in traffic, if it brings in substantial profit, cannot but include some liabilities. It is obviously impossible to ensure the transit of an average of 42 vessels daily—which means on certain days a peak of 50 and sometimes 55 ships—and also to ensure within 16 hours the transit of ships of constantly increasing tonnage without having more pilots, paying more pilotage bonuses and spending more on repairs of equipment, fuel, and maintenance dredging.

We may hope, nevertheless, if the growth of traffic continues, that in 1955 the rise in expenses will be smaller than the increase in receipts.

The essence of sound and remunerative operation is to keep the Canal permanently in a fit state to give passage, in a reasonable time, to the stream of shipping arriving at both ends to pass from sea to sea.

This is the reason why we placed before your International Advisory Commission of Engineers the eighth programme of large-scale works. This scheme, on which the Commission reported favourably, is divided into two instalments, the work we have put in hand being all part of the first.

DIRECTORS' REPORT

The following are extracts from the Directors' Report:

The financial year under review today has been marked by a new and regular increase in the volume of traffic

But this rapid rise in traffic inevitably entails additional expenses, whilst the fact of approaching the end of the Concession lays on the Company new burdens of various kinds.

For the future, everything points to further expansion of traffic as a result of the increased consignments of oil from the Middle East.

Your Board has examined a programme of works and has decided on a first instalment. This includes the creation of two by-passes, one at Port Said and the other at the southern outlet of the Great Bitter Lake. The average maximum capacity of the Canal will then be increased from 40 to 48 ships per day, with the possibility of coping with peaks of 60 ships per day. The completion of this first instalment will take about three years and will entail an outlay of about £6 million.

The number of transits by vessels over 300 tons gross rose to 13,215, showing an increase of 3.8 per cent over 1953. Net tonnage, with an increase of 10.3 per cent reached 102,494,000 tons.

Among the 46 countries whose ships used the Canal in 1954, Britain retains first place with a record tonnage of 32,909,000 tons, which represents a share of 32.1 per cent of the total.

Cargo traffic, totalling 96,881,000 tons weight, shows an increase of 7.2 per cent compared to 1953.

Southbound traffic, with 22,370,000 tons, is very slightly lower.

Northbound cargo traffic, with 74,511,000 tons, shows an increase of 6,630,000 tons, or 9.8 per cent compared with the previous year.

THE ACCOUNTS

Total receipts in 1954, including receipts in respect of past financial periods, amounted to 32,455,700,791 francs, an increase of 1,602,170,277 francs over the previous year. Expenditure for the year amounted to 15,122,860,163 francs. After deducting interest on and redemption of capital, and expenditure in respect of past financial periods, the surplus comes out at 15,593,811,114 francs.

Transit receipts have improved by 5 per cent from last year. Social charges have advanced by 958,211,698 francs.

Expenses in Egypt rose from last year by just over 3 per cent, this increase being mainly due to the growth of traffic.

Charges in respect of interest on and redemption of capital show scarcely any change from one year to the other.

To the surplus of 15,593,811,114 francs is to be added 16,058,846 francs brought forward from last year, so that the total sum, on the distribution of which you will have to decide, amounts to 15,609,869,960 francs.

We propose that the following appropriations be made out of this sum to the following provision accounts: Depreciation and Renewal of Plant, 1,000 million francs, this amount being justified by the large orders already placed; 2,500 million francs to Reserve for New Works, having regard to the statement already made on the first instalment, now being carried out, of the eighth programme of improvement works; Insurance and Contingency Funds, 600 million francs; and 1,000 million francs to Extraordinary Reserve.

After these various allotments, a sum of Frs. 10,509,869,960 will remain available

The distribution proposed to you and which amounts to ... ... Frs. 10,422,535,211
would leave a balance of Frs. 87,334,749
which we again invite you to carry forward.

The proposed distribution would correspond to a gross dividend of Frs. 9,250, to which will be added, in the case of capital shares, the statutory interest for 1954, amounting to Frs. 1,429.28.

The full report, in French, will be sent on application to the Company at 6 Bishopsgate, London, E.C.2.

THE CENTRAL MINING & INVESTMENT CORPORATION

FIFTY YEARS OF PROGRESS

The fiftieth annual general meeting of The Central Mining & Investment Corporation, Limited was held on June 20th in London.

The Right Honourable Lord Baillieu, KBE, CMG (the Chairman), presided and in the course of his speech, said:

On May 9th the Corporation celebrated the Golden Jubilee of its founding in 1905 by the partners of Wernher, Beit & Co., a firm which played a very conspicuous part in the early development of both Kimberley and Johannesburg. Our hope is that as a result of our stewardship our successors in 50 years' time will be able to record further progress and expansion.

The Accounts now under review indicate that in 1954 the Corporation had a good year though the bloom has been removed to some extent by the incidence of taxation.

It is, of course, our custom to maintain a surplus of current assets over current liabilities and provisions, and to ensure the liquidity of the deposit and current accounts of our associated companies. This surplus at December 31st last was over £3.1 million or nearly £1 million more than at the end of 1953. Accordingly, we are in a position of considerable strength. The Board has allocated £550,000 to Reserve thus contributing to the expansion of the Group's net assets from £10.9 million to £12.1 million.

The year 1954 saw a steady expansion in the scale of operations of the Gold Mining Industry and the results reflect a satisfactory achievement.

MINING DEVELOPMENT

On the mining side, 1954 marked a great advance in the production of uranium. At the end of that year 13 companies were producing and profits from uranium rose from under £2 million in 1953 to over £8 million in 1954. The Orange Free State goldfield continued to open up impressively, although development results show that within the field there is a wide variation in the fortunes of the individual mines

Central Rand and Eastern Transvaal Gold Mines: Many of these famous old mines began production between the closing years of the last century and the beginning of the first World War. Hence, you will, I feel, agree that it is not surprising if, after a half-century of profitable operation, several of them are in or near the closing stages of their careers.

I would refer, however, to the young and vigorous Orange Free State Harmony mine, where production of gold began last September—four years from the start of shaft sinking—and where the production of uranium is now under way. Progress to date is encouraging and is welcome in that this new mine offsets, in some degree, the inevitable contraction in numbers of our Group mines.

The two collieries in the Group again earned reasonable profits having regard to the continued adverse effects on operations of the inadequate South African railway facilities. The principal industrial companies of the Group all experienced satisfactory trading conditions in 1954.

We continue to maintain our interest in the oil industry through our investment in Trinidad Leaseholds, Limited.

The report was adopted and a total dividend of 2s. 9d. per share was approved.

AMALGAMATED LIMESTONE CORPORATION

PROGRESS OF HOME INVESTMENTS

MR D. W. CLEAVER ON THE YEAR'S DEVELOPMENTS

The fourth annual general meeting of Amalgamated Limestone Corporation Limited was held on June 21st, Mr D. W. Cleaver, DSO (the chairman), presiding.

The following is his circulated statement :

The Directors' Report and Accounts for the year ending October 31, 1954, having been in your hands for the statutory period, it is presumed that they can be taken as read.

When, in June, 1950, shareholders of our Parent Company were invited to participate in this, its Subsidiary Company, it was emphasised that we should have a long row to hoe, and last year I referred to the probability of the incubation period being somewhat extended. As far as our Kenya interest is concerned, this still holds true, but in view of our profitable investment in Ulster and the progressively increasing profit now to be expected from our wholly owned limestone and cement undertakings in this country, we feel that a distribution based on the earnings of these home investments should not be long delayed.

THE ACCOUNTS

The extension of our small cement works at Plymouth cannot be completed much before this time next year. Meantime, due to Capital Expenditure having not yet become fully productive, an unduly high proportion of trading profit has been absorbed by Depreciation—£32,600 out of £50,600 in the year under review and £92,500 out of £166,000 since inception. Taxation has accounted for £30,000, leaving net undistributed profit carried forward of £43,765, of which £14,972 net, after tax, was contributed in the year under review.

In Ulster Limestone Corporation Limited, our investment comprises £37,000 6½ per cent Redeemable Stock out of £94,250 issued, and 47,500 1s. Shares (£2,375) out of 100,000 issued. This Company has continued to prosper exceedingly, and we anticipate in the immediate future the redemption out of profit of 30 per cent—£11,100—of our stockholding. Given continuity of trading and profit earning on the present scale, we may, I think, confidently expect the whole balance of our stockholding to be similarly redeemed within two or three years.

KENYA INTEREST

The cement works at Mombasa, Kenya Colony, which this time last year I was able to tell you had then recently commenced production, has a similar financial structure, viz., £100,000 Share Capital in 2 million 1s. Shares and £560,000 6 per cent Redeemable Stock entitled to repayment before any cash distribution on the Share Capital. It has recently issued its balance sheet and accounts made up to October 31, 1954, which disclose Capital Expenditure of £700,000. Development Expenditure prior to production of £79,500, and a small balance to the credit of the Profit and Loss Account. This current Financial Year now half spent, is already showing trading profit at a rate which should suffice not only to cover interest on the Redeemable Stock accrued to the end of October, 1955, but also to meet further Capital Expenditure of about £150,000 now being incurred partly on housing for the staff and partly on bringing the third kiln into operation in September this year. Then, having attained a capacity of at least 100,000 tons per annum, compared with a production of about 60,000 tons in this current Financial Year, we can reasonably look forward to that Company being in a position to redeem its £560,000 Stock out of profit within a couple of years. Alternatively, its Board may decide to duplicate the plant, in which event such Stock redemption would be postponed by a further couple of years, but the value of the enterprise to shareholders would be correspondingly enhanced.

Our interest in this concern, direct and indirect, is 45 per cent of its Share Capital, which, in the now not too distant future, we are confident will prove to be a very satisfactory investment.

In conclusion, I am sure you will join with me and the Board in thanking the staff for their wholehearted keenness and enthusiasm. The report was adopted.

AMALGAMATED ROADSTONE CORPORATION

BOARD'S CONFIDENCE JUSTIFIED

STRONG POSITION OF SHIPPING SUBSIDIARY

COLONEL W. H. GATTY SAUNT'S REVIEW

The nineteenth annual general meeting of Amalgamated Roadstone Limited was held on June 21st, Colonel W. H. Gatty Saunt (chairman and joint managing director) presiding.

The following is his circulated statement : The Directors' Report and Accounts for the year ended October 31, 1954, having been in your hands for the statutory period, it is presumed that you will take them as read.

The first point to which I should draw your attention is that, in pursuance of the advice of our Auditors, the accounts of our Subsidiary, The Williamstown Shipping Company Limited have this time been consolidated in the Group Accounts. Not only do we now own the whole of that Company's Preference Shares, carrying a cumulative Preference Dividend of £20,000 per annum, but we have also increased our share in the equity.

FLEET CHANGES

During the year under review, one old ship was sold and another ran ashore in a gale and became a total loss, fortunately without loss of life or accident to any member of the crew. The ship lost was, of course, fully covered by insurance. A new ship is due for delivery in June, and three more now under construction are due for delivery next summer, and they will all of them have been paid for out of ploughed-back trading profits.

The fleet, valued at the date of the Balance Sheet at just over a million, should by then be worth about a million and a half and comprise exclusively ships of postwar construction. With capital, revenue and future taxation reserves aggregating £650,000 and ships worth £300,000 more than Balance Sheet figures, this Subsidiary is in a strong position and is of great value, directly and indirectly, to our Company.

I should next like to draw your attention to the cash position disclosed in the Consolidated Balance Sheet—a Bank overdraft of £255,538 offset by cash balances of £239,081. Other Liquid Assets amounting to £1,696,666 and current liabilities to £1,320,560 show an aggregate net liquid surplus of £359,649.

INCREASED DIVIDENDS AND CARRY FORWARD

My last year's optimistic remark that "Your Directors felt justified in expressing their confidence that this year's results would be excellent," is, we think, fully borne out by the fact that we have been able not only to increase dividends by £60,000 gross—12½ per cent on the increased Ordinary Capital of £1,200,000, compared with 10 per cent on £900,000—but also to increase the amount carried forward by £80,000 net—almost equal to the net amount of Ordinary dividends. The additional tax-free distribution of 1½ per cent net—the same rate as last year but on the increased capital—is equivalent to 2½ per cent gross.

Taxation is still a heavy burden. In addition to the liability of £329,423 for Current Taxation, Reserves for Future Taxation amount to £587,873—together more than £917,000. Capital and Revenue Reserves aggregate £830,000.

We are still incurring considerable Capital Expenditure, especially in the Shipping Company and in our Limestone Subsidiary. The former I have already described above ; the latter is referred to by my colleague, Colonel Cleaver, Chairman of Amalgamated Limestone Corporation Limited, in his statement.

Incidentally, when reading what he has to say, you should bear in mind that this, the Parent Company, owns 51 per cent of the Share Capital.

POTENTIAL DEMAND FROM ROAD PROGRAMME

One perennial grievance of spokesmen of our industry has to some extent been alleviated by the Government at long last recognising the necessity of greater expenditure on roads. While this may encourage us in the long run to look forward to increasing demand for our products, it is premature to expect any benefit therefrom in the current Financial Year.

Another grievance which is almost perennial with Companies engaged in our industry is the weather. This winter has, in fact, been more than usually severe, with the result that our figures for the first half of the current Financial Year are not quite so good as last year, but, given reasonable conditions for production and delivery during the summer, we hope by the end of October to have achieved results at least equal to those of last year.

However, weather is not, unfortunately, the only contingency. At the moment of writing, both dock and railway strikes are in progress. Although, fortunately, we rely only to a minimum extent on railborne transport and on dock labour in the delivery of our products, it is obviously difficult to foresee in what way and to what extent we might be adversely affected by the general chaos which may ensue.

Having been engaged in this industry ever since the General Strike of 1926, I personally cannot recollect any strike or serious labour trouble at any of our Company's quarries or, indeed, throughout the quarrying industry. I feel, therefore, that we should now take this opportunity to express our gratitude not only to all members of our staff, but also to every workman in the service of the Company and, in these troublous times, comfort ourselves with the knowledge of their unremitting zeal and loyalty.

The report and accounts were adopted.

ALLEN WEST & COMPANY

HEALTHY ORDER BOOK

The forty-sixth annual general meeting of Allen West & Company, Limited, was held on June 21st at Brighton, Mr M. W. H. Lancaster, MC, FCA (the chairman), presiding.

The following is an extract from his circulated address: The Trading Profit for the year ended January 31, 1955, is greater than the corresponding figure for 1954 by £14,500, but through our associated French Company reducing its dividend, Dividends on Investments are lower by £3,000.

APPROPRIATIONS

The Net Profits at £425,400 compare with £338,600 last year and we recommend that they be appropriated as follows:

(1) Transfer to General Reserves £285,000. (2) Pay a dividend of 15 per cent on the Capital of the Company as increased by the capitalisation of a part of the reserves approved by you in February last, costing £144,787 net. (3) To complete the Capital reconstruction of the South African Company which I explained in my address last year, which will cost £80,000.

After these recommended appropriations there remain profits to be carried forward of £134,000 as against £218,000 last year.

BALANCE SHEET FEATURES

Turning to the Consolidated Balance Sheet you will see that during the year we had delivered to us £100,000 worth of new plant. As I have said on other occasions, our Board believes in having the finest plant procurable and we never hesitate to dispose of plant which has still many years of useful life, but which can be economically replaced by a more efficient tool.

If the Balance Sheet now before you and dated January 31, 1955, had been dated February 7, 1955 (the date when the capitalisation of reserves took place), then the Capital structure would have appeared as follows:

	£
Capital and Reserves:	
Capital issued	1,755,000
Capital Reserves arising on the acquisition of Shares in Subsidiary Companies ...	103,670
General Reserve	1,107,079
Reserve for Contingencies ...	6,000
Unappropriated Surplus ...	133,932
Total Capital Employed ...	£3,105,681

From what I have said you will have appreciated that the year under review has been a very good one and coupled with the drop in tax liability has produced a Net Profit only £3,000 less than our record year ended January 31, 1953.

EXPANDING OVERSEAS REPRESENTATION

Our order book remains healthy and our products are well received throughout the world and we continually expand our representation to cover those portions of the world which are becoming gradually more commercialised.

Mr V. Breeze, our Managing Director, has recently returned from a visit to South Africa, which had for its object an appraisement of our new factory there and of the organisation as a whole. Your Board were pleased to hear from Mr Breeze on his return that he was more than satisfied with everything he saw. It was obvious that the prestige of Allenwest S.A. (Pty.), Limited, is very high. The report was adopted.

WALTHAMSTOW BUILDING SOCIETY

The annual meeting of the Walthamstow Building Society was held on June 16th at Walthamstow, London.

Mr Reginald W. Beken, FRICS (Chairman), presided, and in moving the adoption of the report and accounts said:

We have as a metropolitan Essex society made excellent progress. For upwards of three-quarters of a century we have provided good service for both investors and borrowers. Last year's progress was particularly outstanding.

The total amount standing to the credit of investors' accounts rose by £566,586 to £2,532,905, a new record.

It is our endeavour to propagate the ideal of thrift everywhere. In 1953 we increased the rate of interest paid to shareholders from 2½ per cent to 2¾ per cent and the wisdom of paying these rates now becomes manifest.

In making advances, the board pursues a cautious policy. After allowing for redemptions, the total mortgage balance established another new record of £2,344,287 spread over nearly 3,000 accounts.

The Board considers that the amount of our financial liquidity totalling £278,063 is in every degree adequate for our needs. These resources showing a financial liquidity ratio of 10.59 of our increased assets engender the fullest confidence in the society's financial position.

The satisfactory results which I have given you reflect the quiet efficiency of the management and augur well for the society's further progress.

Mr Herbert A. Chappell, JP (President), seconded the resolution, and the report and accounts were unanimously adopted.

BARTON & SONS

The Ordinary General Meeting of Barton & Sons Limited was held on June 22nd in London, Mr A. H. Redfern (the chairman) presiding. The following is an extract from his circulated statement:

At the last Annual Meeting I had to report that trading conditions for the first few months of 1954 had not shown much improvement on 1953. I am glad to report, however, that an improvement occurred during the last six months of the year, sales increased, and this brought into production new Plant which had been installed in 1952. The profit on trading is £737,605, compared with £605,824 for the previous year, and after providing for all normal charges, including Depreciation, there remains a Profit of £594,279, from which taxation of £303,792 is deducted, leaving a Net Profit for the year of £290,487, compared with £214,947 for 1953.

Consolidated Balance Sheet: Reserves have increased from £1,067,550 in 1953 to £1,274,196—an increase of £206,646, and the excess of Current Assets over Current Liabilities has increased by £207,695.

The Trading results of our Overseas Subsidiaries are very satisfactory.

In addition to the final dividend of 10 per cent and a Bonus of 2½ per cent on the Ordinary Stock, you will be asked to pass a Resolution approving a Bonus Issue of one fully paid 5s. Ordinary share for every 30s. of Ordinary stock held.

Prospects for 1955 are good.

The report was adopted ; the total dividend for the year of 17½ per cent was approved and the Board's capitalisation and scrip issue proposals were sanctioned.

JOHN BRIGHT AND BROTHERS, LIMITED

INCREASED TRADING PROFIT

The thirty-second annual general meeting of this company was held on June 22nd in London.

Dr E. P. Andreae (the Chairman), in the course of his speech, said: Turning to the Accounts, you will see that the Gross Trading Profit at £1,033,010 compares with £1,012,418 for the previous year, an increase of £20,592. On the other hand, the net Profit is lower by £70,178. This, as mentioned in the Directors' Report, arises chiefly from Taxation adjustment, the figures last year having had the advantage of £100,000 from a Taxation Reserve no longer required.

You will agree that the Accounts in general disclose a very strong and a very liquid position with Reserves now totalling well over £2 million and with Cash and Tax certificates amounting to rather more than another £1 million.

The Directors are recommending a final dividend of 15 per cent which, with the interim dividend already paid, makes a total of 25 per cent. This is the same total percentage as for the previous year, but, being declared on the larger capital, means an additional net distribution of £31,250.

Outstanding Capital Commitments are shown at £75, 664 as against £132,528 for the previous year. Since the date of the present Accounts, fresh Capital Commitments have been entered into to the extent of some £275,000.

NEW FACTORY

You will be aware that over the last 12 months several motor car manufacturing companies have announced plans for substantially increasing their present factory capacity. It will be some time before cars and lorries flow from these new production lines, but ultimately it will mean a greater demand for tyre cord fabric. We are building a new tyre fabric factory, merging it with an existing one, and equipping it with the very latest types of handling and productive machinery. When this project is completed in 12/18 months time, we shall have a greatly increased capacity and will be able to meet any required demand made upon us.

It is now universally known that rests are recent years has almost entirely ousted is Indo- as the raw material for Cord Fabric. nent of difficult- lends itself admirably to the manufacture public the highest grades of Cord Fabric and realise ing Cotton machinery can, relatively easily will be adapted to its use, but probably the advantage to tage in price as compared with Cotton has been primarily responsible for its rapid introduction on such a large scale.

More recently Nylon and Terylene and other so-called "man-made" fibres of a more or less similar character have become widely known to the public, particularly in the fashion trades. These fibres which are chemically entirely different from Rayon are now rapidly proving themselves of great actual and potential value for industrial purposes over a very wide field. Our Research and Development Staff and our Laboratories are making a very close study of these Fibres.

You will no doubt expect me to say a few words about the future outlook for your Company. It must, I think, be obvious to you after hearing my summary of our plans for expansion, that your Directors, taking the long view, are very confident of a prosperous future. To take the shorter view, that is to say, the outlook for the current year, I feel that we may look forward with quiet confidence to another year of satisfactory trading. The report was adopted

COMPAGNIE FINANCIERE BELGE DES PETROLES "PETROFINA" BRUSSELS, BELGIUM

DIRECTORS' REPORT

The Annual General Meeting of PETROFINA was held in Brussels on May 13th, and the following are details of the report presented by the Board of Directors:

GENERAL SURVEY

For the oil industry the most outstanding event of the past year was the settlement of the Anglo-Persian problem. The development of nuclear energy foreshadowed important changes in methods of research, production and the processing of petrol.

In spite of signs of a downward trend during 1954, particularly in the United States economy, the consumption of petrol and related products showed an increase compared with the previous year:

2 per cent in the United States;

12 per cent in Western Europe;

11 per cent in Belgium.

Prospects for a further rise in consumption during 1955 are encouraging.

World production was 4 per cent up on 1953 and totalled 682 million tons.

In the United States large-scale prospecting continued. Middle Eastern production showed a further rise of 11 per cent and reached 136 million tons. In Venezuela output also increased by 6 per cent. Canadian wells produced 13 million tons, a rise of 17 per cent. Further progress was also made in Europe and in the East.

Refining capacity expanded equally throughout the world, and tanker tonnage totalled 39.5 million tons at the end of 1954.

THE YEAR'S DEVELOPMENTS

The Company continued its progress both [illegible] Belgium and elsewhere. In Belgium consumption increased by about 11.4 per cent. The French subsidiaries, PURFINA FRANCAISE, Amalgamated and associated companies, did well, June 21 advance could also be registered in [illegible] (chairman of PETROFINA PETROLEUM PRODUCTS presided). Other countries with PETROFINA subsidiaries are the Netherlands, The [illegible], Switzerland, Italy, various parts of year [illegible], Egypt, Mexico and Canada. The expansion of the Company's activities last year involved considerable funds. The capital was accordingly increased by Bfrs. 100 million towards the end of the year, by capitalising reserves. Loans were also floated in Switzerland and the Netherlands for Sfrs. 40 million and Hfls. 20 million respectively.

RESULTS

The year 1954, thirty-fourth of the Company, showed satisfactory results.

The amount available for distribution at the end of the year totalled Bfrs. 400,451,758.84, including the balance brought forward from 1953

It is proposed:

to transfer Bfrs. 100 million to the reserves; to distribute Bfrs. 207.9 million by way of a net dividend of Bfrs. 110 for each of the 1,890,000 shares constituting the Company's capital;

to carry forward a balance of Bfrs. 68,926,758.54.

The report and the accounts were adopted.

RUBBER PLANTATIONS INVESTMENT TRUST

The forty-sixth annual general meeting was held on June 22nd in London.

Sir Eric Macfadyen, the Chairman, presided and the following is an extract from his address: The year's revenue was £191,060 before taxation, giving an earnings yield of 11.05 per cent. The balance left after tax is £105,834. With £98,673 brought forward, the total of undistributed profits becomes £204,507. We are recommending a 10 per cent dividend, against 7 per cent a year ago, which will take £99,392 and leave a carry forward of £105,115.

At the close of the year, the net book cost of investments stood at £1,712,499, and their net valuation was £82,384 below that figure. Current assets exceed current liabilities, including the proposed dividend, by £318,869. Liquid funds, which under present circumstances are employed profitably in short-dated securities, are double what they were a year ago The break-up value of the stock has improved from 2s. 0½d. to 2s. 3d. per 2s. unit. Present indications are that the Trust's income should again be higher.

Many transactions individually small were carried out in our Plantation holdings, sales predominating in the case of Tea. Taking advantage of favourable market conditions, we have continued to reduce our stake in Companies in which we considered it had been on the high side. Investments in Companies operating in Indonesia still represent 15 per cent (in value) of the portfolio but are in Companies which hold outside Indonesia, more cash per share than the equivalent of the cost of the shares in our books. They give us a free option on Indonesian recovery, while paying for their keep. The report was adopted.

SIAMESE TIN SYNDICATE

IMPROVED OUTLOOK

The annual general meeting of the Siamese Tin Syndicate Limited was held on June 23rd in London, Mr Robert S. G. Scott, chairman, presiding.

The following is an extract from his circulated Review for 1954:

The production for the year was 1,998 tons of tin concentrates compared with 2,642 tons produced by the group in 1953. This drop in output is accounted for partly by reason of the Bangrin No. 1 dredge having been under repair for some four months, and partly by reduced recoveries by other dredges of the group. Besides the fall in output we have suffered a reduction in the average price obtained for our concentrates. Against these adverse factors there has been some reduction in our costs. This is attributable to some extent to a decrease in mining costs but is mainly the result of a most welcome reduction of Thai export duty which has been operative throughout the whole of 1954.

Under the circumstances, our profits have suffered. The consolidated net profit before tax is £265,731. This represents a considerable drop. The taxation provision has, however, been considerably reduced so that the net amount available is £137,837 as against last year's figure of £134,822. Our total reserves at the year end stood at approximately 126,800,000 cubic yards estimated to contain some 29,700 tons of tin ore.

Given a continuation of present conditions and tin price, I have every hope that 1955 will show an improvement over 1954. Our production to April 30th showing an increase of about 10 per cent is a welcome pointer in this direction.

The report and accounts were adopted.

GEORGE SWIFT & SONS (HOLDINGS), LIMITED

(Machinery Manufacturers)

INCREASED TRADING PROFIT

MR W. P. EASTWOOD'S REVIEW

The thirteenth annual general meeting of George Swift & Sons Limited was held on June 21st at Halifax. Mr W. P. Eastwood (Chairman) presided. The following is his circulated statement:

The group turnover for this year is up again, giving a bigger trading profit of £155,700 against approximately £130,000.

The provision for Income Tax is higher by approximately £11,000, but this year an equivalent saving is made through not having to suffer Excess Profit Levy, with a result that the final group net profit, after all charges and provision for taxation, stands at nearly £69,000 against £39,000 last year.

Another point of interest is that we have changed over from an overdraft at the Bank of approximately £17,000 to a credit at Bank and in Hand of £49,000.

In view of the foregoing position it may be asked why the Directors do not recommend a larger Dividend distribution than the proposed 22½ per cent. The answer is that in view of unforeseeable difficulties in the future and a somewhat larger capital expenditure programme to be incurred on new plant, it is deemed advisable to place something to reserve, and you will note an amount of £40,000 has been transferred to this account.

Secondly, it was considered desirable to finally wipe out of the Consolidated Balance Sheet the item "Excess Cost of Shares in subsidiary Companies over their nominal value, etc." This has been done by taking a further £12,658 from the balance on Profit and Loss Account.

The expenditure on new buildings and plant, incurred over the last few years, is beginning to bear fruit and our new Southedge Works is now operational. We have transferred from our Claremont Works to Southedge the whole of our Gear Cutting Section, and also installed a very large new Planing Machine which will enable us to tackle bigger machines than we could hitherto. A few machines have also been built in these premises, which is a help to relieve congestion in our other Works.

Our arrangements with our Associate Firms outside the group have worked very harmoniously during the past year and we have been able to offer them a full programme for the next twelve months plus.

So far as our order book is concerned, this shows no signs of diminution although conditions, particularly with regard to export, are getting increasingly difficult due to the fierce competition from abroad which is hard to meet due to the ever increasing costs of production here through wages awards and their concomitant increase in cost of materials, fuel, transport, etc.

However, as mentioned, we still have a very healthy order book and providing no major material shortages arise as a result of the recent strikes and other troubles, we may hope to maintain our position and look forward to another satisfactory year.

Once again I must pay tribute to the Management, Staff and Works for their efforts during the year, and hope we may be able to continue to find full employment despite the obvious difficulties that are going to arise as a result of the recent strikes.

The report and accounts were adopted.

UNION INSURANCE SOCIETY OF CANTON

ASSETS EXCEED £18 MILLION

The Annual Meeting of the Union Insurance Society of Canton, Limited, was held on May 26th in Hongkong, the Honourable C. Blaker, MC, the chairman, presiding.

The following are extracts from the report and accounts and his circulated statement:

Marine.—The net premiums for the year amounted to £3,412,179. After releasing £135,000 to profit and loss account the marine fund stands at £5,274,495.

Fire.—The net premiums for the year amounted to £3,629,233; £320,839 has been transferred to profit and loss account. The fire fund stands at £2,007,079.

Accident and General.—The net premiums for the year amounted to £3,090,024; £82,075 has been transferred to profit and loss account. The accident and general fund stands at £1,436,025.

Profit and Loss Account.—Interest and dividends amounted to £464,655 and transfers from underwriting accounts to £537,914. After charging outgoings not brought into account elsewhere, making provision for taxation, and allowing for the minority interests of the outside shareholders of a subsidiary company, the profit for the year appertaining to the society is £720,860.

Consolidated Balance Sheet.—Total assets amount to £18,198,132.

CHAIRMAN'S STATEMENT

The premium received in the marine department shows a fall of £79,922 from £3,492,101 to £3,412,179. This does not indicate a reduction in marine liabilities assumed; in fact, the reverse is the case and our marine account continues to expand. The lower aggregate premium results from the need to meet competition on a world-wide basis, coupled with an appreciable reduction in war risk rates for most voyages during the last quarter of the year.

The substantial marine fund, representing more than 154 per cent of the 1954 premium, is considered fully adequate to meet all outstanding losses.

The fire department continues to produce particularly good results, in spite of 1954 having been beset by a series of catastrophes in the areas in which we operate.

I have again to record substantial progress in the Accident and General business where the premium income has increased by £461,356 to £3,090,024. The underwriting of Motor insurance continues to present difficulties in certain fields and these are reflected in a higher claims ratio to premium than that for the previous year. Acquisition costs were also somewhat higher in 1954.

Our Canadian subsidiary the Beaver Insurance Co. has made satisfactory progress with a total premium increase of 20.85 per cent.

With the continued increase in our investment earnings, less such taxation as is deducted at source, your directors are able to recommend an increase of two shillings and sixpence in the final dividend, making a total payment of £2 2s. 6d. It is also proposed to increase our share capital by the issue of one new share for every nine shares now held, and you will have received notice of an Extraordinary General Meeting to be held immediately after the Ordinary Yearly Meeting to pass the necessary resolutions for this purpose. It is anticipated that the annual dividend will be maintained for the current year on the increased capital. The report and accounts were adopted.

TIMOTHY WHITES & TAYLORS LIMITED

PROFIT IMPROVEMENT MAINTAINED

The twenty-sixth ordinary general meeting of Timothy Whites & Taylors Limited was held on June 23rd in London, Mr George Ingham Rushton, MPS (Chairman and Managing Director), presiding.

The following is an extract from the circulated statement by the Chairman:

The trading profit and sundry income of the group for the year ended January 1, 1955, was £1,413,681, compared with a figure of £1,373,558 for the 53 weeks ended January 2, 1954. Equated to 52 weeks, the appropriate figure for comparison with the year ended January 1, 1955, is £1,347,642, from which it will be seen that the improvement in the profits has been maintained.

The Directors are recommending a final Dividend on the Ordinary Share Capital of 21 per cent, less tax, making 30 per cent, less tax, for the year.

The policy of expanding the business of the Group continued to a large extent during the year under review. Twenty-four additional branches have been established and a large number of branches have been enlarged and refitted.

Coupled with the extensions of the Group's activities, the policy of the Board is to close branches which have become uneconomic, and during the year thirteen of such branches have been closed.

THRELFALL'S BREWERY

STEADY PROGRESS

The annual general meeting of Threlfall's Brewery Company, Limited, was held on June 16th in London.

Mr F. Cornwall (chairman and managing director), in the course of his speech, said: Once again it is a great pleasure to me to inform you of our company's steady progress. I am able to report another good trading period, as notwithstanding the present high prices, which include such a heavy Duty, we found a sustained demand for our beers.

Your board recommend a dividend on the Ordinary Stock, which represents an increase on last year. I have no doubt you will derive satisfaction from the reasonable increase in the profit from trading especially when I remind you of the ever increasing prices for the scores of commodities we must purchase to run the business, and also our overhead costs for wages, coal, electricity, rates, and other items which still continue to rise. We have to meet these extra charges which so far have been absorbed by the larger turnover, not being in the position generally adopted of passing on increased costs to the consumer.

The profit from trading is £844,179, an increase of £27,277. The charge for taxation at £424,243 is reduced by £6,544. The net profit is £301,311 and after adjustments the profit is £366,991 out of which interim dividends have been paid amounting to £86,699.

The report was adopted and a dividend at the rate of 22 per cent per annum on the Ordinary Stock for the half-year ended March 31, 1955, making 18 per cent for the year, was approved.

The sales and dispensing figures for the current year up to the present exceed those of the corresponding period last year, and I look forward again to satisfactory results this year. The report was adopted.

BAH LIAS RUBBER ESTATES

INDONESIAN ELECTION EXPECTED THIS YEAR

The forty-fourth annual general meeting was held on June 17th in London.

Sir Eric Miller, the Chairman, who presided, said in the course of his address:

Before providing for the Indonesian Government's 66⅔ per cent Levy on remittances or for taxation, the parent company's profits is £122,977, including the Kulai dividend of £27,930 gross and other investment income. The directors recommend the payment for the fourth successive year of a dividend of 10 per cent less income tax.

The exceptionally strong financial position of the group has again led one or two important stockholders to write to the Board urging a capital repayment and it therefore seems opportune for me to recall briefly what I have said on previous occasions.

This Company was formed in 1911 for the purpose of growing rubber and other crops in Sumatra, and this it has done with success, broadening its basis during its third decade by the Kulai investment in Malaya and later absorbing the Wampoe and Bila companies, which also were shareholders in Kulai. The dividend record is not unsatisfactory and reserves have been prudently accumulated, primarily to pay for the gradual replanting of obsolescent older areas with high-yielding strains. During the war many of our buildings were destroyed and we lost about one-fifth of our pre-war planted acreage by felling, flooding and other causes; thanks to the praiseworthy efforts of our staff much of the damage has been made good, but, for reasons which I have made clear, the lost trees have not been replaced and the back-log of replanting has steadily mounted

DIRECTORS' FAITH IN NATURAL RUBBER

Your directors have faith in the future of natural rubber. The East Coast of Sumatra is, agronomically, capable of growing rubber as well as any of the territories in South East Asia, where rubber is so largely grown. People who go in for rubber-growing have to be tenacious by nature. Tenacity is required in double measure when one's interests are largely situated in a country which is undergoing such fundamental changes as is Indonesia, arising out of its recent attainment of independence, with all the resultant difficulties and upheavals. The young Republic numbers among its leaders some who realise that narrow and exclusive nationalism will not enable their country to progress and to achieve freedom from want. A pointer to the future should be provided by Indonesia's first general election, which according to the latest official pronouncement is to be held before the end of this year.

It is of paramount importance to the free world that South East Asia should not pass under Communist domination. With that in view it is the bounden duty of people like ourselves, who for half a century have done much to develop the plantation economy of that area and who, with fair treatment could speedily add to its productive capacity, not to throw up the sponge at this critical juncture. If the new Indonesian Government which follows the General Election does not show clear evidence of a determination to give reasonable encouragement to non-Indonesian entrepreneurs of goodwill, then the Board will simply have to take steps to return to stockholders the money which has been saved up over the years for the modernisation of the Company's estates in Sumatra.

The report and accounts were adopted.

THE ASSOCIATED PORTLAND CEMENT MANUFACTURERS LIMITED

INCREASED DIVIDEND BENEFITS PROFIT-SHARING STAFF AND WORKPEOPLE

The Annual General Meeting of The Associated Portland Cement Manufacturers Limited was held on June 23rd in London.

The following is an extract from the circulated statement of the Chairman, Sir George Earle, CBE:

Our total capital expenditure for the year was £3,513,712; during the past nine years our Group has expended on capital account no less than £28,215,632, and this has been financed without our issuing fresh Capital. Net Current Assets are more by £3,372,789 than a year ago and include considerable liquid resources—investments in Government, Municipal and other Securities, Tax Reserve Certificates and Treasury Bills together amounting in total to £9,720,690. Moneys unexpended at December 31, 1954, on approved capital schemes amounted to £7,347,142, which included the new works at Cauldon.

The Associated Portland Cement Manufacturers Limited holds over 80 per cent of the equity of The British Portland Cement Manufacturers Limited, and 100 per cent of the Alpha Cement Limited equity, so a clearer picture of our past year's working in the United Kingdom is produced by combining the results of these three Companies than is shown in the Consolidated Accounts, which include our overseas interests.

The trading surplus increased by £1,894,000 to £11,053,000, being helped by the fact that in 1953 we had to import cement to sell at the home trade price, involving us in a loss of over £800,000. We set aside £3,578,000, which is £690,000 more than last year, for depreciation and replacement of plant and machinery, leaving £7,475,000. Provision for Taxation, which in 1953 included an amount for the Excess Profits Levy of £172,000, increased by £636,000 to £3,984,000. After deducting Directors' and Trustees' emoluments, Debenture Service, amounts due to Staff Pension Fund, a Subvention payment to a Subsidiary Company and transfers to General, Investment, Contingencies and Dividend Equalisation Reserves, amounting in all to £2,300,000 —an increase of £414,000, there is left for the Stockholders £154,000 more than last year. It is proposed that the major part of this increase be passed to them by way of a higher dividend.

Our staff and work-people will benefit also under their profit sharing schemes from the increased rate of dividend. You will be interested to know that last year the three Companies paid out under these schemes £444,000 before tax. This year it will be at least £63,500 more. The dividends to the Stockholders, after deducting the dividends paid by one Company to another, amount to £1,743,000 before tax.

During the nine years since the end of the war the total distributions under these profit-sharing schemes have amounted to £2,760,000.

I feel sure our Stockholders will be pleased that those who have produced the improved results are benefiting in this way from their good work.

There are people who are apt to find an increase in dividends a cause for complaint. However, so far I have not heard it said that it is unreasonable to expect some return on money invested.

For the additional £19 million employed in the business since 1938 the increase in the dividend works out at 4¼ per cent. It would be hard for anyone to find just cause for complaint about our dividends being too high.

The tax we pay per £ invested in the business is now 94 per cent higher than pre-war, while wages are up 173 per cent and coal 271 per cent; but the home trade price of cement is only up 130 per cent and it is still the cheapest in the world.

We have good reports from the Companies in which we are interested in Australia, Canada, Kenya, Malaya, New Zealand, South Africa, Southern Rhodesia—but the position in Mexico, owing to the effects of devaluation of the currency, is difficult. The policy of your Board remains to expand our overseas interests wherever prospects offer inducement.

OUTPUT AT HOME

During 1954 we produced record quantities of cement at home, and also of many of our other products, while other makers increased their production substantially. It was thus possible to avoid the importation of foreign cement so avoiding the loss of foreign exchange and also saving ourselves a lot of money.

This year we hope to show even better figures of production from our own works, and in addition there will be cement coming along from Widnes and Whitehaven, where new sulphuric acid plants are being erected.

With regard to the export trade, we are maintaining our share in the world markets, and our shipments so far this year reflect the steadily expanding needs of our customers.

We are constantly having to shoulder extra costs, but since March last year we have been able to avoid increasing our prices. It is questionable whether we shall be able to so absorb the increase in the price of coal which we are told is shortly to be made. Apart from its very high price, we are involved in great expense at our works owing to the varying quality of the coal we are obliged to buy. The variation in quality gets worse every year. This is a serious trouble and one which we did not have to bear in pre-nationalisation days.

Our expenditure on research on the development of improved methods of manufacture and on the quality of our products is increasing. In 1954 it amounted to £252,000.

THE METROPOLITAN RAILWAY SURPLUS LANDS COMPANY, LIMITED

The Twenty-Second Annual General Meeting of The Metropolitan Railway Surplus Lands Company Limited will be held on July 7th at Winchester House, Old Broad Street, London. The following are extracts from the circulated Statement by the Chairman, Sir Bernard Docker, KBE:

A steady increase in our revenue from rents, averaging about 10 per cent per annum since 1950, has been a noteworthy feature of the Accounts for some years. For the year to March 31, 1955, gross revenue from rents showed an increase of £26,755 to £254,913, and the net rents at £200,309 were £16,622 higher. This expansion of net rents coupled with the receipt of £68,750 from Ortem Estates, our principal subsidiary, compared with £25,750 in the previous year, produces a substantial improvement in the amount at our disposal. We recommend a dividend of 6 per cent compared with 5 per cent last year which after providing for taxation will enable us to carry forward £56,417 compared with £48,152 brought forward from last year. The Consolidated Balance Sheet shows no changes to which I need draw particular attention. The total assets at £3,112,976 are very much the same as last year.

After referring to the affairs of the subsidiary Companies and to special resolutions to be put before the meeting relating to the directors' fees and to an increase in the limit of direct investment in real estate trading the statement continues:

In the current year, expansion of revenue from all sources is unlikely to do more than enable us to maintain the new rate of dividend, possibly with some reduction in the amount which will remain to be carried forward, adequate though this balance is. Such a result would clearly be affected by unforeseen adverse conditions meanwhile, as indeed, any major recession in trade would naturally affect our future prospects further ahead. Nevertheless, taking as fair a view as I can over the next few years, I can go so far as to say that your Board is quietly optimistic about the future.

CRUSADER INSURANCE COMPANY LIMITED

PROGRESS MAINTAINED

The Annual General Meeting of the Crusader Insurance Company Limited was held on June 22nd. In the course of his Statement to Shareholders, the Chairman, Colonel Sir Gilbertson Smith, TD, DL, CA, referring to the Company's continued progress in 1954, quoted the following details:

Total net premium income exceeded £1,394,000.

Assets increased from £4,538,285 to £5,129,385.

Record new Life Assurances amounted to £4,857,717 in sums assured.

Life and Annuity Premium Income showed an increase over 1953 of £122,015 to total £675,450.

A bonus was declared on "With Profits" Whole Life and Endowment Assurance policies for the year ending December 31, 1954, at the rate of 36s. per £100 assured (1953 : 34s.)

Fire Premium Income was £97,138 and that for Sickness Accident and Miscellaneous business £556,389—both showing satisfactory increases.

Group New Business Premium Income, quite apart from the amount derived through the Company's participation in the British Motor Corporation Scheme, was the highest yet recorded. Over 500 Staff Welfare Plans installed by the Crusader are now in operation.

After announcing that, while remaining as a Director, he would be handing over the Chairmanship of the Board immediately following the Annual General Meeting to Mr Harvey Bowring, Sir Gilbertson concluded by thanking his colleagues on the Board and the Staff for the magnificent support which they had given him during his term of office, and by expressing his confidence that under the direction of Mr Harvey Bowring, the Crusader would continue to thrive by maintaining its service to policyholders, to the public, and to its agency connections at as high a standard as ever.

AUSTRALIA—UNIVERSITY OF ADELAIDE

Applications are invited for a LECTURESHIP IN ECONOMICS.
Salary scale: £A1,100 x £A50—£A1,450.
Terms: Every potential applicant is invited to seek from the undersigned* or from the Secretary of the Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, a copy of the detailed conditions of appointment which give particulars of general duties, tenure, study leave, promotion and travelling expenses.
University Film: A potential candidate in Great Britain may also borrow from the Secretary of the Association of Universities of the British Commonwealth a coloured film illustrating the University and the city and surroundings of Adelaide.
Superannuation: On F.S.S.U. basis.
Applications: Applications must include particulars of age, nationality, marital status, academic record, teaching qualifications, war service (if any) and present position; a list of publications; copies of testimonials; the names and addresses of two referees of whom enquiries may be made; a recent photograph; and a medical certificate of good health. They should be lodged in duplicate with the undersigned* not later than *July* 11, 1955.
Further information about the post or about the University will gladly be supplied on request to

*V. A. EDGELOE, Registrar,
University of Adelaide, Adelaide, South Australia.

NEW ZEALAND MARKET

A well-established, keen and experienced importing firm with first-class trade credentials and offices in Auckland, Wellington and Christchurch desires to expand its activities. We seek exclusive agencies from manufacturers. Can we discuss the sale of your product in New Zealand? References Bank of New South Wales, London. Write direct to Mair and Co. (Importers), Ltd., P.O. Box 1477, Christchurch, N.Z.

IRON AND STEEL BOARD

The Board require a Senior Economist. Some experience of the steel industry or statistical administration an advantage but not essential. Salary according to qualifications and experience. Contributory superannuation scheme.
Applications should be sent to The Secretary, Iron and Steel Board, Norfolk House, St. James's Square, London, S.W.1.

B.Sc (ECONOMICS) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE
provides postal tuition for the above Degree (open without residence), which is a valuable qualification for executive appointments in commerce or industry, government or municipal posts. The College, founded 1887, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas free from Registrar (60), Burlington House, Cambridge.

SENIOR SCIENTIFIC OFFICERS; SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for pensionable appointments. Applications may be accepted up to December 31, 1955, but early application is advised as an earlier closing date may be announced. Interview Boards will sit at frequent intervals. The Scientific posts cover a wide range of scientific research and development in most of the major fields of fundamental and applied science. In biological subjects the number of vacancies is small; individual vacancies exist for candidates who have special knowledge of, or who are interested in palaeobotany, foraminifera, and recent and pleistocene mammals.
Candidates must have obtained a university degree with first or second class honours in an appropriate scientific subject (including engineering) or in Mathematics, or an equivalent qualification; or possess high professional attainments. Candidates for Senior Scientific Officer posts must in addition have had at least three years' post-graduate or other approved experience.
Candidates taking their degrees in 1955 may apply before the result of their degree examination is known.
Age Limits: Senior Scientific Officers, between 26 and 31, but specially suitable candidates under 26 may be admitted. For Scientific Officers between 21 and 28 during 1955 (up to 31 for permanent members of the Experimental Officer class). Salary (London) *Senior Scientific Officers*: (men) £1 010—£1,185; (women) £893—£1,077. Scientific Officers: (men) £492—£885; (women) £492—£795. Women's scales subject to improvement under equal pay sch. re. Somewhat lower rates in *the provinces*.
Further particulars from Civil Service Commission, Scientific Branch, 30, Old Burlington Street, London, W.1, quoting No. S.53/55 for Senior Scientific Officers and S.52/55 for *Scientific Officers*.

NATIONAL COAL BOARD invite applications for a superannuable appointment in the Staff Department at its Headquarters. The post will be in a Branch responsible for intelligence and advice on grade structures, rates of pay and hours of work of non-industrial staff throughout the Board's organisation, and the negotiations of such matters with Trade Unions. The successful candidate will be required to assist in this work, and in particular to advise on the economic and other aspects of salary policy, and to undertake special enquiries, using statistical and other data. Experience in similar work or knowledge of the coal industry, although useful, are not essential. The main requirement is ability to analyse complex factual material, both statistical and otherwise, and to draft clearly and concisely. Good academic qualifications, especially in Economics, would be an advantage.
Salary will be according to qualifications and experience within a range £1,070-£1,470.
Write, giving full particulars (in chronological order) of age, education, qualifications and experience (with dates), to National Coal Board, Establishments (Personnel), Hobart House, Grosvenor Place, London, S.W.1, marking envelope SS/13. Closing date July 20, 1955. Original testimonials should NOT be forwarded.

ATTWOOD STATISTICS LIMITED invite applications for the posts of Client Service Executives for their new Attwood Personal Panel. This service is rapidly expanding and offers excellent prospects to personnel who are prepared to join now and help to build up a service which is designed to provide fast moving market research information specifically related to the confectionery, tobacco, and similar product fields. Apply—in writing only—giving full personal details to Contact Director, Attwood Statistics Limited, Chantrey House, Eccleston Street, London, S.W.1.

LEADING CONTRACTING COMPANY *require* the services of a man of strong and proved ability to supervise personnel engaged on sales at high level, with emphasis on executive development, management training and organisation. Experience of personnel management as such less important than wide general experience involving main management in expanding organisations. Age not less than 47. Applicants should have been earning not less than £2,500. Men having retired early from substantial positions would be considered, but the work will be exacting.—Box 992.

MARKETING MANAGER.—Genatosan, Ltd., a member of the Fison Group, *invite applications for the post of Pharmaceutical Marketing Manager. The man* selected will be responsible to the newly appointed Commercial Manager and his duties will mainly comprise the advertising and promotion of the Company's existing and future *pharmaceutical proprietaries*. At least three years' recent practical experience in marketing consumer commodities is an essential qualification. The post is well remunerated and is superannuated.—Applications, stating age, education and experience, should be addressed in confidence to The Personnel Officer, Genatosan, Ltd., Derby Road, Loughborough. Please quote Ref. M/M.

"TRAINING FOR MANAGEMENT." Pitman Home Study for all Management and Secretarial Examinations; also Hospital Administration. Personal tuition. Details of courses from Pitman Correspondence College, 54, Pitman House, *Godalming, Surrey*.

GENERAL SALES MANAGER required by an important company in the Plastics Industry in the North-West, to create a live and efficient organisation for handling a variety of products, some of which are in the early stages of market development.
Previous experience of Plastics is not essential, but applicants must be able to show a good record of successful sales management.
The position is permanent, with good prospects.
Age range, 35-45.—Give full details of qualifications and experience to Box 998.

EXECUTIVE, aged thirty-four years, Oxford Graduate and Barrister, seeks opening in progressive organisation in London area. Wide commercial and administrative experience. Three years company secretary. At present holds responsible position in well-known public company. *Moderate commencing salary.*—Box 990.

BEFORE YOU BUY those shares, see what the *Investors' Chronicle* has to say. It is the best-informed and widest-read financial weekly. Two issues free of charge from 30 Grocers' Hall Court, London, E.C.2.

THE Economists' Bookshop, 11-12 Clement's Inn Passage, London, W.C.2, invites you to submit lists of books on Economics, History and Social Services, you may wish to sell (*periodicals excluded*).

THE UNIVERSITY OF SHEFFIELD

DEPARTMENT OF EXTRA MURAL STUDIES
Applications are invited for the post of Staff Tutor, to be principally concerned with the teaching of Industrial Relations-Economics to trade union students. Applicants should have a good Honours degree in an appropriate subject; experience in adult education will be a desirable further qualification. Initial salary according to qualifications and experience on a scale beginning at £650, with F.S.S.U. provision and family allowance. Further particulars may be obtained from the Registrar to whom applications (6 copies) should be sent by July 16, 1955.

WOOLWICH POLYTECHNIC, LONDON, S.E.18

Principal: J. S. Tait, PhD., BSc. ARTC, MIEE, AMIMechE
Applications invited for:
Lecturer in Management Subjects (with particular reference to Factory Management and Organisation, Production Planning and Control and Work Study), with a degree or *equivalent, industrial management* and teaching experience.
Salary Scale £965 to £1,065 plus London Allowance.
Particulars and application form from Clerk to Governors, to be returned by July 9, 1955.

EXTRUSIONS BY MARLEY

Buyers requiring rigid and flexible tubes and sections in thermoplastic materials should ask for a quotation from Marley Extrusions Limited.
Dept. 99, Lenham, Maidstone, Kent. Harrietsham 381.

STATISTICIANS in the HOME CIVIL SERVICE.—The Civil Service Commissioners *invite applications for posts of Assistant Statistician in Government* Departments. Selection will be by interview in London early in August. Age at least 20½ and under 24 on August 1, 1955, with extension for service in HM Forces *and approved post-graduate statistical experience*. Candidates may be mathematical or economic statisticians; they must have a First or Second Class Honours Degree (II (i) where the Second Class is divided) with statistics as the principal subject or *a substantial part of the final examination*, or a post-graduate University Diploma or higher Degree in Statistics. Those so qualifying this summer will be eligible. Starting pay in London, including Extra Duty Allowance (where payable), between £531 and £696 (£615 women), according to periods of National Service and post-graduate experience, rising to £955 (men) and £858 (women). Promotion prospects to £1,570 (men) and £1,420 (women), with possibility of later increases to £2,200 (men) and £2,071 (women). Women's scales being improved under equal pay scheme. —Particulars and application forms from the Secretary, Civil Service Commission, Burlington Gardens, London, W.1, quoting No. 96/55. Completed application forms must reach him by July 15, 1955.

PRODUCT RESEARCH ASSISTANT required by COUNTY LABORATORIES LIMITED, Members of BEECHAM GROUP LIMITED.

The applicant should know something of, and certainly be interested in the biology and biochemistry of skin and hair. He should have some working knowledge of protein chemistry and a strong interest in the chemistry and physics of interfaces and colloidal systems. He must be well acquainted with emulsions in general and should have worked on some special types of emulsion connected with industry. Some knowledge of mechanics and simple engineering would be an advantage.

A positive interest is desirable in preparations for anointing the skin and scalp and an appreciation of the physical chemistry underlying the effects of such preparations when applied to living tissues.

A further advantage would be some knowledge of organic chemistry, especially in relation to modern emulsifiers.

It is more than desirable that the applicant has the ability to write clear concise English and be able to make complicated scientific terms and thoughts intelligible to *the layman with whom he will have to co-operate closely in his work*. The position is an important one and the salary will be commensurate with the responsibility. Profit participation and pension schemes are in operation.

Applicants should send full details of qualifications, past experience and present salary to Product Research Director, County Laboratories Limited, Stanmore, Middx.

THE BSc(ECON) DEGREE of London University is open to all without University residence. It is a valuable qualification for ambitious men and women engaged in accountancy, secretaryship, banking, finance, commerce, public services. Wolsey Hall (est. 1894) *provides postal tuition of a high order for three (in some cases two)* examinations, at reasonable fees. More than 1,000 Wolsey Hall Students have passed London BSc(Econ) (Final) exams. since 1925.—Prospectus from C. D. Parker, MA, LLD, Director of Studies, Dept. P17 WOLSEY HALL, OXFORD.

MARKET RESEARCH: Applications are invited for positions as Senior Client Service Executive. The Attwood Consumer Panel is a continuous market research service subscribed to by leading national advertisers of branded consumer goods. The position calls for the ability to interpret and present the research findings to top level management of the client companies. If you are in the age bracket 35-40 with sound experience in the field of marketing and advertising, apply—in writing only—giving full personal details to Contact Director, Attwood Statistics Limited, Chantrey House, Eccleston Street, London, S.W.1.

EXECUTIVE required by expanding company in the Electrical Engineering industry to assume control of works accounting, costing, salaries and wages.
Applicants must have been thoroughly trained in a large organisation of similar character and should be aged 35 or over.
Location is in new factory near London, and housing can be provided. Pension scheme is in operation. The post is one with real opportunity in a young enthusiastic team, and the salary will be fully in keeping with the responsibilities. Box 997.

DRIVE YOURSELF IN AN AUTOHALL CAR. *Is your business being hampered* by transport problems? Or are you coming home on leave? Then hire one of our 200 1955 self-drive cars. We offer the lowest rates, minimum formalities, special offers for long term hire and contract terms. Repurchase scheme and first in Europe self-drive packed tours.—Write for colour brochure and full details to Autohall, Dept. 2, 302-6, King Street, Hammersmith, W.6. Riverside 2881. Cables, Autohall, London.

ECONOMIST, 30, 1st Class Hons. 5 yrs. commercial/industrial experience. Proven ability to reduce industrial costs. Wishes to undertake reduction of *manufacturing/* administrative costs in medium sized firm. Position of direct responsibility to Managing Director required.—Box 975.

COMMERCIAL MANAGER, 44, Chartered accountant, A.C.W.A., B.Sc., now with well-known producers of domestic products, experience home and overseas in manufacturing planning, purchasing transport, warehousing, budgetary control, sales statistics, requires appointment in South or West England. Box 995.

INTERNATIONALLY known Company (Mayfair Head Office) requires Executive for Continental Department. Negotiating and drafting ability and first-rate knowledge of French and/or German are essential qualifications. This is a progressive and most interesting position which entails the possibility of inspection trips abroad. *Non-contributory pension scheme in operation. Detailed applications will be* treated in strict confidence.—Box 994.

INTELLIGENT young lady required as Secretary in Patents Department at Cambridge. Must be competent shorthand-typist. Some knowledge of German or French great advantage. Lodging accommodation available. Write (Quoting No. 1078) stating age, fullest particulars and salary required to Personnel Manager, Fisons Pest Control Ltd., Bourn, Cambridge.

SHORTHAND-TYPING (MACHINE SHORTHAND), the modern method of taking notes, *dictation and verbatim reports. For prospectus of secretarial courses including* Stenotyping, call, write, or 'phone Palantype College, 229-231, High Holborn, W.C.1. Telephone: HOLborn 9162.

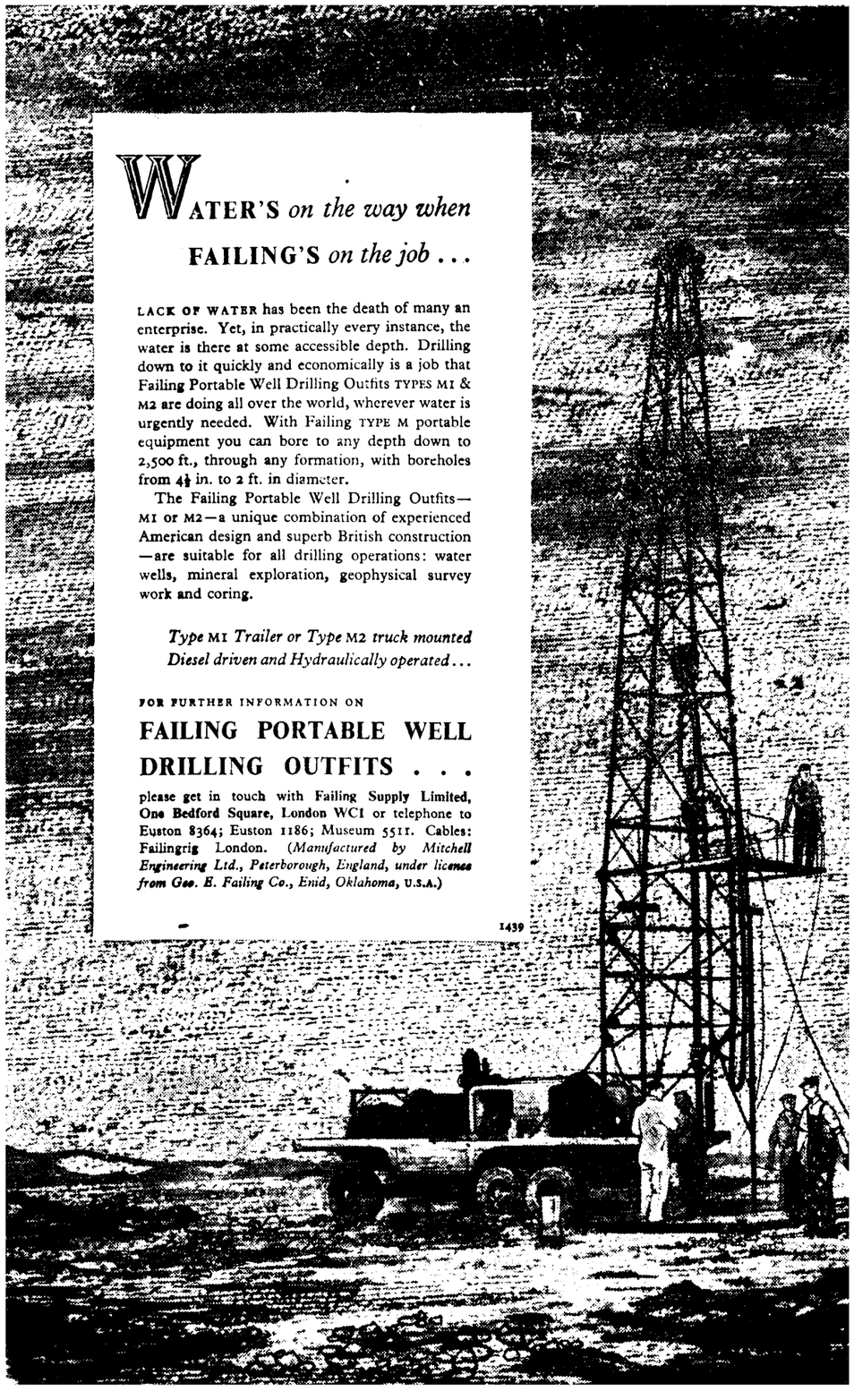
EXPERT POSTAL TUITION
For Examinations—BSc(Econ) LLB and other external London University Degrees; Law Society; Bar; *Accountancy; Banking*; Secretarial; Civil Service; Commercial; General Certificate of Education, etc. Also many non-examination courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination (if any) or subjects in which interested, to the Secretary (G 9/2).

METROPOLITAN COLLEGE, ST. ALBANS
or call at 40 Queen Victoria Street, London, E.C.4

The Economist: Annual Air Subscription Rates

Anglo-Egyptian Sudan: £5.10s.	Europe (except Poland): £4.15s.	Israel: £6	Pakistan: £6
Australia: £8.5s. (sterling)	Gibraltar, Malta: £3.15s.	Japan: £9	Rhodesia (N. & S.): £5.10s.
Canada: $21.50 or £7.14s.	Hongkong: £7	Malaya: £6.15s.	S. America and W. Indies: £7.15s.
East Africa: £5.5s.	India & Ceylon: £6	New Zealand: £9 (sterling)	Union of S. Africa: £5.10s.
Egypt: £5.5s.	Iran: £6 Iraq: £6	Nigeria, Gold Coast: £5.5s	U.S.A.: $21.50 or £7.14s.

Printed in Great Britain by ST. CLEMENTS PRESS, LTD., Portugal St., Kingsway, London, W.C.2. Published weekly by THE ECONOMIST NEWSPAPER, LTD., at 22 Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 2½d.; Overseas 3d.—Saturday, June 25, 1955.



SPRING BOOKS 1955

The Tale of Simpkin Marshall

A MONTH ago, at the beginning of the spring flush of books, the board of Simpkin Marshall Limited—the largest firm of book wholesalers—announced that it had been compelled to cease trading, and at a meeting of the creditors held on Monday the deficiency to unsecured creditors was put at about £475,000. It would be an exaggeration to say that this announcement has dealt a blow to the trade as severe as Simpkins itself experienced on one night in 1940, when bombs destroyed its premises and stock of six million books. Nevertheless, the decision has immediately put some publishers in an awkward position and, if resuscitative measures are not applied, may seriously affect the retail selling of books.

The recent Simpkins bomb was a delayed action one. It was last November that the board told the associations of the publishers and the booksellers in confidence that the company would have to cease trading unless it was enabled to do so on better terms than it had up to then been allowed and had itself allowed to booksellers. In the following months, members of both associations voted by large majorities in favour of the reconstruction of Simpkin Marshall, and the Publishers Association set up a special committee to negotiate a scheme for carrying on Simpkins on a co-operative basis. The committee's efforts had not been successful by the end of March, but there is still a chance that they may bear fruit in time for Simpkins to start another life. In the meantime, the receivers have announced that booksellers' orders will where possible be fulfilled from the company's very considerable stock of books.

Some booksellers, with regular customers and with a pretty good idea of what their sales of a particular book will be, order direct from publishers and rarely use the service of a wholesaler. The extent to which others do so depends largely on the size and nature of their particular orders. Suppose, for instance, that someone is moved by reading *The Observer* to ask for Sir Harold Nicolson's fancy for the week; and that someone else is persuaded to buy a different book by Mr Cyril Connolly's review in the *Sunday Times*; and that X, Y and Z are each attracted by three more books reviewed in their favourite weeklies. It is an expensive burden for the bookseller to send off several different orders to as many different publishers every day; even more laborious for each publisher to despatch and invoice single copies to booksellers all over the country; and laborious again for booksellers to open and check several different parcels. Apart from libraries' purchases and school textbooks, the book trade is almost entirely based upon the requirement of single copies, and, as a rule, each book (and each is a separate business) finds a particular customer only once. Therefore, while the bookseller cannot, for financial and physical reasons, be expected to carry a stock of anything like all the books published, he must be prepared to order large numbers of individual items. Since some 19,000 new books and reprints are published every year in Britain by some hundreds of firms of publishers, the ability to order and supply in bulk through a wholesale organisation is a great saving to bookseller and publisher and enables the customer to receive his book more promptly.

But if wholesaling is so important to the book trade and if, as is generally admitted, Simpkins provided a well-run service, why was the company unable to pay its way? The reason given by the board and by the accountants is insufficient margins for trading in the home market, from which it was making losses at the rate of about £6,000 a month—its export trading was run at a profit. As a rule the wholesaler in the book trade receives from the publishers the same discount as they offer to retailers (which varies according to the type of book and the number of copies ordered) with in addition a certain percentage (usually 10 per cent) of the selling price. In theory, the wholesaler can fix his own terms of supply to his bookseller customers; but if he departs too far from traditional discounts, they will go to another wholesaler offering them better terms or else order direct from the publishers. If he offers less favourable terms than the publishers, the booksellers will accept them only if they find the wholesaler's service advantageous in other respects.

There can be no doubt that booksellers have found Simpkin Marshall's service worth while. In fact, after the accountants had made their report, the company tried to stem its losses by reducing its terms to booksellers—and immediately secured a 20 per cent increase in orders from the country trade. But this was evidence of goodwill, not

CAMBRIDGE BOOKS

Design in British Industry

MICHAEL FARR

A mid-century survey of principles and practice. Postscript by NIKOLAUS PEVSNER. 60s. *net*

China & the Cold War

MICHAEL LINDSAY

A clear-headed analysis of the motives and objects of the foreign policies of Communist China. 21s. *net*

West African Trade

P. T. BAUER

A detailed study of the structure and organization of West African Trade. 55s. *net*

Ricardo X

EDITED BY P. SRAFFA

The tenth volume of the Royal Economic Society's edition of Ricardo's works is a biographical miscellany. 24s. *net*

British Post-War Migration

JULIUS ISAAC

'An excellent and useful study'
MANCHESTER GUARDIAN. 30s. *net*

The Scottish Economy

EDITED BY
A. K. CAIRNCROSS

20 essays by economists and social historians from the University of Glasgow. 30s. *net*

The Crofting Problem

ADAM COLLIER

'A remarkably shrewd assessment'
GLASGOW HERALD. 25s. *net*

CAMBRIDGE UNIVERSITY PRESS

of a genuine increase in the demand for books. Booksellers, in fact, have been so chronically overstocked in recent years that they recently had to have recourse to a National Book Sale to clear their shelves. Unless the public buys more of the present vast output of books, retailers cannot place larger orders with the wholesalers; and if the wholesaler has (like Simpkins today) no retail outlets, he cannot increase his turnover to the extent necessary to meet his increased costs, which consist largely of wages for a skilled labour force.

The increase in wages since 1939 has far outstripped the increase in the price of the average book, yet publishers are reluctant to raise their prices again. At the moment they appear instead to be exploring the possibility of setting up a co-operative organisation to take the place of Simpkins. This, modelled perhaps on the *Bestelhuis* at Amsterdam, on which the 1948 Book Trade Committee reported favourably, would concentrate all the single copy orders from booksellers in a non-profit-making concern. The *Bestelhuis* acts as a clearing house for the despatch departments of the various publishing firms. By collecting together different consignments for the same bookseller, it effects considerable savings in the cost of transporting books. It does not fulfil all the functions of a wholesaler because it does not carry stocks. Housed in the same building, however, and working in co-operation with it, is the Central Book House, in which publishers deposit a number of copies of all their publications, these remaining the publishers' property so that the Book House incurs no loss on books remaining unsold. It deducts from the publishers' accounts 9 per cent and adds 3 per cent or 4 per cent on its account to booksellers; and this income of 12 or 13 per cent of its turnover is enough to cover its costs—though it does not allow any profit.

The Book Trade Committee did not recommend the immediate adoption in this country of a co-operative wholesale organisation on the lines of the Book House (though it did not rule it out altogether), partly because of the existence of Simpkins and other wholesalers and partly because it would have to be housed in such an immense building. Thus, as things are, the publishing trade seems likely to try to achieve a co-operatively run packing and despatch organisation for single copy business. But even a co-operative concern would have to cover its costs. It is far from certain that whatever emerges from the new ruins of Simpkins will not have to be established on the basis of a higher average price for books.

Mild Revolutionaries

THE SECOND INTERNATIONAL 1889-1914.
By James Joll.
Weidenfeld and Nicolson. 213 pages. 18s.

THIS book tells the story, part noble and part ludicrous, of men who tried to bind the workers of the world into an international organisation that would throw capitalism over and build a new society in its place. Many of their sentiments seem admirable today; certainly they were less ferocious than their enemies thought at the time, and one of the International's main problems was to extricate itself from the clutches of destructive fanatics. Yet once the tussle with the anarchists was over it was hard for the International to find much common basis for action among its members. Economic development varied immensely from state to state; so did the degree of liberty available to socialists to state their views; so did the complexity of socialist party organisations. The empire of Russia, vast as it was, contained few factories, and the Russian socialists who stayed at home had to grapple with interminable divisions among themselves as well as an active and hostile police; while in highly industrialised Germany, as Mr Joll says,

> More and more the Social Democratic Party formed a world of its own, a society within the state, which absorbed the interests, energies and imagination of its members, while its leaders acquired a mythological status usually reserved, in England at least, for the royal family.

Mr Joll has not much to say about the socialist side of the International's work; this is hardly surprising, for the prospects of real power for any socialist party before the Great War were remote indeed. He touches, of course, on the incessant quarrels between moderates and extremists, and points out how Lenin and Rosa Luxemburg drew the correct lesson from the abortive Russian revolution of 1905—"not that revolution at the end of an unpopular war would fail, but simply that it must be better organised and led." His book is much more rewarding on the International's attempts to deal with the central problem of relations between great powers in its day: the problem of preventing a heavily armed peace from turning into a disastrous European war. He shows deftly how the socialist leaders, like all humanitarians, detested war; how willingly they would have diverted the vast sums spent on armies and navies into more beneficial channels; how they toyed with the project of a universal general strike, to stop any European conflict at the outset; and how, in the end, this project was abandoned, and the International collapsed in pathetic failure. National enthusiasms triumphed over humanitarian longings; the men who were to have struck in unison marched away in discord to shoot each other down, in the holocaust Engels had predicted as long ago as 1887.

This short and weighty book is best of all on the personalities of the *simpliste* and engaging orators who headed the movement. A few minor slips apart, Mr Joll has produced an attractively written model of historical compression.

Origins of Diplomacy

RENAISSANCE DIPLOMACY.
By Garrett Mattingly.
Cape. 323 pages. 25s.

SIR HAROLD NICOLSON once suggested that much of the disrepute of diplomacy is due to the fact that it reached Europe via the Italian city states. Mr Mattingly's invigorating book is a study of this formative phase, tracing the origins of modern diplomatic techniques in the Italian city states of the later Middle Ages and examining the diffusion and development of those techniques in the European states of the sixteenth and early seventeenth centuries. The first and major innovation was that of the resident embassy. Mr Mattingly's main theme is to trace the adoption of this Italian invention by the greater powers in the sixteenth century, showing that it was the essential unit of the developing and increasingly professional diplomatic services. The value and interest of this study are greatly enhanced by the skill with which Mr Mattingly relates the growth of diplomatic institutions to the changing relations between the powers, and by the good sense which prevents him from dramatising his conclusions by pressing them too far.

It was in the half-century following the French invasion of Italy that the newer diplomatic techniques were diffused and developed most rapidly. Ferdinand of Aragon deployed resident embassies against the greater military strength of France and combined a small corps of professional experts into the beginnings of an organised diplomatic service. One of Ferdinand's bishops, sent to induce Austria to make war on France, stated candidly that he placed this object "higher than the safety of my immortal soul." So enthusiastic an acceptance of the new professional loyalties was unusual, and much complicated casuistry was devoted to reconciling diplomatic practice with older standards of honour and morality. But the ideological conflicts of the later sixteenth century further corroded what remained of the older conceptions of diplomacy. Ambassadors now engaged in conspiracy, plotted with subversive movements, bribed, spied and corrupted.

Mr Mattingly analyses carefully the different aspects of professional diplomacy: embassy routine, ciphers, courier services, the conventions of diplomatic immunity and the growth of foreign office archives. At the same time he knows the sources too well to claim that development was continuous or to conceal the inefficiency and incompetence resulting from the administrative weaknesses, financial chaos and political instability of the European courts. In the early sixteenth century a knowledge of canon or civil law was considered advantageous to an ambassador, but later the arts of the courtier came to be a more important qualification. Inadequate stipends irregularly paid made the career expensive in an age of growing ostentation. Chanceries were lazy and erratic in their use of ciphers: when they did encipher dispatches they used a predominantly substitutional method, though aware of its vulnerability. Chapuys used the same cipher for twelve years, and later in the century the Spanish ambassador at Prague used the same cipher for twenty-seven years. Mr Mattingly's account of how Gondomar's dispatches, with their black record of Spanish successes in corrupting the English court, were for years systematically intercepted and deciphered by the English ambassador in Madrid makes an interesting parallel with "Operation Cicero."

Mr Mattingly's book is not merely instructive but also stimulating, for he is always seeking explanations and is suspicious of the easy ones. He does not allow the writings of Machiavelli to distort his account; and he observes with justice that "it is not certain that Erasmus and Contarini, Luis Vives and Thomas More were any less typical of their era than Ferdinand of Aragon or Niccolo Machiavelli." Again, when seeking an explanation of the weakness of diplomacy in the early seventeenth century, he places more emphasis on the failings of administration than on the dramatic shifts of policy in the hands of royal favourites. Occasionally he lapses into artificial antitheses, exaggerating the unity of medieval Christendom and over-dramatising its break-up in the sixteenth century. But these lapses are few. Mr Mattingly's attractive and lively style together with his unpretentious tone should not distract attention from his careful thought and patient research, particularly with regard to the Spanish archives of this period.

Battle of Beliefs

WHEN IRON GATES YIELD.
By Geoffrey T. Bull.
Hodder and Stoughton. 254 pages. 12s. 6d.

THIS is a much more unusual book than might be expected. Nowadays we are, sadly, becoming familiar with the harrowing tales told by men who survive Communist captivity. As the grim evidence piles up, we are coming to accept "brain-washing" and extorted "confessions" as being as commonplace as in the worst days of the Inquisition. But Mr Bull provides a more direct, and more striking, link with the days of bitter religious wars and persecutions. A lonely Protestant missionary in Tibet, he did not flee when the Chinese Communists marched in, but calmly rode to meet them, hoping against hope that he might be able to continue his mission. For the Communists, however, it was enough that he was a foreigner and a staunch Christian. He was arrested, taken to China, and spent over three years in political prisons, under repeated threat of death and enduring other torments no less frightful.

His accounts of these prisons is horrifying; recalcitrants lived in chains and

The Russian Revolution 1917

A Personal Record

by N. N. SUKHANOV. Edited, abridged and translated by Joel Carmichael from '*Zapiski o Revolutsii*'.

A unique eye-witness account of the entire Russian Revolution by a man who, while politically unaffiliated, was inside the movement that has given rise to the present Soviet regime. Long suppressed in the U.S.S.R. because of its anti-official character, it gives an account of the revolution which is the antithesis of the mythology now accepted. Illustrated.
42s. *net.* READY 12 MAY

Science and Christian Belief

BY C. A. COULSON

Professor Coulson is concerned in this book with the relation between traditional Christian belief and the picture of our universe as it is revealed by modern science. He reaches the conclusion that, properly understood, science is essentially a religious activity.
8s. 6d. *net.* READY 26 MAY

Shorter Oxford English Dictionary

On Historical Principles

Prepared by William Little, H. W. Fowler, and Jessie Coulson. Revised and edited by C. T. Onions.

A new impression, with a completely revised and reset Addenda, will be issued in April. Printed on thinner paper, it is bound in *one* volume only. This does not mean that the S.O.E.D. will be unwieldy (or difficult to read), the single volume is no larger than one of the previous two-volume edition. *Demy 4to,* 2,538 *pp.* £5.5s. *net.*

WORLD'S CLASSICS

Two new medium volumes (6s. *net each*) have just been published:

Father Brown—Selected Stories by G. K. Chesterton. Introduced by Ronald Knox.

The Odyssey of Homer. Translated from the Greek by T. E. Shaw (Lawrence of Arabia). Introduced by Sir Maurice Bowra.

OXFORD UNIVERSITY PRESS

Down in the Drink

RALPH BARKER

True stories of airmen who came down in the sea and survived.

'An absorbing picture of grimly heroic conduct'. *Daily Telegraph*

'Gripping in their realism and stirring in their revelation of the measureless endurance of man'. *Belfast Telegraph* *Illus.* 12*s* 6*d*

The Mountain and the Molehill

HONOR CROOME

'As delightful as it is intelligent . . . If only she would write novels more often.' *New Statesman*

'Radiates intelligence'. *Observer* 12*s* 6*d*

Lord Minimus

PETER TOWRY

'I have loved an historical novel about a dwarf. . . . His book is really funny'. *Nancy Spain*

'Entirely enjoyable'. *Birmingham Mail* 12*s* 6*d*

CHATTO & WINDUS

The Labour Government & British Industry 1945-1951

By ARNOLD ROGOW & PETER SHORE

A fresh and original study of the most critical domestic problem of a Socialist Government, namely its relationship with private industry.

In Preparation. *About* 18*s. net*

Growth and the Balance of Payments

A symposium reprinted from the Bulletin of the Oxford University Institute of Statistics.

Sewn. 10*s. 6d. net*

A GUIDE TO

Parliamentary Papers

by P. and G. FORD.

What they are How to find them
How to use them

Crown 8vo. 7*s. 6d. net*

Broad Street, Oxford

BASIL BLACKWELL

handcuffs, hysterically harassed, day in and day out, not only by their captors but by other prisoners so broken that they adopted the attitude locally known as "hit others, elevate yourself." Each prisoner had to spy on the others; many were near to madness, and some reached it; long solitary confinements were exchanged only for overcrowded cells and the diabolical process called the "squeezing toothpaste" technique, whereby prisoners drove each other to false and futile confessions of imaginary "crimes."

Totally incommunicado, denied all news from the living world except for floods of propaganda, robbed even of his Bible and forbidden even to pray, Mr Bull yet managed, by extraordinary efforts, to keep both his sanity and his faith. His faith was, and is, as steel-hard as that of his tormentors; he has no doubt that Christ bore him through his ordeals and that the prayers of fellow Christians won him his freedom. His story is the more fascinating as a study of battle, on cruelly unequal terms, between two strict beliefs; but, although a most valuable, and a most precise and sober, account of Communist methods of destroying men's minds, it does not suggest how those methods can be resisted by free men whose faith is less absolute than Mr Bull's.

University Town

PORTRAIT OF CAMBRIDGE. *A Selection of Photographs by A. F. Kersting with text by Bryan Little.*
Batsford. 96 pages. 25s.

THIS is a beautiful picture-book. The Master of Pembroke, in his foreword, quotes the distinction that was drawn at least three hundred years ago, that while Oxford is a university in a town, Cambridge is a town in a university. The town, perhaps, is nothing very special, an ordinary Fen-country market town. But Mr Kersting's photographs show—to many people who thought they knew their *alma mater* they will show more fully than ever before—what a beautiful university it is. What is there at Oxford (the reviewer, his loyalty re-awakened to enthusiasm, is tempted to ask, meaning his question to be rhetorical)—what is there at Oxford—or, for the matter of that, anywhere—to compare with Great Court, with the fan vaulting of King's Chapel, with the river front of Clare, with the President's Lodging at Queen's, or with the superb montage of the Backs? Until Mr Kersting takes some pictures of the other place, echo will only answer where.

Mr Little's historical and architectural commentary provides an admirable accompaniment, elucidating the pictures without overbearing them. He can find a kind word for nearly all the many architects who have built in Cambridge; only Alfred Waterhouse is roundly condemned.

The End of the Affair?

THE DREYFUS CASE: *A Reassessment.*
By Guy Chapman.
Hart-Davis. 400 pages. 25s.

PROFESSOR CHAPMAN has given an admirable rendering of the most exciting incident in modern history. Nothing can make the story easy to follow: the complications of deceit, counter-deceit and simple misunderstanding, coupled with the intricacies of the changing political background, are enough to tease the wisest brain. But the tale comes out as clearly as it can, and is as enthralling as ever.

The book is called a reassessment; and so it is, compared with the work of the deeply engaged writers of the time, who saw the case as an unambiguous fight between good and evil. But passions have faded and the element of muddle and self-deception has been clearer. The story which Professor Chapman tells is the one which most people nowadays would accept, one of stupidity and strong emotions, and above all of the logarithmic growth of error when the actions of those in power are sheltered from criticism, publicity and the rule of law. Confusion multiplied until the skilled minds of the civil courts were applied to the case; and then it crumbled into dust. And from all the vast accumulation of lies, fraud and intrigue, none of the principal actors gained anything at all.

The most puzzling episode of the whole story is its start. How could any intelligence service, however badly chosen and however little under control, be so stupid? Later on, when all concerned were committed to defending their positions, one act led almost inevitably to the next. But at the start, when they believed (wrongly, as it turned out) that there was a spy in the War Office, how could they be satisfied by picking on one man and considering the case closed, without taking any steps to see whether the leak of information had been blocked? Stupidity and lack of method is one answer; but antisemitic prejudice is certainly another. Professor Chapman is at pains to show that at that stage there was no widespread antisemitism in France. This may be so, but one or two officers in the War Office were antisemites, and that was enough to fire the train. The initial blunder might never have been made if the principal actors had not, by mere chance, been Alsatians, and thus either a Jew or more inclined than most Frenchmen to antisemitism.

"Not about little things but from little things. . . ." Great changes in French political life came from the Affair, which Professor Chapman analyses briefly and clearly. But by then Dreyfus himself was fading into the background, and what the author calls the "Dreyfusian revolution" might have occurred, under another name and by different stages, but without much essential difference, if Dreyfus and Esterhazy had never existed.

From a Watchtower

HERETICS AND RENEGADES.
By Isaac Deutscher.
Hamish Hamilton. 228 pages. 15s.

IT was time we knew more about the mind of the biographer of Stalin and Trotsky, and here in these essays is at any rate the beginning of Mr Deutscher's self-revelation. Whether he is to be regarded as a heretic or a renegade, or as both, must be a matter of opinion; but he is clearly moving towards a Montaigne position, into what he calls a "watch-tower." There he can sit, snug but not smug, watching the cold war rage and smiling sadly that the warriors below have no sense of historical analogy. Perhaps he would like them to pause a moment, lean on their swords and say, "This is where we came in." Certainly he wants everyone to realise that most ex-Communists are mainly concerned with self-justification, "the most dangerous motive for any political activity." Mr Deutscher wants to range himself with Jefferson, Goethe and Shelley, who refused to choose in their time between the Holy Alliance and the Napoleonic idea.

This aspiration makes him here and there rather priggish; but there is no denying his mastery of the technique of political intelligence and diagnosis, or his ability to illuminate and stimulate. The first essay is a devastating attack on "inverted Stalinism" among ex-Communist intellectuals. The second is a moving and imaginative fable of the life of a Polrugarian Minister, people's democracy in miniature. The third is a penetrating study of the limitations of Orwell's vision of 1984, in which the historian denounces the novelist as a "simple-minded anarchist."

Here we move on to more solid but no less interesting historical fare: a critical tribute to Mr E. H. Carr's History of Soviet Russia, a comparison of the French with the Bolshevik Revolution, a study of Trotsky's indictment of Stalin and of mid-century Russia. Then come two sections showing the author as a skilful and well-documented Sovietician, standing up firmly for his thesis that Russia is now seething with the spirit of change and that we must look warily for the signs that Bonapartism may be the only answer to revolt against Stalinism.

We have had recently from historians several volumes in which articles and reviews have been casually flung together into a *macédoine* of essays. Mr Deutscher has been more careful, and this book can and should be read in his own well-contrived sequence. It reveals a powerful mind, a growing charitableness and a remarkable feeling for the subtleties of a language learnt in middle age. The Marxism is still there, but modified and developed in a manner that would not be tolerated in Russia. What we want from Mr Deutscher is a study of British political history, an assessment of the strength of the society in which he has found it possible to erect his watchtower.

Books for men

Freya Stark *introduces:*

ROSSANO

A true story of the Italian Resistance

GORDON LETT

"A fine story and well told." MANCHESTER GUARDIAN

"It is, in its modest way, an epic." *12/6 net* FREYA STARK

• RECOMMENDED BY THE BOOK SOCIETY

SKY HIGH

MICHAEL GILBERT

"Michael Gilbert is now way ahead of all other thriller writers." JOAN WERNER LAURIE in *Good Housekeeping.* *10/6 net*

HODDER AND STOUGHTON
Publishers of 'Katherine' and 'Soldier of Fortune'

HILAIRE BELLOC

A Memoir

J. B. MORTON

J. B. Morton ("Beachcomber" of *the Daily Express*) here gives us a record of thirty years' friendship. These personal reminiscences produce a lifelike portrait of Belloc in all his brilliance, and with all his endearing eccentricities.

Frontispiece 12*s.* 6*d.* net

HOLLIS & CARTER

IAN
FLEMING
Author of *Casino Royale, Live & Let Die*

Moonraker

A third James Bond adventure . . . 'In *Moonraker* he has another spectacular gamble with fate. To those interested, Ian Fleming administers stimuli with no mean hand. James's companion is as smashing a lovely as any predecessor in the role, the villain as sulphurously infernal, the declaration of war as dramatic. "Astonish me!" the addict may challenge; Mr. Fleming can knock him sideways.' SCOTSMAN 10*s.* 6*d.*

CONYERS
READ

Mr. Secretary Cecil and Queen Elizabeth

Combining sound scholarship and a gracefully easy style, he presents one of the most fascinating and dramatic periods in English history as seen through the eyes of William Cecil, Lord Burghley. *Illustrated* 40*s.*

Recommended by the Book Society

GARRETT MATTINGLY

Renaissance Diplomacy

'I do not think it possible to praise it too highly . . his creative and original mind is at work in every paragraph; his prose—clear, ironic, dignified—could not be bettered. Mr. Mattingly brings to the history of Europe from the fifteenth to the seventeenth century a remarkable freshness of vision. SPECTATOR *Frontispiece* 25*s.*

LESLIE
HOUSDEN

The Prevention of Cruelty to Children

Part one describes the conditions of squalor under which certain classes previously raised their children; part two studies similar present conditions, and part three makes practical proposals for their improvement. This well-documented book is of engrossing interest and is bound to be widely discussed. 28*s.*

RALPH VOLNEY
HARLOW

The United States

From Wilderness to World Power

This is one of the most readable texts available. *Illustrated* 50*s.*

all prices are net

JONATHAN CAPE

Spring Books

The Irish and Catholic Power
Paul Blanshard
Irish Catholicism examined in detail as an example of the Church's political and social policy in a Catholic republic. By the author of *Freedom and Catholic Power.* 18/-

But We Were Born Free
Elmer Davis
Compared in *The New Yorker* to an exciting bobsled run, these essays against the limitation of free thinking in America are witty, profound and stimulating. 15/-

Preludes to Life
Theodor Heuss
The early memoirs of the President of the Federal Republic of Germany: a delightful picture of boyhood in a small South German town with a liberal tradition. 15/-

The Woman in the Case
Edgar Lustgarten
The conduct of four famous murder trials analysed by the author of the BBC's series, *Prisoner at the Bar.* In each of the cases a woman played a leading role. 10/6

A Cure for Serpents
Alberto Denti di Pirajno
Recommended by The Book Society
The reminiscences of a doctor in Africa: a travel book cum autobiography which stands out because of the interest of the material and the writer's charm. *Illustrated. June.* 16/-

Trial
Don M. Mankiewicz
Recommended by The Book Society
The novel which won the $10,000 Harper Prize in the United States. A swift-moving and gripping story, based on a murder trial. *May.* 12/6

Write for our list: 12-14 Carlisle St. W1

ANDRÉ DEUTSCH

Badges of Class

ENGLISH SOCIAL DIFFERENCES.
By T. H. Pear.
Allen and Unwin. 318 pages. 18s.

THE *effects—tragic and comic—of* social class on raw humanity must have provided half the material of British novelists for a hundred years and nine-tenths of the material of politics for the last fifty. A vast social *bouleversement* has occurred in that period; the ideal of the classless society has been set up; yet class distinctions still impregnate everyday life. Indeed, so infinite are the gradations of class manifestations that no satisfactory definition of any one "class" can be made; nor does Professor Pear do more than criticise those that have been attempted. He is concerned to trace the ramifications of class consciousness in accent, idiom, gesture, manners, etiquette, food, games, clothes, and habits generally—the day to day realities behind the word itself.

The result is a book packed with realistic detail but curiously inconclusive. Mr Pear avoids judgments; he is after a perfect dissection of the creature. He offers, for example, T. S. Eliot's views on whether culture is possible without class, but not his own; he examines the whole question of class education in almost perfect detachment, though he ends by quoting with approval Professor Brogan's conclusion that

> England will not be a full, or anything like a full, democracy as long as one of the kindliest and most united people in the world is internally divided in a fashion that impoverishes the national life.

But the picture that emerges from Mr Pear's survey is not one of impoverishment but rather of luxuriance. English society at every level seems to make an art of class distinction, or should one say of class self-expression. The art is practised no less sedulously—if perhaps more subtly—because large income differences between social strata have been reduced. The lesson of this entertaining, if at times diffuse, book is perhaps that all the trappings of class will remain when the last vestiges of financial or even educational justification for them have vanished—which will be a bitter disappointment for the progressives who (one cannot help feeling) are secretly far more incensed by the trappings than by differences in actual income. Until they can remove the social cachet from rugby football, put yachting in the same category as bull-baiting, and standardise the calibre of trouser-legs, they will not have the classless society they wish to impose.

Professor Pear's book, however, suggests that this is not the sort of society the British are particularly anxious to have. As in so much else, they are empirical: there should be less snobbery, but no ruthless expropriation of it. In the phrase of a precisely identifiable class, a little of what you fancy does you good.

Uncommon Letters

POET AND PAINTER.
Edited by Claude Colleer Abbott and Anthony Bertram.
Oxford University Press. 295 pages. 30s.

IN 1910, when Gordon Bottomley was thirty-six, a common friend sent him a copy of one of his plays in which Paul Nash, then aged twenty, had drawn an illustration. Bottomley was impressed and sent him a letter of encouragement. This was the start of a correspondence that lasted, with some interruptions, till Nash's premature death in 1946.

The correspondence is mostly concerned with painting in general and with the two men's work—and more with Nash's work than with Bottomley's. There is a background of personal news, but rather little about other people—partly because they seldom met and lived different lives; but partly, one feels, because the two men and their wives, in their relations with each other, sufficed to themselves.

The period up to the first war, when Nash was greatly influenced by Bottomley and when the correspondence is most continuous, is the best of the book. Later, as Nash developed on his own lines, and as his busy life interrupted the correspondence, it loses continuity and one sees a smaller part of Nash; but the deep warmth of feeling between the two men lasted to the end, and they never lost their common interests. One of the best things in the book is an exchange of letters on the pre-Raphaelites (an early point of contact) in 1941.

Nash was a natural letter-writer. His thoughts and feelings poured out easily and unconventionally, without inhibition, helped by sketches (of which some are reproduced). Yet one does not see so much of him as of Bottomley. One has a vivid picture, not of the whole man, but of the particular thoughts and moods evoked by the process of sitting down to write to Bottomley. Nash's are the letters of a man who never has time enough to *do all he wants to*; Bottomley's of a man, confined by ill-health, who has time enough to think and only lacks the strength to do what he wants. His letters contain more of himself, and what emerges is heroic: a man constantly suffering who remains even-tempered, wise, cheerful and humorous; fully formed when the correspondence starts and almost unchanged throughout it. He and Nash both write about what interests Nash; and that is mostly painting, in which Bottomley had a profound interest, backed by wide knowledge and technical understanding.

The book, which is well produced and discreetly edited, is addressed to the general reader. One need not be a specialist to find it fascinating.

The Political Economy of Art

DESIGN IN BRITISH INDUSTRY: *A Mid-Century Survey.*
By Michael Farr.
Cambridge University Press. 370 pages. 60s.

ALMOST a century has elapsed since Ruskin delivered at Manchester in 1857 two lectures, *The Political Economy of Art,* containing profound reflections on industrial art.

Mr Michael Farr's survey is largely a sequel to one by Dr Nikolaus Pevsner, which appeared in 1937. This new and more comprehensive book is, as Mr Farr explains, an attempt to describe and evaluate the social, economic, material, and, in general, extra-artistic aspects of the present state of industrial art in Britain. He has tackled an important theme thoroughly. His book should be read by educated business men, especially those concerned with the manufacture of wares that come within the category of industrial art.

Even readers who have long studied this subject will learn much from Mr Farr's inquiries into the extent to which design affects various industries. He cites important foreign instances. Referring to the firm established by Georg Jensen, *facile princeps* in the field of modern domestic silver, Mr Farr tells us that it "accounts for 87 per cent of the total export of the Danish silver industry." He might firmly have drawn the moral which Jensen silver, Swedish glass, and similar successes point: that a thriving export trade in such outstanding wares can only develop from sufficient appreciation in the home market. Britain, increasingly dependent on exports for a living, must regard design as a vital factor in the economy.

Yet the general standard of industrial art remains dismally poor. There is still far too much truth in Ruskin's lament: "Your manufactures become base because no educated man set hand to them." Surveying design in different industries, primarily those producing domestic gear, Mr Farr has wisely refrained from fulminating from a pulpit. His dry strictures are examplified by this comment on wallpapers:

> Modernistic (as distinct from *modern*) patterns began to be used about 1930. Floral period designs were given up and replaced by riotous pseudo-cubistic patterns derived from German "Expressionism," but devoid of the expressive qualities which were that artistic movement's *raison d'être.*

Hard-headed readers may complain that Mr Farr has not told them what good design is. Nobody on earth could furnish them with a verbal definition of its resulting visual music, but Mr Farr writes shrewdly on what may be called its philosophy. Referring to the widespread reliance of radio designers on furniture forms, he remarks that "a high standard of design in a radio set depends, not upon its formal similarity to the products of another industry, but upon the way in which it embodies on the one hand the essential qualities of radio and on the other the spirit of the age in which it is created."

The book's ramifications are inevitably wide. Space does not permit of comment on what Mr Farr has to say about art schools or the education of manufacturer, retailer and consumer. A treatise on such a theme could hardly afford to be badly presented. The Cambridge Press has sustained its high reputation, and the many excellent illustrations constitute a pictorial encyclopædia of the subject.

From Vulture to Cigar

W.S.C. A CARTOON BIOGRAPHY.
Compiled by Fred Urquhart.
Cassell. 255 pages. 16s.

DAVID LOW tells us that he has achieved posterity in one of Sir Winston Churchill's immortal books as "a green-eyed Antipodean radical." He had been naughty, provoking the great man by a shrewish observation on the British Empire into "a passage of pleasing sound, the meaning of which was lost to me because I was otherwise engaged in looking at him."

How well Low looked will be remembered from his affectionate charcoal drawing of "Winston" which he made nearly thirty years ago and which is reproduced below—one of the choicest contributions in this garland of cartoons collected in honour of the nation's Grand Old Man. In his illuminating foreword, Sir Harold Nicolson identifies the symbols and stages of the career of "a most individual, intimate, lovable and provocative human being, whom the gods have delighted to abase and to honour and whom the caricaturists for the last fifty-five years have delighted to draw." The vulture in the veldt needs Sir Harold's note of explanation; this is the first symbol of a half-century series that processed from hats of odd shape to bricklaying, painting, the V sign and the invariable cigar.

It is a catholic collection. One can compare the similarities of the Churchill as the German propagandists saw him during the war with the Churchill that the Russians present to the readers of *Krokodil.* One can perhaps detect some failure among the cartoonists to get the real measure of the man during the later years of his public life—as if he had transcended their power to taunt. But that is the fitting close in the career of one who in earlier years earned envy, distrust and hatred and invested himself in his maturity with the affection and gratitude of a nation and of a civilisation.



BATSFORD

PORTRAIT OF CAMBRIDGE
A. F. Kersting and Bryan Little
A remarkable album of 96 new photographs of University and City taken by a leading architectural photographer and fully annotated by Bryan Little. 25*s.*

WESTERN GERMANY
Monk Gibbon
This new volume in the *Countries of Europe* series supplies the need for an up-to-date guide for intending holiday-makers, now again visiting Western Germany. With 100 illustrations. 18*s.*

THE LIFE AND WORK OF JAMES GIBBS
Bryan Little
The first biography and assessment of one of our leading British architects, designer of the Radcliffe Camera and St. Martin-in-the-Fields. With 36 illustrations. 25*s.*

BOOKS

NEW BOOKS

A FOOL ON WHEELS
Barbara Toy
A single-hand journey by Land-Rover from Tangier to Baghdad, enterprising, humorous and informative. Illustrated. 16s. net

BAVARIAN FANTASY
Desmond Chapman-Huston
The tragic story of Ludwig II told in his own letters and journals hitherto unpublished. Illustrated. 25s. net

SIX AGAINST TYRANNY
Inge Scholl
The moving account of a Munich Students' revolt against the Nazi tyranny. Illustrated. 8s. 6d. net

JOHN MURRAY

Life Among the Physicists

ATOMS IN THE FAMILY.
By Laura Fermi.
Allen and Unwin. 283 pages. 18s.

ATOMIC scientists are temperamentally very different from the popular idea of a boffin. They tend to be self-assured, sociable, and, because they deal with the fundamentals of matter, often have an earthy, tweedy quality which suggests they might have made successful farmers. Laura Fermi married one of the most famous of them all, Dr Enrico Fermi, when he was a young Italian physicist helping to build the newly established school of physics in Rome. Dr Fermi became interested in the behaviour of neutrons; he and his workers used a goldfish pond in the garden of the physics building to test their theories. In 1938 he received the Nobel prize for his work, using the money to emigrate with his family to the United States. With his knowledge of neutrons' behaviour, he and other physicists persuaded Dr Einstein to warn President Roosevelt about the possibility of constructing an atomic bomb. Fermi later built the first atomic pile in the world in Chicago in 1942, and produced a chain reaction in it which demonstrated beyond all doubt that a bomb was possible. He worked at Los Alamos on the bomb project and after the war went back to Chicago to start a fresh field of work on a new unknown type of atomic particle, the mesons. There he died a few months ago.

Mrs Fermi has written a Mrs Dale's Diary of life among the physicists; but she is a civilised and witty woman, and her account of early married life leaves a sharper and more accurate impression of the psychology of the men of the new science than more learned and soberer accounts might do.

Her description of life at Los Alamos with the bomb is, however, more disappointing. The nearness of the events and personalities seems to have cautioned a curb on her lively sense of observation and reduced her narrative to a series of innocuous vignettes of life in the Mexican desert. The frustrations and tedium of living in wartime on the atomic research stations away from all normal forms of society are glossed over. Nor does she refer to the most difficult moral problem that faces the modern atomic scientists, the tension created among men dedicated to the pursuit and dissemination of truth by the continued corrosive secrecy that spreads beyond their working hours and into their family life. Mrs Fermi tells of her predicament one evening in 1942, when she gave a small party for workers in the atomic laboratories and one by one the guests congratulated her husband—for what she did not know. That was the day on which the atomic pile had run for the first time, the crowning moment of her husband's achievement.

Exhilarating Companion

HILAIRE BELLOC.
By J. B. Morton.
Hollis and Carter. 191 pages. 12s. 6d.

"NOBODY," Dr Johnson declared, "can write the life of a man, but those who have ate and drunk and lived in social intercourse with him." This, if not true, serves to remind us that there is a distinct literary kind, the memoir, the canons and prerequisites of which are not the same as those of formal biography. Mr Morton has written an admirable memoir of the mature Belloc, who was over fifty at the time of their first meeting. One cannot be confident that he would have written so good a life, had he attempted it. For the effect here is of a complex and disturbing phenomenon viewed in very short perspective. It is as if Mr Morton had tumbled in on us, breathless and excited, crying "I've had a tremendous afternoon with a staggering person; it was quite exhausting but wholly wonderful. Let me see if I can give you any sort of idea of what it was like."

And certainly the effort succeeds. We may not feel as enthusiastic as does the narrator contemplating his astonishing friend. We may suspect that a man liable to sing all through his meals (particularly "the kind of song which required roaring") or to announce "I will now compare human life to a river" and at once carry out his intention in a copious rhetoric; who insisted that the more ridiculous Oxford dons actually do walk sideways; who was invariably "not one companion but several," allowing "never a dull moment" and "whipping you up the whole time," taking you to no harbour, city or hamlet without "at once beginning to talk about what had happened there"; who could, moreover, never relax but must always be planning timetables, dispatching telegrams or scribbling rhymes: we may suspect, to our shame, that this exuberant personality would have been too much for us.

At the same time we are convinced that, measured up to, the friendship of Hilaire Belloc must indeed have been wonderful, and that all His grumbling and his gloom before the present spectacle and future prospects of western civilisation held for those who understood him nothing depressing or tedious. Indeed we can see how he spread exhilaration, not merely among his acquaintance but among a large body of readers. "A clean wind blew through his books," Mr Morton says finely, "and he made it possible to believe that a professional writer could lead a large and romantic life." It was a life the protracted close of which was much shadowed by bereavement, disappointment and the consciousness of failing powers. But Belloc remains in Mr Morton's narrative a figure of large dignity rather than of pathos—an Englishman, as indeed also a Frenchman and a European, in the great tradition of Catholic chivalry.

Poet's Self-Portrait

AUTOBIOGRAPHIES.
By W. B. Yeats.
Macmillan. 599 pages. 21s.

IN this beautifully printed book are assembled the several autobiographical studies that Yeats wrote between 1915 and 1935. The actual record of his life does not go beyond 1923, and no hitherto unpublished material is included; but it is pleasant to have in a single volume all that Yeats chose to tell the public about his life.

He was too proud and fastidious a man to write the kind of autobiography that resembles a confession. The strong fund of reserve that made him, until his latest years, a rather impersonal letter-writer inhibited him as an autobiographer. What impelled Yeats to write about his own development was not a need to unburden himself, nor a craving for approval or admiration, but a conviction that he was a poet of integrity playing a significant part in the Irish literary movement. There is neither false modesty nor arrogance in his attitude, and his method of self-portraiture is always to relate, and sometimes to subordinate, his own figure to his human environment.

People and places meant a great deal to Yeats. Few poets have made more direct use in their lyrics of their personal associations. In these memoirs his gift of retrospection is beautifully evident. Nothing is set down until it has been brooded over, seen in perspective and proportion. Not surprisingly, the most perfectly satisfying instalment of the autobiography is "Reveries over Childhood and Youth."

In spite of his reserve about his intimate concerns, Yeats spoke out frankly enough about the people he encountered, and his reminiscences of the Rhymers, of Henley, of Oscar Wilde, of Synge and Lady Gregory make "The Tragic Generation" and "Dramatis Personae" of capital importance to all who are interested in the literary scene at the turn of the last century. These pages abound in shrewd or compassionate analyses of personalities. Yeats had, too, the Irishman's flair for a good story, and George Moore in particular gave him opportunities for scathing comedy.

What these autobiographical studies especially reveal about Yeats himself is the tension that always existed in him between the dreamer and the man of action. Passionately concerned with the creation of poetry, constantly fascinated by the supernatural and the occult, he nevertheless expended an enormous amount of time and energy on organising and propaganda work. Occasionally we are allowed to overhear his own reflections on this tension, as in this extract from a diary that he kept in 1909:—

> I cry continually against my life. I have sleepless nights, thinking of the time I must take from poetry—last night I could not sleep—and yet, perhaps, I must do all these things that I may set myself into the life of action and express not the traditional poet but that forgotten thing, the normal active man.



4th printing of the story of the 'Desert Rats'
Take These Men
15*s.*

One Man in His Time
N. M. BORODIN
'The story of Dr. Borodin's decision to renounce Soviet citizenship takes up only the last three pages of his long and enthralling book'. *The Times*

'Engrossing as a personal narrative, dealing with tragic issues yet abounding in incidental humour, the book is the more illuminating because Dr. Borodin indulges little righteous indignation on moral or humanitarian grounds.' —GILBERT THOMAS
(*Birmingham Post*)

'His observations of contemporary neurosis in Russia are fascinating'.—V. S. PRITCHETT
(*The Bookman*)
BOOK SOCIETY RECOMMENDATION 21*s.*

Murder in France
ALISTER KERSHAW
Seven studies of murders committed in France between 1850 and 1940.
'An extremely exciting and stylish exploration of a territory quite unfamiliar to British readers'. —EDGAR LUSTGARTEN
Illustrated 15*s.*

Father's Footsteps
DAMON RUNYON, JNR.
Damon Runyon's son delves into the past and, in drawing an intimate portrait of his famous father, reveals the tragic story of 'a house divided by a dark secret'.
10*s.* 6*d.*

Constable

NELSON

A HISTORY OF INDIA *by* **J. C. Powell-Price.** A comprehensive book covering the life, literature, arts and architecture of the whole sub-continent from the earliest times up to the present day. 87 half-tone illustrations and 25 line maps.
672pp 42*s*

THE VALUE JUDGEMENT *by* **W. D. Lamont.** The author is here primarily concerned with the question, 'What is the nature of the mental activity in which we attribute goodness or value to things?' In his attempt to construct a theory of valuation Dr. Lamont is forced to conclude that certain of the basic laws of economics will not bear logical analysis. *336pp* 25*s*
Edinburgh University Press *May 12*

EDUCATION & SOCIAL CHANGE IN TROPICAL AREAS *by* **Margaret Read.** The relevant application of social anthropology to educational problems is the theme of these essays by Professor Read, Head of the Department of Education in Tropical Areas, University of London. 8*s* 6*d*

THE LIFE OF DAVID HUME *by* **Ernest Campbell Mossner.** The new definitive biography of the Scottish philosopher and historian. Two full-colour and 18 half-tone illustrations, bound in white buckram. *684pp* 42*s*

THE NORMANS IN SCOTLAND *by* **R. L. Graeme Ritchie.** The story of Scoto-Norman relations from their beginnings down to the year 1165, revealing the extent of the Norman contribution to Scottish life and culture. Colour frontispiece. *516pp*
Edinburgh University Press 50*s*

36 PARK STREET
LONDON W1

Faith and Freedom

A Study of Western Society

BARBARA WARD

'Miss Ward's style is clear and unpretentious. . . . Her arguments . . . are well-balanced, and the general reader will derive real instruction from what she says.'—*The Times*

'A very rare and precious document.'—*Time and Tide* *16s. net*

Heretics and Renegades

ISAAC DEUTSCHER

Mr. Deutscher, himself among the heretics, has consistently opposed ex-Communist orthodoxy as vigorously as Stalinism. His new book is likely to promote keen interest and controversy about the problems of post-Stalinist Russia, and the motives of Stalin's successors.

Just published *15s. net*

The Memoirs of Catherine the Great

With an Introduction by G. P. GOOCH

'Her memoirs are as exciting as they are unique.'—ANGUS WILSON (*Spectator*)

'An astonishing record.'—HAROLD NICOLSON (*Observer*)

2nd impression *Illustrated* *25s. net*

An Introduction to American Politics

D. W. BROGAN

'He has given us in this book the most vivid and brilliant portrayal of American politics written in the twentieth century.'—*Political Quarterly* *21s. net*

Conquest by Man

The Saga of Early Exploration and Discovery

PAUL HERRMANN

'For all whom the literature of travel and exploration has never ceased to fascinate, this book is like a dream fulfilled.'—DANIEL GEORGE

Book Society Recommendation *30s. net*

Enter Sir Robert

ANGELA THIRKELL

A new Barsetshire book—as gay and amusing as ever. *12s. 6d.*

Violent Saturday

W. L. HEATH

A powerfully-written novel about a small town robbery, and its shattering effect on the pattern of several lives.

Book Society Recommendation *10s. 6d.*

At Death's Door

LEO BRUCE

'With his usual lively wit Mr. Bruce produces an expertly contrived example of the traditional whodunit.'—*Scotsman* *10s. 6d.*

HAMISH HAMILTON

Fantastic King

BAVARIAN FANTASY: *The story of Ludwig II.*
By Desmond Chapman-Huston.
Murray. 314 pages. 25s.

BAVARIA is the heart of old Germany—the Germany that Goethe championed against the deadly uniformity which he saw coming: the Germany of small semi-independent duchies, with their courts and palaces, their libraries and art-galleries, their parks and opera-houses. Once an outpost of the Roman Empire, then of the Catholic Church, then of the western states against the Holy Roman Empire, finally drawn through the fall of the Napoleonic Empire into the German *Reich*; yet it still epitomised in Wurzburg, Nuremberg, Ratisbon, Rothenburg, Augsburg, and above all its capital Munich, what is most lasting in the old German culture. It was a disaster for the rulers of this state when in 1806 the Elector Maximilian began, by leave of Napoleon, to call himself king; for his successors had neither the traditions of royalty nor the material forces to assert their independence in the troubled years that were coming; their real life was in their rococo palaces, their family alliances, their patronage of art and music. There was too a strain of mental instability in them, sometimes verging on insanity; and it is this which, in the person of Ludwig II (1845-86) and his brother Otto, has more than once attracted the "romantic" biographers.

Major Chapman-Huston, who had already published a number of books dealing with the history of Bavaria, did not live to complete the present work; it has been edited by Osyth Leeston. But he had already, before the second world war, spent much time in the country, and was given access to the secret archives of the Wittelsbach family, including private letters and diaries of Ludwig never before published. It may be too much to claim that "no monarch has had such a detailed and fully documented biography"; but at least these papers, particularly the "Secret Diary" of 1870 and the "scraps of paper" of 1884, provide convincing proof of the mental deterioration which began in a broken engagement and ended in murder and suicide. Ludwig, a tall attractive young man, with his grandfather's aquiline features, had a feminine strain in him ("bisexualism" his biographer calls it) which made him refuse marriage with his pretty cousin Sophie, and led to a series of passionate attachments to young men: much of the book is devoted to the silly or sentimental letters which passed between them. More creditable was Ludwig's admiration for the much older Wagner.

But there was something kinglike beneath the surface of Ludwig's schoolgirl *schwärmerei*. True, he made himself unpopular by spending the crisis of Sadowa out of the country; but afterwards he praised the bravery of his Bavarian troops, and in 1870 was full of anti-French rather than pro-Prussian patriotism. Bismarck must have known what he was saying when he wrote that "he always impressed me as a business-like, clear-headed ruler, full of the German national spirit." The pity of it was that Ludwig's romanticism, the "fantasy" of solitary mountain walks, music and moonlight, Lohengrin posturings, fairy palaces in the Bavarian Alps, morbid confessions of sin, and hysterical resolutions of amendment, gradually undermined his moments of sanity; he was forced to abdicate, put under restraint, and perished by drowning himself and his keeper in the lake at Schloss Berg.

The story of Ludwig's life makes melancholy reading; nor is the manner in which it is told free from the flamboyancy of the "Secret Diary." Yet we may agree with the verdict that "we cannot fail to believe that such prolonged and seemingly forced-drained spiritual, emotional, mental and physical agony as Ludwig the Second suffered will somehow, somewhere, be purged and assuaged. Meanwhile we dare not—will not—judge."

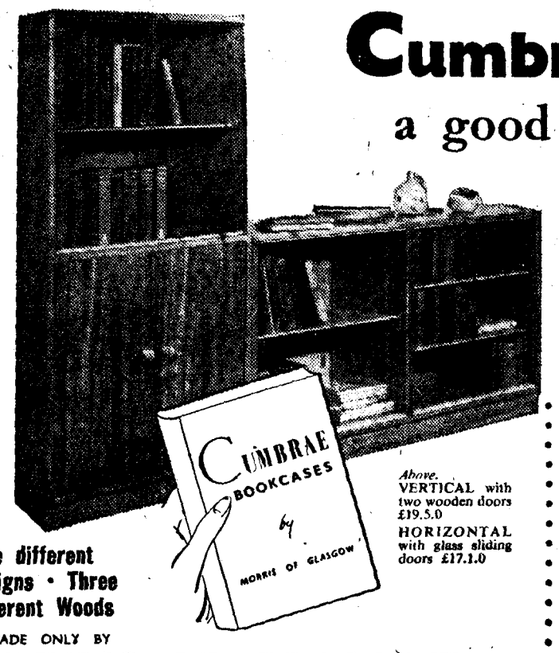
An Admiral Looks Back

THE SEA HERITAGE.
By Frederic Dreyer.
Museum Press. 472 pages. 30s.

THIS book is subtitled "A Study of Maritime Warfare." In the post-atomic age such a study is badly needed, but this is no such thing. It consists of the memoirs of a distinguished gunnery officer who joined the navy in 1891, retired in 1939 and played a useful part on shore in the Second World War. His hero is Jellicoe, whose flag captain he was at Jutland and who thought highly enough of him to say that to him more than to anyone else was due the gunnery efficiency of the Grand Fleet. Although enough ink to float a battleship has been spent on Jutland, Admiral Dreyer fights the battle over again and does well to draw attention to the vital night signals which were not transmitted to the commander-in-chief and which only appear in the second edition of the official history. Jellicoe's unpublished note on the errors of that battle is perhaps the most important thing in the book, though the author has some pertinent remarks about the battle of aircraft priorities in the last war.

It is a pity that a great deal of scrappy information extraneous to the author's own experiences should have been included by way of postscripts and appendices. Nor is the book's appearance improved by the author's predeliction for fancy typography: just as a midshipman's journal blossoms into parti-coloured inks when he wishes to impress, so retired admirals are apt to harangue their readers in italics and capitals. As for initial letters, it is easy to have too much of this sort of thing: "As CNAS I gave a somewhat lengthy address, and was followed by the DNAD, the DGNDP, the DAM and the ADNAD."

Cumbrae put up a good case for Books



Adaptable, roomy and ready for a variety of uses, Cumbrae Bookcases give constant pleasure wherever used. You'll love their craftsman built elegance, the smooth wax polish finish—and the shelves are adjustable. Singly or in groups they combine good looks with practical usefulness.

Above. VERTICAL with two wooden doors £19.5.0
HORIZONTAL with glass sliding doors £17.1.0



Top left. VERTICAL with glass sliding doors £17.1.0



Bottom left. JUNIOR with glass sliding doors £12.14.0 with wooden doors £14.18.0



Top right. HORIZONTAL with 4 wooden doors £21.9.0



Bottom right. HORIZONTAL with two wooden doors £19.5.0

Nine different Designs · Three Different Woods

MADE ONLY BY
MORRIS OF GLASGOW

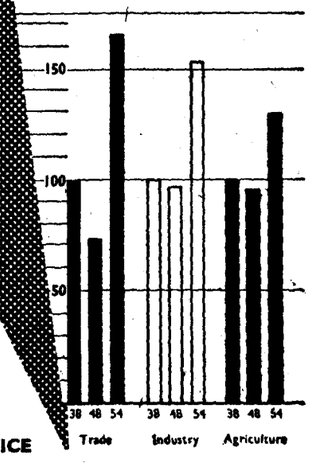
H. MORRIS & CO LTD 147 Milton Street Glasgow C.4.
1 Heddon Street Regent Street London W.1 Deansgate Arcade Manchester

FROM RECOVERY TOWARDS

Economic Strength

in OEEC Countries

This diagram which shows the remarkable progress made in trading and in industrial and agricultural production by the OEEC countries is taken from the SIXTH REPORT OF THE OEEC which has just been published.



Volume I
262 pages 6s.

Volume II
258 pages 6s.

Obtainable from
HER MAJESTY'S STATIONERY OFFICE



This is NO Book

(in the ordinary sense)

This is the famous KEESING'S—a fusion of a Book and a Periodical, ingeniously contrived to form a continuous "living" Reference Tool on Current Affairs—embodying the following characteristics :—

(1) The current Volume contains the records from 1st January 1955 to date (previous volumes are still available for the past 20 years) and to this is added every week a fresh supplement covering the latest developments all over the world—*including any reports which you may have missed due to the London Newspaper strike*

(2) Its unique, alphabetical, cumulative Index is renewed 26 times a year to afford instant access to every item in the volume.

(3) There is no slant, no prejudice, just plain documentary evidence of established FACTS in Politics, Economics, Social Questions, compiled in scholarly manner without comment or interpretation.

Many other aspects of KEESING'S will interest you. Just post the coupon below to obtain the full literature.

Keesing's Publications Ltd. · Keynsham · Bristol
Please supply free details of your service.
Name .....
Address ..... Econ. 26

Maurice Dobb
ON ECONOMIC THEORY AND SOCIALISM

Papers and essays from one of our most distinguished economists, covering a wide range of subjects from a theory of wages and recent trends in economic theory to economic growth under the Soviet Five Year Plans and studies of Lenin, Marx, and Bernard Shaw.

Out yesterday, 21s. net

R. K. Kelsall
HIGHER CIVIL SERVANTS IN BRITAIN

Coming soon, 25s. net

Routledge & Kegan Paul

The Twentieth-Century Capitalist Revolution
ADOLF A. BERLE, JR.

In this searching analysis the author, who is Professor of Corporation Law at Columbia Law School, focuses attention on the corporation. His book represents the first complete overhauling of our concepts of capitalism since Adam Smith. 8s. 6d.

Two striking autobiographies

A Victorian Boyhood
L. E. JONES

'Great wit and charm'—*The Economist.* 3rd large printing. 18s.

Autobiographies
W. B. YEATS

'These memories are alive with people'—*The Times.* Illustrated. 21s.

MACMILLAN

Wives and Writers

OLIVE SCHREINER: *Her Friends and Times*
By D. L. Hobman.
Watts. 191 pages. 15s.

THE MEASURE OF MY DAYS.
By Sarah Gertrude Millin.
Faber. 394 pages. 21s.

THESE books are about two women, outstanding in their country (South Africa) and in their generations, who, in character, have something in common: both intelligent, imaginative, agnostic and egocentric; both gifted with an intuitive awareness of political events; and both suffering from a chronic nervous disease—one from asthma and the other from insomnia. Olive Schreiner, of whom Smuts wrote: "She is a national possession, and the more one knows her, the more one reverences her" was born in 1855 and died in 1920, when the young Sarah Gertrude Millin, whom Smuts was to call his "Thucydides," was at the beginning of her career as a writer. There was thus a continuity in their evaluation of the South African scene, about which each wrote a book of distinction.

Miss Hobman's admiration for Olive Schreiner was kindled when as a young girl she read "Women and Labour," which she still considers "one of the noblest books which have ever appeared in defence of feminism." It is a pleasant surprise that the biography (which also includes competent thumb-nail sketches of Havelock Ellis and Edward Carpenter) is not distorted by hero-worship, but is an effective and balanced appraisal of a puzzling character, from which there emerges a woman of great gifts but little concentration, driven by a stubborn and erratic temperament and inhibited by physical suffering. Her "The Story of an African Farm," written when she was a young governess in a Boer family on the veldt, was a world success. She was acclaimed as a poet, prophet and pioneer, but all that she subsequently wrote, apart from "Women and Labour," were volumes of "Dreams," "Allegories" and "Stray Thoughts."

When she was almost forty she married a man eight years her junior, on the understanding that he would take her name. She found life on his lonely farm insupportable, and he, believing that it was his mission to give her genius scope, renounced his own vocation and went to live in Kimberley so that she might finish two full-length novels which were to earn her £30,000. But her asthma proved as bad in the city as on the veldt, and they moved to Johannesburg, then Cape Town, but the novels remained unfinished. Her husband was a pedantic and meticulous man, with a strict sense of duty, and he cherished her in sickness and health, bore with the superciliousness of her friends, her erratic housekeeping, her uncomfortable habit of sleeping during the day and wandering restlessly and noisily about during the night until at last they became estranged, and separated for six years, only to find that reunion was even more impossible.

It is not surprising that Olive Schreiner grew to feel "out of everything" and terribly lonely. The biography depicts the pathetic metamorphosis of an admired and eagerly welcomed friend into a perverse, unwanted and forgotten invalid. She swept like a meteor across the sky of her own generation leaving little trace behind, and yet—people still living who knew her in her brilliance and perversity are "alight when they speak of her, as though her very memory were luminous." All her world seems to have taken Olive Schreiner very seriously. It is not recorded that anybody laughed at her. Nor does Miss Hobman, which is also a pity.

There was a warmth of shared laughter in another South African household, where the wife was a distinguished and also a prolific writer, undeterred by a shattering inability to sleep more than six or seven hours a week. Sarah Gertrude Millin's biographies of Rhodes and Smuts and her brilliant study of the people of South Africa have won her world recognition; she also wrote novels which were widely read. She made an early marriage which grew into an ideal partnership, crowned with well-deserved success in public life and great happiness in shared work and mutual understanding, but clouded in later years by the threat of her husband's heart trouble, from which he suddenly died.

When one partner to a good marriage dies, the other dies too, and is born again into a bleak and frightening world in which everything must be seen through two eyes instead of four. Many people arm themselves for this struggle with gratitude for a rich memory of happiness; with courtesy in leaving the feast graciously when it is over; with pride that the one who is gone is still reflected in the added personality of the one who is left behind. Not so Mrs Millin. She is concerned to show how wrong the doctors were to keep from her the true facts of her husband's precarious hold on life; pitifully to con over the chances that contributed to his death at that particular moment and other chances which might have prevented or postponed it; with the complete emptiness and hopelessness of widowhood, "Nothing matters in the end," she says, "not parents or children—except the loss of your companion." Others who do not have a companion, would, for the sake of having one, accept with stoicism the inevitable corollary that one must go and one stay.

In an earlier book Mrs Millin wrote that one had to learn how to be middle-aged and elderly and old. One had to practise being fifty and sixty and seventy no less than being twenty and thirty and forty. In every phase of life one was inexperienced and immature, and puzzled and young. Now she is puzzled and young in bereavement—and even her fine courage is daunted by lack of sleep—and in her groping for some way out of her anguish she has, with youth's impetuosity, written a book in order to keep the memory of her husband alive. But if she had waited until she was more mature in bereavement, it could have been a better tribute to a very gifted gentleman, whose attributes included humour, stoicism and a horror of fuss.

Soldiering

GOING TO THE WARS.
By John Verney.
Collins. 255 pages. 12s. 6d.

ANY reviewer can be forgiven a sigh when presented with yet another book of the personal war experiences of a young man. And a quick glance through the contents of this book seems to promise all the usual ingredients, including—yes, of course—the escape story at the end. But this reviewer soon stopped complaining. This book does manage to be different. It is a mixture of truth and fiction and a very agreeable mixture, told with a freshness and humour which make delightful reading.

The story starts gaily in the 1930s with the author at twenty-three taking a vacation from his job as an assistant film director to do, for a reason he finds hard to explain, his first amateur soldiering as an officer with a Yeomanry regiment in Somerset. "'Have a smoke, sir?'" he says to his fierce red-necked Major with heavy cavalry moustache—an insurance agent in ordinary life. "His prominent, rather red-rimmed blue eyes stared at me in outraged astonishment. 'We never smoke during battle,' he said angrily." The tone of this book is set by the subsequent observation: "Strangely, the real thing when it came was not much more real than the make-believe."

Yet if the air of fantasy never quite leaves this story, it is only fair to report that the author soon begins to take his soldiering seriously when his Yeomanry Division goes overseas to Palestine in the early months of the war. But the stage was set for fantasy in those first idle days for cavalrymen when the jingle of their swords sounded quaintly in a war of tanks and aeroplanes. From behind the humour in the telling of those two waiting years in the Middle East, there emerges the utter frustration for these ill-equipped troops, the awful muddle of the Syrian campaign, and the impossible task of keeping up the morale of these troops. Eventually getting himself attached to a small hush-hush unit, the author is parachuted over Sardinia on a John Buchan-type project of blowing up German bombers based on airfields there. Inadvertently, the little band of men is captured. John Verney finally manages to escape, to get reunited with his wife, to contract attacks of acute malaria, and to bring his war story to a gentle close.

This is a kindly story of soldiering, not full of high-sounding words, not unduly kicking against the army system, tolerant towards fellow soldiers—or seemingly quite so—and written in an accomplished way.

"Although this autobiography is lively with the excitements and the high colour of gang warfare, corruption in public office, and the operations of the secret service, its larger value is its record of the development of police organisation during the past 25 years."
Glasgow Herald.

CLOAK WITHOUT DAGGER

THE MEMOIRS OF
SIR PERCY SILLITOE, K.B.E.,
Former Director-General of M.I.5

Foreword by the RT. HON. CLEMENT ATTLEE, P.C., O.M., C.H., M.P.

Ambitious as he had always been, Sir Percy Sillitoe had never in his wildest day-dreams visualized himself at the head of the Secret Service, but these extraordinary memoirs provide a more than adequate explanation of the rise to so exalted a position of the one-time choirboy of St. Paul's Cathedral.

Illustrated 15s. net 3rd impression
JUST PUBLISHED BY CASSELL

Bull Fever
By Kenneth Tynan

Mr. Tynan sees the bull-ring from the viewpoint of the dramatic critic. In this book he considers a dozen bull-fights seen on a recent journey through Spain, capturing all the stimulus of the spectacle and the artistry of the performance.

Illustrated *May*, 18s. *net*

The Slaughterhouse Informer
By Edward Hyams

The author of *Sylvester* and *Gentian Violet* is in his most satirical mood with this saga, which concerns the rise to national fame of an obscure provincial periodical under the skilful, if erratic, manipulation of an oddly assorted triumvirate.

May, 12s. 6d. *net*

Longmans

THE
DECISIVE BATTLES
of the Western World
by Maj.-Gen. J. F. C. Fuller

VOLUME II
From the Armada to Waterloo
(27 maps & plans, 35/- net)

The Times Literary Supplement
"His second volume is a very fine production, perhaps his best . . . among the most masterly pages are those recording the Waterloo campaign . . . He is probably unequalled in bringing out the peculiar genius of real soldiers. His sketches of Gustavus Adolphus, Cromwell, Marlborough, Frederick the Great, Nelson, Napoleon and Wellington are outstanding."

The Crecy War
by Alfred H. Burne

A military history of The Hundred Years War from 1337 to the Peace of Bretigny in 1360.

The Listener
"Brilliant book . . . his lucidity and close reasoning time and time again make clear incidents which have been muddled by historians."
(18 maps, 3 plates, 30/- net)

Recommended by the Book Society

Good and Bad Taste
by Odd Brochmann

A well known Norwegian architect discusses problems of taste and fashion in building, decorating and furnishing, and illustrates his argument with 96 of his own delightful and delicate drawings.

Truth
"A fine piece of craftsmanship, as indispensable as a work of reference as it is instructive as a primer of taste." (18/- net)

The Human Use of Human Beings
by Norbert Wiener

The *revised edition* of a book which, originally published in 1950, provides a brilliant and revolutionary study of man's position in a world dominated by self-governing machines.

Spectator
"An important, profoundly humane and 'unorthodox' strand of American thought."
(18/- net)

EYRE & SPOTTISWOODE

McGraw-Hill

TRAVEL BOOKS

McGraw-Hill Pocket Travel Guides

The Pocket Guides which really fit the pocket size 6¾" x 4".

Designed for every type of holidaymaker and traveller, each Guide is divided into itineraries which cover the whole country and thus provide a complete, quick-reference tour.

Other special features include: page-by-page route numbers and distances between cities; road maps; detailed maps of all the larger cities and towns, showing the best entrances and exits and points of interest on the routes; recommended hotels and restaurants; coloured, easy-to-recognize illustrations of each country's currency; a practical dictionary of essential foreign words and phrases; details of places to visit; addresses of national tourist offices; passport and visa regulations; records of fairs, festivals and sporting events; facts and figures on the economic, industrial and cultural life of each country; numerous illustrations in colour.

No other pocket guide gives so much information in so compact a form.

Titles Already Published

Austria	...	...	**15s 0d**
British Isles	...	...	**15s 0d**
France	...	...	**15s 0d**
Italy	...	...	**15s 0d**
Paris	...	...	**17s 6d**
Spain	...	...	**15s 0d**
Western Germany		...	**15s 0d**

The World in Colour Series

A unique series of travel books which present an authentic story in word and picture of a particular country, its people, its history, its way of life. THE WORLD IN COLOUR books are essential not only for the traveller but also for the general reader whose bookshelves are passports to armchair travel. Lavishly illustrated in colour.

"It tells you all you want to know . . . not guide book stuff but the answer to every point that might occur to you . . ."
YORKSHIRE EVENING NEWS *review of* THE PARIS WE LOVE

"A beautiful and luxurious production"
TIMES OF MALTA *review of* ITALY

". . . Excellent text . . . charming wash drawings and paintings which render it remarkable."
ILLUSTRATED LONDON NEWS *review of* SPAIN AND PORTUGAL

". . . . sheer artistry in production . . . information is competently and skilfully merged with the background, atmosphere and folklore of Africa."
NATAL DAILY NEWS *review of* SOUTH AND CENTRAL AFRICA

Titles Already Published

Italy	...	...	**30s 0d**
North Africa	...	...	**30s 0d**
Scandinavia	...	...	**30s 0d**
South and Central Africa			**30s 0d**
Spain and Portugal	...		**30s 0d**
The Paris We Love	...		**30s 0d**
The Provinces of France			**30s 0d**

The Friendly Rivals

GEORGIANA.
Edited by the Earl of Bessborough.
Murray. 317 pages. 25s.

DEAREST BESS.
By Dorothy Margaret Stuart.
Methuen. 279 pages. 21s.

THE last days of the English "Old Regime"—the age which enjoyed the scandals of the Prince of Wales's relations with Perdita Robinson and his reputed marriage with Mrs Fitzherbert—knew few domestic situations more remarkable than the one which developed at Devonshire House. There the social chief of the Whig aristocracy presided, as happily as his phlegmatic nature permitted, over a family circle consisting of Georgiana (his first Duchess), Lady Elizabeth Foster—his mistress—and his children by both of them. The party was joined later by the two Foster boys on the death of their disagreeable father, with whom "Bess" had found life insupportable some years before. Outside this happy family (the younger members of which got on well together) hovered, somewhat in the shadows, but provided with a good start in life, two other illegitimate children: the daughter whom the Duke begot before his marriage; and Georgiana's daughter by young Charles Grey, later Earl Grey of the Reform Bill, to whom she had turned for consolation.

Most of the letters comprising the first of these books, so carefully selected and wisely introduced by Lord Bessborough, were written by Georgiana and her mother, Countess Spencer; but there are enough of those between Georgiana and Bess to confirm the strength of a friendship that apparently stood the severest test imaginable. Lady Spencer's letters convey her displeasure at her daughter's hectic life, which moved with a frequency that is rather puzzling (owing to the absence of addresses on many of the letters) from Devonshire House to Chiswick, or—less frequently—Chatsworth, and back again: they might well be the letters of a Victorian mother to one of the "Bright Young Things"—though it is doubtful if many daughters in the nineteen-twenties would have answered them so repentantly. But the promised reformations were short-lived; and the Duchess's debts piled up fantastically. The Duke is said to have extricated her to the tune of a million. It is a matter of guess-work rather than arithmetic to calculate a figure from the clues in her letters; even when appealing to Mr Coutts, the banker, whose heart again and again overcame his presumably hard head, she never disclosed her real liabilities. Monsieur Calonne, who found her problem as insoluble as the bankruptcy of the French monarchy, seems to have been more cautious: he advised, but did not lend much. The Duke's patience was exhausted in 1791 when he compelled her to retire to the continent for a year; but his decision may have been strengthened by other anxieties, for during her exile Grey daughter was born, and Bess, als abroad, bore one of the Duke's childre

Lady Spencer must have watched h daughter's married life with disappointment. One senses in some of her letters a doubt whether a wise choice of husband had been made for Georgiana. Her natural qualities might have matured more healthily in the bracing air of Chatsworth than in the candle-lit card-rooms in London. But the Duke, unlike his father and his son, took little interest in Chatsworth or the country duties of his rank. There is evidence that Georgiana saw some of the possibilities afterwards exploited by Paxton; and she founded a school for poor children at Edensor. But her enthusiasms were not encouraged, and her follies may have been partly due to the frustration of a nature whose kindly generosity won and held her friends.

"Dearest Bess" might be described as sympathetic biography; it presents Lady Elizabeth Foster's life in the most favourable light—to Miss Stuart she deserves neither Lady Spencer's disapproval nor the unappeasable dislike of Georgiana's daughter Harriet. But it would be unfair to call the book "biographical fiction"; for Miss Stuart allows Bess in letters and journal to tell her own story unaided, except for an occasional word of reproach to her detractors; and, it must be added, rather a superfluous amount of textbook history—though even this provides background for the eye-witness accounts of people and events in which Bess displays her ability as a foreign correspondent. She had, indeed, a real gift for portraiture and exceptional opportunities for using it: she tells us what Napoleon looked like and what some of his chief assistants thought of him. It is especially interesting to compare her descriptions of Bourbon and Consular Society. Like Georgiana she was on terms of friendship with Marie Antoinette. This pleasure in observing and recording what she saw and heard lasted all her life, and obviously lightened her long second widowhood—the Duke died in 1811, but Bess lived on till 1824. During her short reign as Duchess (1809-11) she managed, aided by their good nature, to live on friendly terms with the Cavendishes: and the sixth Duke, though he soon discouraged frequent visits to his houses, treated her fairly.

The most difficult character to appraise in this "Comedy" is the Duke. He is described in Mr Francis Thompson's History of Chatsworth as so lethargic that he refused to get out of bed when told the house was on fire—he said "they had better put it out," and went to sleep again. Yet his letters to "Dearest Bess" are lively and not without humour. Perhaps she possessed some psychological spur which Georgiana lacked. Or perhaps Georgiana's magnetism, which held the Prince of Wales and Charles James Fox, not to mention the Westminster electors, had no attraction for the Duke.

"This Were a Popet . . ."

ENGLISH DOLLS, EFFIGIES AND PUPPETS.
By Alice K. Early.
Batsford. 226 pages. 25s.

THE author of this book is well known to doll addicts as a collector of antique dolls and puppets. The success achieved by the attractive "Dolls Through the Ages" exhibition in Park Lane in July, 1954, was evidence of the extent to which the craze for doll-collecting has crossed the Atlantic. During recent years, its American ardours have become fully apparent to officials of English museums containing dolls.

Mrs Early devotes the greater part of her amply illustrated book to dolls. In her context effigies are, primarily, wax images of British monarchs and famous people. Inevitably shapeless, but pleasantly discursive, this book will appeal to those delighting in information about the history of everyday things.

Small figures surviving from remote antiquity are often to be regarded as symbols belonging to religious cults or to superstitions, rather than as playthings. In more modern times, there is the charming tradition of fashion dolls, tiny inanimate mannequins displaying the newest modes. A notable employer of such dainty trade emissaries was Rose Bertin, Marie Antoinette's dressmaker and milliner. Queen of the doll industry—dolls for nurseries—was Madame Augusta Montanari, whose success in London during the middle of the last century was crowned by the award of a medal for her wax dolls shown at the 1851 Exhibition. She "perfected the method of inserting every hair individually in the dolls' wax heads with a hot needle as if it grew naturally." The jury reported that, while her dolls were "the most remarkable and beautiful collection of toys in the Great Exhibition. . . ." they "are adapted rather for the children of the wealthy than for general sale, since prices of the undressed dolls are from 10s. to 105s. each."



English Movable Fashion Doll (c. 1830)

Two corrections may be noted for any further edition: *coiffeur* is more than once used in the sense of *coiffure*; the Roman rag doll from Oxyrhynchus is in the British Museum, not the Victoria and Albert.

Disencumbered Johnson

SAMUEL JOHNSON.
By Michael Joyce. *Men and Books Series.*
Longmans. 183 pages. 10s. 6d.

"NO species of writing," Johnson declared, "seems more worthy of cultivation than biography, since none can be more delightful or more useful, none can more certainly enchain the heart by irresistible interest, or more widely diffuse instruction to every diversity of condition." Mr Joyce may fairly claim to write under this charter, since his book is essentially a modest and competent labour of diffusion, likely to appeal to casual readers who find Boswell bulky and bewildering, and who are unwilling to tackle such formidable subsidiary sources as the "Johnsonian Miscellanies" and the "Thraliana."

There is no doubt something to be said both for retrenchment and for a composite sketch. Boswell aimed at the largest of conversation pieces—one "exhibiting a view of literature and literary men in Great Britain, for near half a century"—and in pursuing this public design he may have failed a little to do justice to the more domestic Johnson, for glimpses of whom we must turn to Mrs Thrale or Miss Burney. Again, Boswell adopted, to a point of injudicious lavishness, that technique of incorporating epistolary correspondence within biographical narrative which had been innovated by Mason in his "Life of Gray." Mr Joyce admires the letters (it is in them, he excellently says, that Johnson most finely "merges the fruits of his own experience with the accumulated wisdom of mankind"), but he maintains that they are most agreeable when read in bulk in Dr Chapman's edition. A disencumbered portrait, in which the subject stands out boldly against a lightly indicated background, has a charm which Johnson himself superbly knew how to command in the "Lives of the Poets." Mr Joyce makes a creditable attempt upon it.

But Johnson's "Lives" are equally distinguished as literary criticism. Unfortunately Mr Joyce's lively appreciation of the personality of his sitter is not matched by much feeling for his works. It is no doubt true in a sense that Johnson "had never wished to become a professional writer." But the same thing might be said of Swift. And when we read that "he clearly knew nothing of that imperious creative force which drives the true artist to bring his masterpieces to birth" we are bound to reflect that, nevertheless, "The Vanity of Human Wishes" and "Rasselas" exist. Mr Joyce shows no awareness of the first of these as much differing from "London." And he declares the second to be "merely dull."

MONDAY!

Ngaio Marsh

Scales of Justice

Her new detective novel, celebrating the 25th Anniversary of The Crime Club. *10s. 6d.*

K2: The Savage Mountain

Charles Houston, Robert Bates

Sir John Hunt writes "This story was a *triumph*" of their dramatic attempt on the world's *second* highest peak. *Superb photographs, 25s.*

Ray Robinson's

New cricket book, The Glad Season

"He is as good among cricket books as Don Bradman is among cricketers."—*Evening News* *Illus. 15s.*

Gyr Falcon Adventure

Stanley Cerely

A City business man's adventurous trip to Iceland, alone, to photograph the fiercest and most romantic of birds *Illustrated, 18s.*

COLLINS

Cheshire V.C.



By RUSSELL BRADDON

The story of Group-Captain Leonard Cheshire, V.C., D.S.O., D.F.C. told in intimate detail, from earliest days up to the present time. *Illustrated.*

EVANS **12'6 NET**

From the Government Bookshops

Yearbook on Human Rights for 1952

Prepared by the Human Rights Division of the United Nations Secretariat with the assistance of Governments and correspondents in countries throughout the world, this yearbook provides comprehensive information on human rights which is of permanent reference value to government officials, lawyers, writers, scholars, librarians and students everywhere. (*U.N. publication.*)

37s. 6d. (by post 38s. 9d.)

Statistical Yearbook 1954

Prepared by the Statistical Office of the United Nations

Sixth issue of a comprehensive collection of authoritative international statistics presented in 179 tables, most of which cover a twenty-year period ending 1953, and some brought up to the middle of 1954. (*U.N. publication.*) **45s.** (by post 46s. 8d.)

Careers

Teachers, parents and others advising on the vital problem of choosing a career will be helped by the series of booklets on Careers issued by the Central Youth Employment Executive and the Ministry of Labour and National Service. These booklets which now number 88 have been specially prepared to give a clear idea of what work is like in a wide variety of crafts, industries and professions and the qualifications, qualities and training required. Prices from **6d.** to **1s. 6d.**

H.M. STATIONERY OFFICE

York House, Kingsway, London W.C.2; 423 Oxford Street, London W.1. (Post Orders: P.O. Box 569 London S.E.1); 13a Castle Street Edinburgh 2; 39 King Street, Manchester 2; 2 Edmund Street, Birmingham 3; 109 St. Mary Street, Cardiff; Tower Lane, Bristol 1; 80 Chichester Street, Belfast; or through any bookseller.

Graven Imagery

THE IMAGERY OF BRITISH CHURCHES.
By M. D. Anderson.
Murray. 230 pages and 24 plates. 25s.

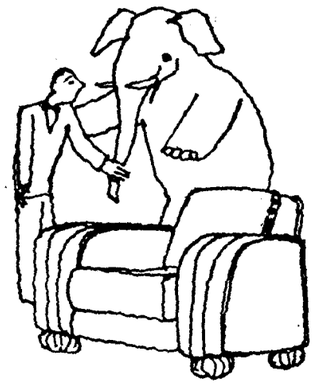
ENGLAND'S parish churches are its folk museum. Ravaged only by Reformers between 1540 and 1660, the neglect of eighteenth-century rationalists and Victorian restorers, they still conserve most of what we know of the life and attitudes of our ancestors. In the imagery of their architecture and contents we trace a continuous line back to pre-Islamic Syria or Africa, to the Celtic missionaries and to the pagan Roman-Hellenistic arts. Paulinus of Nola and Apollinaris Sidonius mention wall-paintings, mosaics and other imagery which told the Christian story to illiterates. Today we know more of the symbolism, imagery and iconography which link our remaining churches to "the chaos of pre-ordination and Night of our fore-being."

Miss Anderson has put us deeper in her debt by this latest of many works. Her knowledge of crafts, liturgy, social history and literature is immense; her zeal infectious; her dispassionate probing of our ancestors' attitudes most revealing. She views churches and their wide range of contents—the latter serving both ecclesiastical and secular purposes—from many different standpoints: those of the Church itself, the local parson, the laity (rich and poor), the artists, young and old, men and women. It is possible to disagree with her: for example, can Norman (or were they Saxon?) stone-carvers have been so unskilled, even if they did copy metalworkers, when they could do work like that at Kilpeck?

It is nice to be reminded today that a marriage six or seven centuries ago legitimised previously-born children, who "knelt under the care-cloth" at their parents' wedding; that joining the hands for prayer came in late, and from the secular ceremony of homage-plighting by "a lord's man" under feudalism; and that "going to the wall" comes from the early days when the only seat for the congregation was the wall-bench for the aged or infirm. And the following passage recalls Pater's "Denys of Auxerre"; it is about the rebuilding of Bodmin church in 1469-72:

> Every inhabitant seems to have given according to his means and those who could not give money gave their free labour. Many gave both labour and gifts of produce to be sold: here a lamb and there a goose, and further on we read that Cicely Serle gave her "crokke" (or cauldron) which was sold for 20d. The vicar gave his whole year's salary and the "parish people" who lived outside the town also contributed.

There is a wealth of learning in this book; above all, about the "becoming" of much of the beauty of England still around us. Some errors should be corrected in further editions: e.g., there is no West "tower" to the Saxon church at Bradford-on-Avon. The notes, bibliography and indices are superb.



For whom was this chair made — people or elephants?

A Matter of Taste

GOOD AND BAD TASTE.
By Odd Brochmann. Translated from the Norwegian by M. A. Michael.
Eyre and Spottiswoode. 128 pages. 18s.

THIS book attempts to explain one of the great mysteries of all time—why we find some objects beautiful and others ugly, and, indeed, why we ought to do so. The appeal of an object to the eye depends on its form, its colour and texture, and Mr Brochmann takes these elements in turn and analyses the kind of reaction they produce in the beholder. Form, he says, is appreciated in three ways. The first depends on the way the eye works, on the way it perceives order and balance, and relates objects together. On this perception depends the appeal of a Georgian building, with all the emphasis on geometrical shapes and their proportion to each other. The second way in which form is appreciated is described by Mr Brochmann as organic, and his theory is that membership of the animal kingdom gives us an instinctive love of natural forms, flowing curves and so on. This sense overlaps with the first kind of appreciation, in that the proportions of the human body affect our judgment of good proportion—which explains why, for example, people would condemn the monstrous armchair in the illustration reproduced above. Thirdly, there is a strictly rational appreciation of form which depends on whether the object is considered well adapted for the purpose it is meant to serve.

A person with bad taste thus becomes by definition a person deficient in his optical, emotional and rational reactions. The fact that the majority appear to be so deficient is perhaps to be explained by the fact that their appreciation is overlaid by mental associations such as the desire to impress. It is an illuminating book and wittily illustrated.

The Art of the Party

I MARRIED THE WORLD.
By Elsa Maxwell.
Heinemann. 318 pages. 18s.

GEORGE BERNARD SHAW called Miss Elsa Maxwell the eighth wonder of the world; indeed, her career was remarkable from the start, for she was born in a theatre box during a performance of *Mignon*. Lady Bracknell would not have considered that much of a recommendation, and the young Elsa certainly had neither money nor social position, and was very far from goodlooking. The only advantage her background gave her—and that a modest one—was that through her father, an American literary journalist, she met a few visiting celebrities. Yet Elsa Maxwell became the most famous party-giver of the century.

How did she do it? The mechanics of her career give little clue; it was a triumph of sheer personality. She had a small talent for singing and playing the piano, and began as an actress in a touring company. An actress friend paid for her to go to Europe—the first of many friends who forked out fares and hotel expenses for the sake of her vibrant company. At Maxine Elliott's house in London she first found herself in the fashionable circle, and from then on she was in great demand. She was always, in short, the life and soul of the party, and many a hostess was thankful for her extraverted exuberance.

Her technique for making a party "go" was, first and foremost, to assemble interesting people. (Never, she says, work in the bores to whom you owe invitations. It is better to have them to a separate party—where you will find that they generate a sort of animation, exchanging their banalities with great vivacity.) Another rule was to provide music—and what music hers was. Anyone from Artur Rubinstein to Cole Porter might be heard at her parties. But her principal technique seems to have been to run her parties as if the guests were children. She would shake the guests out of their dignity and self-consciousness, not with plentiful alcohol, but by making them play silly games or take part in some monstrous charade. Her distinguished guests might have to hold up a sheet and blow a feather off it, or come dressed as they were at the moment of receiving the invitation. And so she kept boredom at bay from a set that was haunted by fear of it.

It is not surprising that she was so popular. Her father once told her that her plainness and plumpness could be an asset "because no woman will be jealous of you and no man will be suspicious of you." To supplement this asset she has a warm and generous personality, a simple delight in knowing interesting and famous people, but an honest scorn for those whose only claim to notice is their snob value. Her comments on people are not particularly penetrating, but they are usually good natured and always entertaining.

Adolf Galland
THE FIRST and THE LAST

The life and death of the Luftwaffe: the personal story of Adolf Galland, Germany's most famous fighter ace and wartime commander of the fighter force. Here is a document of cardinal importance in the history of the air war. It 'combines in one man's memoirs both the passion of combat and the perspective of command' (Time Magazine)

Foreword by DOUGLAS BADER
Illustrated 18s

Régine Pernoud
THE RETRIAL OF JOAN OF ARC

The evidence produced at the trial of rehabilitation of Joan, held twenty years after her death, is presented in English for the first time. 'The story has the exciting quality of all trial stories, but it also builds up in a remarkable way the atmosphere of fifteenth century France... This extremely interesting book, extracted from original material, is a serious addition to our understanding of her' (C. V. Wedgwood, *The Bookman*)

Book Society Recommendation 16s
Ready May 5

T. S. Ashton
AN ECONOMIC HISTORY OF ENGLAND: THE 18th CENTURY

The growth of population, agriculture, manufacture, trade, and finance at this period receives interpretation in the first volume to appear of *Methuen's Economic History of England.* **18s**

HOME STUDY BOOKS

Recent additions to this series include **France: the Fourth Republic** by Dorothy Pickles ('concise and clearly informative' said *The National and English Review*) and John A. Hawgood's **The Evolution of Germany** ('a clear and enlightening introduction' said *History Today*). Each **8s 6d**

METHUEN

James Allan
NO CITATION

Introduced by **the Rt. Hon. the Lord Ismay, P.C., G.C.B., C.H., D.S.O.,** Lance-Corporal Allan tells of his experiences among Soviet political prisoners in the infamous Lubyanka gaol.
Illustrated **12s. 6d.**

Colin Simpson
ADAM IN PLUMES

The most picturesque primitives left on the face of the earth—natives of the mountain-walled Wahgi valley in Central New Guinea—are revealed in this vivid first-hand account by the author of 'Adam with Arrows'.
Illustrated **21s.**

Angus & Robertson
105 Great Russell Street, W.C.1

Only a specialised bookshop can offer a specialised service

We hold an unrivalled stock of books on Economics, Anthropology, and the Social Sciences; also available are general-background books on most subjects.

We mail to all parts of the world

The Economists Bookshop

11-12 Clements Inn Passage Aldwych, London, W.C.2.



The Solitary Singer

A Critical Biography of Walt Whitman

By GAY WILSON ALLEN

"A full scale life of the singer of songs, the man, the myth and the poetic genius .... It is and probably will remain for our time the definitive biography."—N.Y. TIMES. "He has given us our most thorough and reliable Whitman biography and has told well one of the great stories behind one of our great books."—N.Y. HERALD TRIBUNE. Special price 42s.



Leonardo da Vinci

By LUDWIG HEYDENREICH

"We are indebted to Mr. Heydenreich for pulling Leonardo's scientific activities together into a valuable and consistent pattern. . . . It is a very good picture of the total man . . . the reader can learn more from this work about Leonardo than he could ever have learned before."—Alfred Frankfurter, N.Y. TIMES.
1 volume edition 100s 2 volume edition 126s.



His Very Self and Voice

The Collected Conversations of Lord Byron

Edited by ERNEST J. LOVELL, Jr.

"The success of Dr. Lovell's technique . . makes this massive 600-page volume singularly noteworthy and interesting .... Those of us who feel as strongly as did Byron's own generation the spell of his powerful and relentless genius will find Dr. Lovell's book not merely illuminating, but even indispensable, to any effort to solve the enigma of Byron's life and personality."—THE TIMES LITERARY SUPPLEMENT. Special price 42s.

Marketing of Agricultural Products

By Richard L. Kohls. An easily understandable survey of the marketing of many familiar farm products in the present economy. Realistic and concrete, it incorporates all recent findings. 37s.

The Social Economics of Agriculture

By Wilson Gee. Concise coverage of basic economics and rural sociology as they relate to agriculture and the economy as a whole. Rev. ed. 45s. 6d.

Economic Geography

By C. F. Jones and G. G. Darkenwald. Up-to-date second edition of this outstanding work analyzes the production and distribution of the principal world commodities. "A first class book in its field."—SOIL SCIENCE. Special price 35s.

Governments of Europe

By William Bennett Munro and Morley Ayearst. The fourth edition of a classic work completely revised to include all the recent changes in European politics today. 37s.

Introduction to the Study of Public Administration

By Leonard D. White. A forthright analysis of American governmental structure, personnel and control at all levels. Probably 42s.

Techniques of Magnetic Recording

By Joel Tall. Complete, practical guide to modern recording emphasizing the many new uses in education, science and the arts. Probably 52s. 6d.

Make Your Own Stereo Pictures

By Julius B. Kaiser. Easily understandable directions for making beautiful 3-dimension pictures with a minimum of equipment. Special price 31s. 6d.

Information Please Almanac 1955

Edited by Dan Golenpaul. A handy 960-page reference for home and office containing over one million facts. Hard cover edition 15s. Paper-bound edition 10s. 6d.

Beyond Despair

By G. Ray Jordan. An inspiring book that shows how to develop spiritual capacities through a closer and more meaningful relationship with God. 17s. 6d.

Modern Germany

By KOPPEL S. PINSON

"Written in simple, fluent style. It is a book many students of German affairs have been waiting for and for once, the term indispensable, so often misused by reviewers, is completely justified."—F. A. Voight, TIME AND TIDE.
"The most useful introduction to the subject at present available to English readers." — THE TIMES LITERARY SUPPLEMENT. Special price 35s.

Available at your local bookseller

Macmillan New York 10 South Audley St. London, W. 1

Sounding the Alarm

BUT WE WERE BORN FREE.
By Elmer Davis.
Deutsch. 229 pages. 15s.

MR ELMER DAVIS, the eminent American radio commentator, is not very well served by the publication in Britain, without any revision, of his six essays in defence of liberty. This is the latest of a number of American books brought out here that are vigorously critical of Senator McCarthy and his imitators. In so far as this helps to dispel the fiction of a reign of terror in the United States and the myth that the friends of liberty are afraid to speak up, it is a good thing. But the first and longest of these essays is a report on the state of civil liberties at the end of 1953; Mr Davis himself, in his foreword to the English edition, recognises that it is already much out of date and that he exaggerated the invulnerability of Senator McCarthy. This blow by blow account of the now rather wearisomely familiar assault of the "primitives" upon civil liberties fails to shed very much light upon its causes and importance. In any event, a domestic call to arms is unlikely to persuade foreign readers that other accounts of the "perilous night" have been painted in too dark colours, as Mr Davis seems to hope it may.

Mr Davis is much happier in the other five shorter essays, which are all linked to the same defence of freedom of thought but do not retrace such well-worn paths. Here he is able to display his gifts as an essayist and as a cultivated and thoughtful commentator. "History in Doublethink," for example, deals very neatly and justly with the American phenomenon of the ex-Communist who has never ceased to regard himself as an inspired prophet, whether of the extreme left or extreme right. The most gifted of this little band, Mr Whittaker Chambers, is placed in his proper pigeon-hole; it is a rather smaller one than he tried to claim in his own book "Witness." There is a great deal that is interesting, too, in Mr Davis's discussion of "News and the Whole Truth," in which he describes the risks that are run when newspapers adhere too rigidly to a dogma of "objectivity." Is a paper doing its whole duty to its readers when it simply reports bald facts: when, to take a far-fetched example, it records that Senator McCarthy says that the sun revolves around the earth, without pointing out that this is incorrect? This is a problem to which Mr Davis, America's wartime information chief, has given much thought.

The most human and touching chapter of all is on the "Grandeurs and Miseries of Old Age," which probably survives the transatlantic crossing best of all. In this there may be a moral for publishers, who sometimes too hastily conclude that a common language is a passport to understanding, and do not realise that an American writer may need as much translation and adaptation as a German one if his journey is to be a success.

Georgiana's Grand-daughters

THREE HOWARD SISTERS. *Selections from the writings of Lady Caroline Lascelles, Lady Dover and Countess Gower, 1825-1833*
Edited by the late Maud, Lady Leconfield. Revised and completed by John Gore.
Murray. 309 pages. 21s.

"COMFORTABLE Girls, who like a dirty joke." This report by a middle-aged Regency lady on her nieces was, according to Lord David Cecil in his "Young Melbourne," intended to be complimentary. But it could not have been made on the Howard sisters: their letters do not lack humour; but it is not Rabelaisian. Mr Gore says that "the tongue of scandal never clacked on them. They gave it no cause." Their discretion was due not to a home discipline much less strict than that inflicted on their grandmother, Georgiana Duchess of Devonshire, but to a change of moral climate.

Mr John Gore, ably completing the editorial task of the late Lady Leconfield, provides a family tree that differentiates Caroline, Georgiana and Harriet from their relations with the same fashionable Whig names: a fertile tree —their mother had twelve children; their own score was twenty-eight.

Lady Leconfield's introduction describes their nursery days, their Castle Howard background, and the personalities of their husbands: Georgiana's Agar Ellis, intelligent, temperamental, politically ambitious, but hypochondriacal; William Lascelles, who carried Caroline into the Tory camp at Harewood, but "deviated" during the Reform Bill struggle; and George Granville, Earl Gower, whose romantic devotion to the memory of the heroic Queen of Prussia, to whose Court he had been accredited, did not prevent his proving a devoted husband to Harriet. The sisters lacked their grandmother's brilliance; but they were observant and shrewd. Their letters were substitutes for telephone conversations between friends more completely separated by time and distance than we ever are today; they convey atmosphere as well as news, gossip as well as facts. Caroline goes racing from Harewood to please her uncle, the Archbishop of York, who was a keen punter. Nor did their good nature fail them when writing about the Court. Even the moribund George IV seems a little pathetic and almost likable; William IV a good host—though disconcertingly apt to fall asleep in the middle of a conversation.

The trials from which "privilege" was not exempt: bad inns; toothache painfully prolonged by dental incompetence; the fear of cholera—these are mentioned calmly and uncomplainingly, while the regular arrival of babies is recorded with cheerful simplicity. But the sisters belonged to a ruling class at a time when the latest French Revolution was disturbing Paris and once more exporting Bourbons and their supporters across the Channel; while ricks blazed in the English countryside, streets smouldered in Bristol, and in London crowds "groaned" and threw stones at the carriages of the great. They calmly record the impressions these events made on them, and how their friends and relations, whether battling in Parliament over the Reform Bill, or calming potential peasant revolts on their estates, displayed a common sense and a gift for compromise that the continental aristocracies conspicuously lacked.

It may have been true in 1816 that (as Pamela Fitzgerald wrote to her friend Emily Eden) the vices were wonderfully prolific among the Whigs; but these letters show how invaluable were their virtues, male and female, public and domestic, sixteen years later.

Traduttore Traditore

POET OF PARIS.
By André Beucler. Translated by Geoffrey Sainsbury.
Chatto and Windus. 248 pages. 18s.

M. BEUCLER'S "Vingt Ans avec Léon-Paul Fargue" is a charming book. Fargue was in some ways a contemporary French counterpart of Dr Johnson: a writer of merit, a brilliant talker, a much-loved man, a tremendous character, as much a Frenchman as Johnson was English. M. Beucler (not without help from Fargue before his death) has written a set of sketches of life with Fargue, and brings alive with great success the flow of talk and ideas that circled round his odd and rather egocentric life. It is an intensely French book: the idiom, the fashion of speech and ideas, the surroundings and the habits of Paris are so sharply delineated as to charm the English reader not only by their substance, but also by their foreignness.

It is doubtful whether such a book can be successfully translated. What in French is natural, in English is strange; and, once it is out of its natural dress, the unfamiliar strikes the reader most, and the unpleasant takes too much emphasis. There is an unpleasant side: the intense and competitive professionalism of literary life in Paris, the rather seamy bohemianism, the lack of good manners and the spurts of bile; all those little things that go to show that French literary men are not brought up at English public schools. In the original this takes no more than its proper and minor place; but draw attention to the oddity of the foreigner, and it is what strikes one first. To translate such a book at all is to betray it to some extent, and it cannot be said that Mr Sainsbury has minimised the danger. His version reads like a literal translation, yet it is not close. The book has been fairly extensively cut (though this fact is not announced); the gaps are not always skilfully patched; and the translation is sometimes inexact. Nothing substantial has been omitted or changed, but this is not a substantial book: talk and words are what matter in it, and when they are left out or clumsily rendered, the value of the book is diminished.

UNITED NATIONS

Economic Survey of Europe in 1954

Economic upswing in western Europe and its background, trade and payments of western Europe, trade and economic development of eastern Europe and the Soviet Union, regional problems in European countries and the structure of the French economy are the subjects covered in this comprehensive survey. (1955, II, E.2.)
17/6 (18/7 including postage)

Economic Survey of Asia and the Far East, 1954

A survey of the region as a whole covering industrial production and transport, international trade and payments, monetary and fiscal problems and agricultural production. Detailed information is also given on fifteen countries in the area. (1955, II, F.3.)
15/- (15/6 including postage)

Obtainable from:
H. M. STATIONERY OFFICE
P.O. Box 569
London, S.E.1
or through any bookseller

THE WORLD'S GREATEST BOOKSHOP

FOYLES FOR BOOKS

Bookbuyers throughout the world turn to this bookshop as a knowledgeable source of information on all their book requirements. And from generation to generation they praise and recommend Foyles —and buy their books here.

Foyles have depts. for Music, Records, Stationery, Handicraft Tools & Materials, Magazine Subscriptions, Lending Library, Foreign Stamps.

119-125 CHARING CROSS ROAD LONDON WC2

Gerrard 5660 (16 *lines*)
Open 9-6 *inc. Sats.* (*Thurs.* 9-7)
Nearest Station: Tottenham Court Road

Are you a Psephologist?

In the last 10 years a great deal of information has been compiled about the workings of elections, and this young science has been christened Psephology from the Greek word for a pebble, which they used for voting.

In a special four-page election guide on *May 1st* The Observer will present the most up-to-date knowledge on such questions as: Which matters more—the floating vote, or the machine for getting out the vote? Are issues important in elections? Do candidates matter? How are they selected and what sort of people are they? How does the middle class vote? Do non-voters decide elections? Can television dominate the election? How accurate can election forecasts be?

The guide will be edited by two of the best known "psephologists" in Britain, Robert Mackenzie, author of "British Political Parties", and David Butler, of Nuffield College, Oxford. In the three subsequent issues of The Observer Mr. Mackenzie will continue to report the election in depth, using the methods which have been developed by students of elections, sociologists, statisticians, party managers, and constituency canvassers.

This will be the first attempt in Britain to carry out a study on scientific lines of an election *while the campaign is going on*. It will try to bring you the hindsight which always follows the poll, before the voters go to the ballot box.



3½d every Sunday

BUILDING SOCIETIES AND HOUSING

Fair Wind and Fast Race

Leading Building Society Figures

Property after the Rent Act

Efficiency and the Private Builder

Over the Housing Hump

Fair Wind and Fast Race

WHEN a year comes round in which the building societies do not achieve new records in total assets and sums advanced on mortgage it will be news. The movement's growth since the early 1920s, unbroken save for the war period and still gathering momentum, suggests that it may still be far away. Reason suggests that the rate of expansion will have to slacken one day, but at the moment growth is still accelerating: the movement's total resources rose by a shade over 13½ per cent in 1954 compared with a shade over 11 per cent in 1953. With a rate of house building well exceeding 300,000 a year and with the privately built and privately financed house once again allowed its place, the societies had expansion handed to them. If they had failed to expand they would have defaulted on their job.

It would still be absurd to belittle their achievement or the service to the community that has accompanied the great expansion of the last few years. Money has poured in from investors large and small; it has poured out again on mortgage loans, a high proportion of them on newly built houses for owner occupiers. The estimated figures speak for themselves; total assets at the end of 1954 had reached £1,867 million, rising by £224 million following an increase of £165 million in 1954; the amount advanced on mortgage jumped 25 per cent to £373 million, compared with £299 million. Investors provided the societies with more than sufficient funds to make these record advances, and liquid assets—cash and investments—rose by £44 million to £278 million.

Last year official policy began to give the housing boom a deliberate tilt towards houses for sale without subsidy. The demand for mortgage loans was therefore excellent. So were the supplies of money. Despite the evidence of the preliminary National Income estimates that no increase occurred in personal savings as a whole last year, increases were recorded in most of the conventional channels of private saving, and building society rates were favourable enough to attract much of that money. The general rate paid on shares remained at 2½ per cent net and on deposits at 2 per cent net, the societies paying income tax at the "composite rate" (which was 5s. 1d. in the £ compared with 4s. 10d. in 1953). For an investor paying the standard rate of tax the share interest was equivalent to £4 10s. 11d. gross and the deposit rate £3 12s. 9d. per cent gross. These rates seemed highly attractive while the trend in Bank rate was downward and yields on quoted investments were narrowing.

One further event also enlarged the field of opportunity for the societies—the two schemes negotiated by Mr Macmillan, then the Minister of Housing, with the local authorities and the building societies. Under one scheme the societies agreed to advance 90 per cent of the price or valuation of certain small houses, and under the second 95 per cent of certain others; the Treasury, the local authorities and the societies sharing any loss on the excess over what a building society would normally advance. The arrangement was distinctly favourable to the building societies. Their normal advance was deemed to be

70 per cent under the 90 per cent scheme and 66⅔ per cent under the 95 per cent advance scheme. In fact, building societies have been accustomed to advance substantially higher proportions of the valuations of such small houses, and they were in effect relieved of part of their normal risk. The plan was designed to encourage the householder of slender means to become an unsubsidised owner-occupier instead of a subsidised council tenant; not every authority has adopted it, nor has it worked wholly without friction. Standing stiffly on the confidential nature of their surveyors' reports the societies have refused to let the local authorities see those documents even when they are sharing in the risk. Over 900 authorities—well over half the total housing authorities in the country—are working the two schemes but figures of business under them are not yet available. It is nothing more than a guess that about £30 million of mortgages a year are being done in terms of those schemes. Some of this business would presumably have been done with the aid of insurance policies if the Government scheme had not been devised.

In a year of outstanding growth many societies show remarkable individual scores. The Abbey National has joined the Halifax to make a group of two societies with assets exceeding £200 million. The Woolwich Equitable and the Co-operative Permanent, who see themselves as close rivals, have graduated into the £100 million class. The largest society, the Halifax, has grown more slowly than the rest. Its assets have reached £237 million, slightly less than 11 per cent up. The reasons are well known. The Halifax, expecting cheap money to last longer than it did, held its share interest at 2¼ per cent net when the general standard was 2½ per cent and cut its mortgage interest from the usual 4½ per cent to 4 per cent. Taken in isolation the experiment failed. The demand for mortgages was great but could not be satisfied; money found more lucrative investment in other societies; and after four months, during which borrowers had to be severely rationed and interest rates had palpably stiffened, the society was obliged to move its rates into line.

The Halifax experiment seems to prove that even a big society cannot for long march out of step. But there is one thing that it does not prove. The practice of the better societies is to work on a gross margin of 2 per cent; they pay 2½ per cent net on shares and charge 4½ per cent on mortgages. Out of the 2 per cent margin between these rates, they cover their management costs, their own tax and income tax at the composite rate paid on behalf of their shareholders and depositors. The Halifax society believed it could work on a gross margin of 1¾ per cent; the society was working on that margin for four months only, to end January, 1955, and the revenue figures for the full year show a comfortable surplus but the narrower margin probably added little towards reserves.

BUILDING SOCIETY GROWTH

(Figures for 1954 estimated)

	1952	1953	1954
	(£ million)		
Total assets	1,478	1,643	1,867
Due to shareholders	1,186	1,338	1,536
Due to depositors	197	203	221
Due on mortgage	1,263	1,396	1,574
Investments	158	184	221
Cash	44	50	57
Number of shareholders (mn.)	2·47	2·62	2·80
Number of depositors (mn.)	0·60	0·59	0·59
Number of mortgagors (mn.)	1·65	1·75	1·88
Advanced on mortgage during year	266	299	373

Great growth such as the 777 building societies in Britain experienced last year is bound to raise problems. In 1954 several difficult questions were, on the whole, squarely faced by responsible societies. First there was the problem of institutional money. In times when building societies offer favourable returns compared with what is obtainable in the gilt-edged market, they become convenient repositories for large sums such as the temporary surpluses of companies. The societies have to pay the full standard rate of income tax in respect of interest on all company money and indeed on all sums, whether from companies or individuals, greater than £5,000. Therefore they offer less favourable net terms to such investors, but even so they have been offered some sizeable institutional investments. The societies however are borrowing short from the public and lending long—sometimes too long—on mortgage, and the straddle is reasonable so long as the investors are a wide group of small shareholders and depositors. It is indeed true that some industrial companies have succeeded in placing large sums running into six figures with the building societies, but many leading societies recognise that these big blocks of money, which can be withdrawn at short notice, should be discouraged.

A second main problem arises out of the rate of growth itself. Assets can expand rapidly; reserves can only be built up gradually out of the margin between the society's borrowing rates and its lending rates—out of the surplus that an industrial company would call the profit. After the big growth of assets in 1954, reserves now represent a smaller proportion of balance sheet totals. The Building Societies Association recommends that reserves should not be allowed to fall below about 5 per cent of total assets. Very few societies reach this ideal. The societies' figures this year show that reserve ratios have been falling and that a 5 per cent ratio, even among the biggest, is the exception. A more satisfactory ratio will require a period of gentler growth during which reserves can be accumulated. But sensible investors will acknowledge that the risks of a low reserve ratio can be lessened by the societies maintaining a high liquidity ratio.

As more money has been received from investors than has been lent on mortgage, holdings of cash and gilt-edged securities have risen, to the greater security of depositors and shareholders. But the rise in the proportion of liquid assets to total assets has brought its own problems. First these liquid assets are, as a rule, less remunerative than mortgage assets. Secondly when the gilt-edged market turns downward, as it turned last November, some of them are liable to market depreciation. For that reason the liquidity ratios shown in the table opposite are based on market and not on book values, and they still show formidable strength. Some societies are now beginning to feel that the weight of liquid assets is becoming oppressive.

Hence the development of new selling points such as 35-year mortgages by the Co-operative Permanent Society and 30-year mortgages by the Woolwich Equitable, despite the recommendation of the association that mortgages should not exceed 25 years in length.

On the whole building society managements have shown a highly responsible attitude to the problems of rapid growth. They have been determined both to play their part in the housing drive and to maintain a high degree of solvency. Suggestions by Mr Hugh Gaitskell that institutional money might be more freely accepted, and that conventional solvency mattered less because no government could afford to let the societies fail, found scant support within the movement. And with one accord as their assets leaped ahead the leaders of the great societies have proclaimed half apologetically that growth was not an end in itself. In that they were speaking a profound truth—possibly more profound than they would care to admit. Persistently, year after year, the analysis of building society expenses by the Registrar of Friendly Societies shows that the lowest expense ratios are not to be found among the great societies with over £20 million assets but in the group with assets between £1 million and £5 million where the original friendly society character of the movement still survives, and institutional overheads are unknown. Many of the small societies get along very well without expensive advertising and highly-paid executives.

MANAGEMENT EXPENSES

(Per cent of mean total assets)

	1951	1952	1953
Societies with assets :—	s. d.	s. d.	s. d.
Over £20 million	12 10	12 9	12 10
£5 million to £20 million			11 5
£1 million to £5 million	10 9	10 3	10 2
Below £1 million	13 3	13 2	13 5

Source : Registrar of Friendly Societies.

Leading Building Society Figures 1953-1954

Society*	Total Assets (£'000)		Due to Shareholders (£'000)		Due to Depositors (£'000)		Due on Mortgages (£'000)		No. of Shareholders and Depositors ('000)		Advanced on Mortgage in Year (£'000)		Ratio: Liquid Assets at Market Value to Liabilities to Shareholders and Depositors (per cent)		Ratio: Reserve to Total Assets (per cent)	
	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954
Halifax	214,318	237,786	163,337	184,518	39,206	40,523	174,972	201,493	481	502	36,393	50,894	19·3	15·9	5·1	5·0
Abbey National	181,184	213,461	151,156	181,200	20,051	21,253	156,400	180,691	493	520	38,362	43,177	13·5	15·4	4·3	3·9
Co-op. Permanent	86,674	106,275	70,290	86,410	12,176	15,044	73,383	88,498	197	218	19,330	24,686	15·2	16·5	3·9	3·6
Woolwich Equitable	85,954	103,438	72,040	86,489	9,229	11,811	71,948	84,615	178	203	15,727	21,658	16·0	18·5	4·8	4·3
Leeds Permanent	74,650	85,303	62,690	72,449	6,729	7,205	61,964	70,251	117	122	13,854	16,472	17·9	18·5	5·9	5·5
Provincial	53,124	58,677	39,736	45,175	9,123	8,873	44,091	48,986	70	73	8,381	10,927	17·6	17·6	6·5	6·3
Alliance	34,776	42,945	31,563	38,583	1,969	2,829	29,741	35,132	34	40	7,333	10,584	12·9	16·3	2·3	2·2
Burnley	37,554	42,358	29,012	33,357	6,460	6,736	32,238	35,100	74	77	6,789	7,667	14·2	17·5	4·3	4·1
Leicester Permanent	31,285	36,124	25,006	28,302	3,281	4,607	27,301	29,743	53	55	6,420	7,304	13·7	19·1	8·1	7·5
Temperance Permanent	30,438	33,604	25,751	28,537	2,580	2,817	26,178	28,211	30	31	3,475	5,892	14·0	16·3	5·7	5·6
Leek & Moorlands	25,724	29,062	21,999	24,802	2,489	2,916	21,599	23,822	34	36	4,788	5,541	16·5	18·5	4·1	4·0
Bradford Equitable	25,632	28,491	20,498	23,199	3,697	3,706	22,313	24,529	36	38	4,511	5,757	13·0	14·0	4·3	4·2
Huddersfield	23,101	26,397	18,164	21,460	3,291	3,324	18,703	20,549	37	39	3,830	4,241	19·7	23·0	5·6	5·2
Westbourne Park	22,330	24,655	18,877	20,587	1,595	2,111	19,537	21,658	30	41	3,578	4,579	13·3	13·1	7·1	6·7
Cheltenham & Gloucester	21,824	24,463	16,835	19,165	3,407	3,650	18,816	21,053	53	55	4,299	5,017	14·2	14·5	6·7	6·3
Northampton Town & County	20,756	23,666	16,372	18,712	3,125	3,614	17,304	19,797	47	51	3,831	5,143	16·9	16·7	5·0	4·7
Scottish Amicable	20,783	22,932	15,450	17,067	4,209	4,618	15,685	16,476	41	43	2,662	2,879	21·6	25·9	4·4	4·6
Bingley	19,806	22,264	16,063	17,697	2,567	3,219	17,118	19,049	25	26	3,926	4,275	14·2	15·3	4·8	4·7
Bradford Permanent	17,732	19,539	12,989	14,404	3,781	4,080	14,774	15,786	20	22	2,257	3,048	16·1	19·0	4·4	4·4
Hastings & Thanet	16,406	18,186	13,344	14,859	1,952	2,130	14,153	15,406	30	31	2,472	3,271	13·8	15·6	5·5	5·2
Coventry Perm. Economic	13,121	15,102	11,341	12,773	868	1,330	10,697	12,328	24	25	2,819	3,134	19·3	19·3	5·9	5·5
Borough	13,233	14,638	10,658	11,765	1,826	2,035	11,088	12,415	30	31	2,115	2,887	16·4	15·5	4·6	4·5
Leicester Temperance	12,629	14,433	11,047	12,693	916	998	11,225	12,097	17	18	2,214	2,435	11·5	16·6	4·3	4·2
Skipton	12,294	13,142	9,716	10,576	1,786	1,687	10,704	10,674	14	15	1,827	1,949	13·4	19·8	5·2	5·2
Leeds & Holbeck	11,674	12,921	9,596	10,646	1,360	1,471	9,912	10,808	25	26	2,185	2,481	15·4	17·1	4·9	5·0
Rock Permanent	10,811	12,012	10,133	11,230	136	180	8,916	9,927	18	19	2,052	2,303	16·8	17·0	4·1	4·1
Derbyshire	10,543	11,902	9,225	10,527	672	675	8,325	9,233	22	23	1,962	2,127	22·1	23·6	5·2	4·9
Portman	9,657	10,763	6,503	7,201	2,326	2,656	8,255	9,193	13	13	1,507	2,273	14·6	14·9	5·9	5·6
Norwich	9,725	10,268	7,223	7,861	1,978	1,851	8,157	8,734	9	10	1,010	1,635	15·7	14·5	4·5	4·5
Dunfermline	8,677	9,898	7,281	8,362	1,128	1,236	7,038	7,460	13	14	1,304	1,397	18·7	24·8	2·1	2·1
Planet	8,393	9,880	7,020	8,082	877	1,241	7,147	8,525	9	10	1,588	2,330	14·9	14·1	4·7	4·3
Bristol & West	8,174	9,842	6,382	7,651	1,224	1,572	6,610	8,070	14	15	2,002	2,653	18·7	17·7	6·0	5·3
Northern Counties	8,270	9,333	7,657	8,650	173	193	7,053	7,894	12	13	1,396	1,796	15·3	16·0	4·2	4·2
Nalgo	8,754	9,102	7,683	8,069	776	715	7,150	7,503	26	25	1,437	1,348	17·2	17·2	2·4	2·6
Church of England	8,023	9,072	6,452	7,338	1,064	1,193	6,887	7,643	12	14	1,148	1,677	12·9	15·2	5·3	4·8
West Bromwich	7,881	8,752	7,202	8,021	273	294	7,230	7,978	15	15	1,416	1,822	8·3	8·9	4·8	4·7
Birmingham Incorporated	7,535	8,497	6,400	7,368	nil	nil	5,995	6,829	9	9	1,491	2,004	22·7	21·8	13·3	12·1
Dewsbury & West Riding	6,727	7,310	5,461	5,965	889	922	6,041	6,580	12	12	1,218	1,331	10·7	10·5	4·6	4·5
Keighley & Craven	6,597	7,250	5,071	5,551	1,042	1,160	5,782	6,473	10	10	1,366	1,613	12·5	10·9	6·1	6·1
Nottingham	6,133	6,913	4,984	5,703	631	644	5,432	6,043	12	12	1,225	1,359	11·8	13·4	7·5	7·3
Hinckley & Leicester	5,708	6,844	4,976	6,052	503	527	4,957	6,015	11	13	1,453	1,788	12·9	11·7	3·9	3·7
Eastbourne Mutual	6,280	6,855	5,175	5,614	759	854	5,682	6,112	6	7	1,105	1,277	9·7	11·1	4·3	4·4

* All years ended on December 31 except: Leeds Permanent and Woolwich Equitable, September 30; Church of England, November 30; Scottish Amicable, January 15, 1955; Halifax, January 31, 1955; and West Bromwich, March 31, 1954.

107th year of Progress

Established in 1848 the Leeds Permanent Building Society has grown from a small local institution to a National organisation with Branches and Agencies throughout the Country.

The principles of thrift and home-ownership which inspired the founders of the Society have been maintained throughout the years, and the funds provided by over 100,000 Investors are being usefully employed in promoting home-ownership.

The total Assets of the Society now exceed **£90,000,000 with reserves** of over **£4,680,000 and** these resources provide **absolute security** to the Investor. Market fluctuations do not affect the investments and withdrawals can be made at any time at full face value.

Investments in Paid-Up Shares receive 2½% interest, Income Tax paid by the Society.

Ask for booklet "Safe Investments."

LEEDS PERMANENT
Building Society

General Manager : Sir Charles Davies, J.P.
Head Office :— PERMANENT HOUSE THE HEADROW, LEEDS, 1.
Telephone: 29132
London Office: 14 WATERLOO PLACE, S.W.1.
Telephone: Whitehall 2942

For
SOUND INVESTMENTS
GENEROUS LOANS
SERVICE

Assets exceed
£28,000,000

BRADFORD
EQUITABLE
BUILDING SOCIETY
Head Office
BANK STREET, BRADFORD
TELEPHONE 22781 (4 lines)
General Manager
FRANCIS E. LUMB J.P.F.C.I.S.

HALIFAX
BUILDING SOCIETY

POSITION AT
31st JANUARY 1955

TOTAL ASSETS
£237,786,239

ADVANCED DURING YEAR
MAINLY FOR HOUSE PURCHASE
£50,893,937

MORTGAGE BALANCES
£201,493,054

TRUSTEE SECURITIES
AND CASH
£35,645,590

RESERVES AND
UNDIVIDED PROFITS
£11,959,173

GENERAL MANAGER
F. BENTLEY, F.C.I.S.

HEAD OFFICE . . . . HALIFAX
LONDON 51-55 STRAND W.C.2.

BRANCHES AND AGENCIES
THROUGHOUT THE UNITED KINGDOM

Property after the Rent Act

BY A SPECIAL CORRESPONDENT

IN a White Paper "Houses—the Next Step" issued in November, 1953, the Government explained its policy on sound rent restricted houses. The bulk of these were either in a good condition already or could be put into that condition if the landlords had enough income from rent. Therefore Part II of the Housing Repairs and Rents Act, 1954, that followed the White Paper and came into force on August 30th last year allowed the landlords an annual "repairs increase" of twice the statutory rateable deduction. But because some rents are already high, a limit (known as 'the stopper') prevented the net rent from rising beyond twice the gross rating value of the house. The landlord cannot claim the repairs increase unless the house is in good repair and reasonably suitable for habitation. He must also produce satisfactory evidence that work of repair to a specified amount has recently been carried out (this is known as the 'expenditure test'). To obtain the full repairs increase the landlord is deemed responsible for all repairs, but, following the precedent of the 1920 Rent Act, if responsibility for repairs is divided between landlord and tenant the repairs increase is proportionately reduced. The tenant can question the landlord's figures but his main safeguard against an undue increase in rent is that, if he at any time considers the house not to be in good repair, he can apply to the local authority for a certificate of disrepair and withhold the rent increase (both under the 1954 Act and the 1920 Act) whilst that certificate is in force.

It is perhaps too early to see how the scheme is working out. The start has certainly been slow for a variety of reasons. The landlord has had to check his accounts in order to satisfy the expenditure test. In order to apply the 'stopper' it is also necessary to work out the net rent, which may involve a determination by a rent tribunal of the cost of contractual services. Then it is necessary, failing agreement with the tenant, to get the county court to determine the proportionate liability for repairs as between landlord and tenant. There is much more argument about proportionate liability for repairs under the 1954 Act than arose from the similar provision in the 1920 Act.

When the landlord has done all this and served a notice on the tenant in specified form he may find that the local authorities are ready to issue certificates of disrepair on such slender grounds as shared lavatory accommodation. Property owners who have taken the lead in claiming repairs increases also find that they have disturbed good relations between themselves and their tenants and created resentment with local authorities. Not a few property owners have preferred to moderate their demands to secure agreement with their tenants. These have been the teething troubles. Good landlords meanwhile are keeping their houses in good repair. The very fear that tenants may run to their local authority for certificates of disrepair which, if granted, would bring the recoverable rent down to he pre-1920 level no doubt encourages them to do so. Where houses can be put in good condition to attract the repairs increase at reasonable expense, property owners are generally ready to use reserves to do the work. Few landlords with houses in bad repair have dared to apply for repairs increases; those few have been sharply rebuffed.

In addition to the repairs increase allowable under the 1954 Act, landlords can claim rent increases to cover the rise in the cost of services between 1939 and 1954, both contractual and non-contractual. The rent tribunals are the deciding authorities where the landlord and tenant fail to agree, and with no definition of services in the Act their decisions have naturally varied. In some of their earlier rulings they seem to have come down rather heavily against the landlord, But these again may be teething troubles: the more recent decisions seem more reasonable.

The 1954 Act excludes from rent control dwelling houses converted or built after August 30, 1954. This experiment in freedom was designed to encourage the building of houses and flats to let. There is little evidence, so far, that many new dwellings, apart from those built by Housing Associations, are in fact being built for letting. The high cost of present-day building is the reason. To ensure an economic return, rents would have to be considerably higher than for similar accommodation in existing houses. And landlords making conversions have found it difficult to get agreement from tenants to allow structural alterations; the tenants naturally object to losing their security of tenure when they are offered suitable alternative accommodation in the reconstructed building. Courts giving judgment in favour of the tenant have sometimes still expressed the view that he may be behaving unreasonably, and that his objections might be met by the offer of a lease giving equivalent security of tenure.

★

In terms of investment—or the price of houses—the new legislation has made hardly any difference to controlled weekly houses. Recent auctions have shown that such properties are often still selling at less than three-years' purchase. The 1954 Act has, however, made considerable difference to the value of modern blocks of suburban residential flats where the rents hitherto have been kept far below true values and where the flats are occupied by middle-class tenants. In these flats tenants rarely apply for certificates of disrepair; the owners—usually big property companies or insurance companies—have been able to charge almost the full permitted increase. The annual income, and therefore the selling price, of these flats has been considerably raised. Where it has also been possible to get "service increases," the investment value has been much enhanced.

What is happening to the price of private houses with vacant possession is yet another story. According to the index produced by the Co-operative Permanent Building Society the decline in selling prices evident since late 1951 continued during 1954. The fall varied with the type of property and the district, but, in general, it was least on the smaller, new houses in or near towns and greatest on older, larger houses in more inaccessible rural areas. Evidently potential buyers were becoming more discriminating and carefully weighed the balance of advantage between second-hand houses and the new houses coming on to the market. The gap between the price of old houses and the cost of new building is becoming distinctly narrower.

An interesting new development is the building of freehold flats for sale. As with houses, the high cost of storied construction is deterring contracting and property firms from buying or building blocks of flats to let. The possibility of selling flats freehold is therefore receiving more and more attention. The idea is contrary to the belief of many English lawyers that a property could only be described as freehold if it was firmly attached to its own ground. For many years, however, freehold flats have been bought and sold in Scotland, on the Continent, and in the United States. The main problem lies in the shared responsibilities of the freeholders for the maintenance of the structural fabric; this has to be solved by covenants, agreements and undertakings in which the occupiers bind themselves to share in the cost of maintaining the roof, outside walls, foundations, common passages, and stairways. Various forms of arrangement exist. Usually the occupiers agree to pay a specified proportion of the cost of maintenance. Sometimes they also share the cost of central heating, lifts, cleaning, porters, etc. The question at once arises as to who shall decide on what repairs and redecorations shall be done, and how, and when. Sometimes the original vendor of the property has been responsible; sometimes an estate agent is employed to decide on all repairs in consultation with the parties; sometimes (and this is becoming more popular) the occupiers form themselves into a holding company and subscribe a fixed sum annually to a fund. The essence of any satisfactory arrangement is a carefully drafted covenant, supported by mutual trust. As yet, the building societies and insurance companies are not altogether happy about lending money on the security of freehold flats, particularly where they are of more than two storeys. But a few local authorities are more forthcoming and are ready to lend money to a purchaser of a freehold flat under the same terms as for a dwelling house.

All these developments are perhaps the symptoms of a property market distorted by rent control. What of the future of rent restriction? So long as control is necessary it seems logical that, once a uniform rating valuation of dwellings has been established, the valuation figures ought also to be used for fixing limits of rent and for the Schedule A assessment for income tax. This was recognised (so far as rent control was concerned) in the 1953 White Paper and the 1954 Act was a stop-gap measure to improve living conditions and to save rent-controlled houses from further deterioration. If the new rating valuation takes effect on April 1, 1956, it might be possible to launch a new, and firmer Rent Bill. Will it then still be necessary to control the more expensive houses—particularly the houses and flats let with services? On the higher valued houses—few though they are—there seems little reason for retaining controls. On houses and flats let with services, the valuation figures themselves will be a poor guide for no account is taken in the valuation of the services that the landlord renders, and the decisions by rent tribunals on the cost of services have been so anomalous that it is doubtful whether such matters ought still to be decided by them. The proper criterion is the rent, and where the charge for the services forms a large part of it, the property should be taken out of control and left to the free play of the market.

Efficiency and the Private Builder

DURING the last few years the purchase of newly built houses has once again begun to account for the bulk of the new business of the building societies, and with private enterprise responsible for about 91,000 of the 348,000 houses completed during the year, the societies have again become the providers of finance for a significant proportion of the work done by Britain's house building industry. This resumption of the movement's traditional role has increased its concern with the quality of that work and with the efficiency of the building industry. Both, during the long postwar interregnum of building mainly for public authorities, have been the subject of critical study by committees, technicians and laymen; throwing bricks at the building industry has become a popular sport. Nor has the industry been hard to hit on grounds of efficiency; it has come off fairly badly before the nation-wide inquisition on industrial productivity. But it is fair to note that during the last two years—the years, by no means accidentally, of progressive removal of building controls—efficiency in building clearly seems to have been on the increase.

The growth of productivity in building since the end of the war still lags behind that in most other industries, but recently the improvement seems to have gathered some momentum. Upon the basis laid down by the Girdwood Committee, productivity in housebuilding in 1947 was no more than 69 per cent of the 1939 level, and by 1949 had risen to only about 80 per cent of the prewar level. In 1951 (a year of exceptionally bad weather) it seemed to be about the same as two years before. But more recent studies suggest a rise of about 5 per cent over the next two years to 1953. That would still leave productivity about a sixth lower than in 1939; what has happened since then? The crudest statistical yardstick, total output and employment, suggests a further gain of about 6 per cent in output per head in the building and civil engineering industry as a whole between 1953 and 1954, or half as much again as the average increase in productivity achieved throughout British industry last year. For house building in particular certain further studies of man-hours, as yet provisional and unpublished, suggest an even greater increase in efficiency last year, nearer 10 per cent. This would suggest a level of building efficiency within 5 per cent of the prewar level: itself nothing to boast about. Some private indices of building efficiency, moreover, suggest that the industry as a whole is only about three-quarters as efficient as it was in 1939. But in an industry as large, diverse and sprawling as the building industry, all these global estimates can be misleading. As the Building Research Station showed six years ago, different contractors to local authorities showed an enormous range in man-hours of time spent on building similar types of houses—and the variations occurred between firms rather than between sites.

It may be that those differences have narrowed in the meantime. After initial flounderings, local authority housing has acquired a certain rhythm. But what of private building? It has been argued that the tiers of financial

A RECORD OF TRUSTEESHIP

	1953	1954	*Increase*
Total Assets	£34,776,300	£42,945,300	£8,169,000
Investors' Balances	£33,532,400	£41,412,700	£7,880,300
Liquid Funds	£4,371,300	£6,762,100	£2,390,800
Advances on Mortgage	£7,333,200	£10,584,400	£3,251,200

Membership increased from
55,000 *to* 66,000
and assets from

£34,776,300

TO

£42,945,300

INVESTMENTS ACCEPTED 2¼% PER ANNUM
Income Tax borne by the Society

ALLIANCE BUILDING SOCIETY

HEAD OFFICE: PRINCES HOUSE, BRIGHTON, 1.

BRANCHES AND AGENCIES THROUGHOUT THE COUNTRY

SAFETY-FIRST INVESTMENT

2½%
per annum

Income Tax paid by the Society

Equal to £4.6.11 per cent to investors subject to income tax at the standard rate

The current rate of interest on share accounts is 2½%, and on ordinary deposit accounts 2%, with income tax paid by the Society in each case. Sums up to a total holding of £5,000 are accepted for investment in Abbey National. For further particulars apply for a copy of the Society's Investment Booklet.

Total Assets exceed £213,461,000

ABBEY NATIONAL BUILDING SOCIETY

HEAD OFFICE:
ABBEY HOUSE, BAKER STREET,
LONDON, N.W.1

For address of Local Office see Telephone Directory



A HOME FOR YOUR SAVINGS



The savings of today ensure the homes of tomorrow.

Help yourself and the nation by saving regularly.

★ INTEREST AT 2½% PER ANNUM FROM DATE OF INVESTMENT
★ £1-£5,000 ACCEPTED.
★ WITHDRAWALS AT SHORT NOTICE.

TEMPERANCE PERMANENT BUILDING SOCIETY

The Gateway To Security

FOR 100 YEARS

223-227 Regent Street
London W.1.
Phone: Regent 7282
Branches throughout the Country

Whatever you do, make sure that your savings are secure



You can't do better than invest in Leek & Moorlands. You can always get your money back in full and it earns interest at 2½% with Income Tax paid by the Society. That's worth over 4½% gross if you pay tax at 8/6 in the pound. I call that a really good investment.

INTEREST ON SHARES
2½%
PER ANNUM
INCOME TAX PAID BY THE SOCIETY.

LEEK & MOORLANDS
THE LARGEST STAFFORDSHIRE
BUILDING SOCIETY

ASSETS £30,000,000 ESTABLISHED 1856
General Manager: HUBERT NEWTON, F.C.I.S.
Chief Office: NEW STOCKWELL HOUSE, LEEK, STAFFS.
Telephone: Leek 1100 (3 lines)

Liquidity plus earning power

These two are not as a rule complementary but investment with a building society makes them so.

Large sums or small may be invested without formality and withdrawn when required at very short notice. There are no charges or duties in either case.

Interest is credited at 2½%, with income tax paid by the society.

You may find this excellent and flexible form of investment invaluable on many occasions. It may also prove a sound recommendation when your advice is sought on safe investment.

CO-OPERATIVE PERMANENT BUILDING SOCIETY

NEW OXFORD HOUSE · LONDON · W.C.1
City Office: 163 MOORGATE · LONDON · E.C.2

ESTABLISHED 1884. ASSETS EXCEED £106,000,000. 90 BRANCHES

supervision imposed upon local authority contracts squeeze more water out of the prices of council houses than is the case with privately built dwellings enjoying a market that still favours the seller. This is an argument that works both ways—excessive official supervision seldom reduces costs. The type of house put up by some of the speculative builders appears to have changed little since before the war; the dire shortage and high cost of land suitable for housing development is certainly a hindrance to adventurousness in design or technique. Sites that would fetch 30s. to £2 a foot before the war now command £16 to £20; and many are too small to allow any considerable use of new equipment in building there. However, the gain in efficiency is one to which all sections of the building industry have probably made some contribution.

The further shift from repair work to new construction has helped. Productivity in repair operations is perhaps 75-80 per cent of the 1939 level, compared with about 90-95 per cent for new building; it may be only in civil engineering that productivity is really up to the prewar standard. Between 1951 and 1954 annual expenditure on repairs rose by a mere £73 million to £705 million, compared with an increase of £371 million to £1,144 million on new construction. The 400,000 or so "new tradition" houses that have been put up since the war have also played a part, though their prices have not always been as favourable as expected, and they have not ushered in the wide use of prefabrication and factory-made components as had at one time been thought likely. There is still considerable room for making and assembling items in workshops on the site or even further back, but these methods call for a much greater degree of mechanisation and careful phasing of construction work than house-building, in particular, has generally managed to achieve.

★

The relaxation of controls and the considerably higher output of building materials has been an inestimable tonic to the industry. It now has the incentive and the opportunity to add to its mechanical equipment and to abandon some of its traditional methods in place of the newer ideas. There appears to be a gradual increase in the practice and accuracy of what is called "pre-planning" (why "pre" and not simply "planning"?) Complete and close co-operation between the architect, builder, sub-contractors and building owner before work begins and during the successive stages of construction is still a subject for special comment rather than common practice, but more frequent than a few years ago. Similarly, the industry is still under-mechanised, but it spent twice as much, in real terms, last year on new plant and equipment as it did in 1948. The tower crane has lost some of its reputation as a panacea; even so, there are nearly 300 in use now compared with none four years ago. Power hand tools and transporting and hoisting equipment are appearing on more building sites with the general but very slow increase in the use of electrical and mechanical power in building operations stimulated in part by the use of new building materials. There remain plenty of sites where this equipment could be used or employed more effectively; the current shortage of building labour is leading many firms to buy new machines.

For mechanisation to play its full part its use must be reckoned with at the drawing-board stage of new building, and the administrative staff of builders must learn how to make full use of it. The process of capitalisation—and education—will always be somewhat circumscribed by the nature of this industry. Compared with manufacturing, in which firms may find it profitable to invest very large sums in fixed equipment, in building it is the production line that moves on from contract to contract, not the product. Moreover, this is an industry that will inevitably consist of a large number of small and medium-sized firms without the resources to spare for much capitalisation and certainly none for research, though in new building, as against repair, the share of the larger companies may be growing. The development of plant hire firms for house builders is therefore to be encouraged. So are schemes like that of the Eastern Federation of Building Trades Employers to enable its members to lend and borrow idle plant from each other.

★

During this period of improved efficiency in the industry, costs have steadied. Prices of materials were fairly stable until just recently. There has been little slackening in the rise in wage rates, but the growth of earnings has probably been matched by the improvement in labour productivity. In 1952 total building costs were about three times as high as in 1938, and they are about the same now, or if anything a shade lower. The use of costing methods and budgetary control, which are commonplace tools of management in manufacturing industries, is still the subject of ring-side controversy in building. Certainly there are difficulties in implementing a full costing system on a building site, not the least of which is the paper work involved; but these difficulties are not insurmountable, except possibly for the really small firm or small job where the working principal of the business is likely to exercise a less scientific but equally tight rein on spending.

The last few years' improvement in efficiency, it will be seen, have not been the accompaniment or result of any very radical change within the building industry. There seems to have been some loosening of minds towards better organisation, newer methods and machinery which may generate results that may not be immediately apparent. The onus for further improvement now rests upon the industry itself; most of the external brakes have been lifted. The new building bye-laws, which have been adopted by nearly all local authorities, no longer constitute the drag upon the use of new materials and techniques that the previous regulations were before 1952. The building society movement, indeed, might well reconsider some of its own requirements and standards, to see that these in their turn do not impose restrictions upon the efficiency of the private builder. Some builders feel that it is only among the smaller and more newly fledged societies that specifications—as to constructional standards as well as to design—that take full account of the new methods and materials that have proved their merit since the thirties, when the movement was last responsible for financing new building on a really large scale. The older and richer societies, who can afford to be very selective in a period when new mortgage business is by no means short, still require standards of construction that were appropriate several decades ago. The performance implied by those standards of construction today can often be achieved by materials and specifications better suited to new techniques of building, and private building cannot take full advantage of these until the societies, too, recognise their potentialities.

Over the Housing Hump

TO try to assess what is in store for the building societies means making a guess at how many houses will be built and who will pay for them—a hazardous undertaking even against the background of the Economic Survey and the Budget speech. The Economic Survey forecast at least as much building as in the previous year, which seemed to point again to 300,000 houses at least, even allowing for some increase in non-residential building. But if the number of new houses this year shows little change, the number privately built still ought to be higher and fewer ought to be built by the local authorities. The reduction in the housing subsidy on April 1st this year should speed that movement. The subsidy has been reduced from £35 12s. 0d. a year for 60 years (£26 14s. 0d. from the Exchequer and £8 18s. 0d. from the rates) to £29 8s. 0d. a year (£22 1s. 0d. from the Exchequer and £7 7s. 0d. from the rates) over the some period. The field of house building that the building societies can hope to finance should therefore continue to grow, though nbt at the great rate of 1954.

In all probability, the building societies have another increase in business before them, but that increase will have to be won in the face of keener competition. The local authorities are lending money, under the Small Dwellings Acquisition Acts and the Housing Acts, drawn from the Public Works Loans Board with the mere addition of ¼ per cent to the interest for their trouble. On these terms mortgages of more than 15 years life cost 4¼ per cent. Not only is the rate (despite its recent increase) lower than the building society charge of 4½ per cent; it remains fixed for the whole period of the mortgage. So the societies (which might, if money continued to harden, be obliged to revise their rates upwards), are faced with local authority competition at a charge that is both firm and below the current level of Bank rate. Competition in mortgage business from the local authorities has been growing. The only surprise is that the latest annual figure—unfortunately more than a year old—was so small. It was still less than a tenth of the advances that the societies made in the same period. More recent experience of the societies suggests that local authority business since March of last year may have increased further.

But a moderate growth in local authority mortgage business at the peak of a housing boom may not be an unmixed evil. If public competition skims off some of the peak load the growth of the societies' business may be smoother. Many of them would sincerely prefer a more gentle growth in 1955 with opportunities to build up reserves ratios as they go. Mr Butler has also made the building of reserves a little easier this year. The reduction in the standard rate of income tax will not mean an equivalent reduction in the "composite rate" that the societies pay on behalf of their members. That rate still has to be negotiated in detail, but a fall of 2d. to 3d. in the £ to a composite rate again under 5s. is a reasonable hope.

Will enough money be subscribed to finance that further expansion in building society mortgage business for which the societies look? On present form it will, though not with the consumate ease of 1954. Despite the turn towards dearer money, funds are still flowing in well from small investors, and it will be surprising if the chairman of the association cannot tell the annual conference that opens on May 16th that net investment in the first quarter of 1955 is a little up on the first quarter of 1954. But the societies have recently been facing and must continue to face increased withdrawals by some of their larger investors. Some of the company money has gone out again and with it some of the larger personal investments. As 4½ per cent Bank rate becomes fully effective, the exodus of such funds must surely increase; tighter money should mop up some of the surplus funds of business undertakings and make alternative investments relatively attractive to interest-conscious investors. With income tax at 8s. 6d. the gross yield on a building society share paying 2½ per cent net is £4 6s. 11½d. per cent and on a deposit at 2 per cent net £3 9s. 7d. per cent. By contrast the yield of Treasury bills is nearly £4 per cent, on 3½ per cent War Loan £4 2s. 9d. and on 2½ per cent Consols £3 18s. 11d. The building societies still offer a margin (though a small one) over gilt-edged whether long or short—though not over the deposit rates paid by some hire-purchase finance houses. Nor do they offer the same advantage on the institutional money on which they pay a lower rate to compensate for the fact that they have to pay full income tax on it.

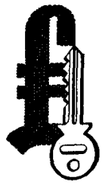
There is no reason why the small investor who has found the societies a safe and handy haven for his savings should now change his mind. He has never been absorbed by problems of marginal advantage in interest rates, being content that the building societies provided a fair yield on safe and easily encashable investments. If some of the big investments are taken elsewhere the societies may well be healthier for their loss. Some of them could face such a prospect without concern.

Naturally if Bank rate were raised again the whole structure of building society rates and charges would almost certainly have to be changed. Neither the mortgage rate nor the share interest rate is directly tied to Bank rate and neither was changed after the increases in January and February. But any further increase in Bank rate would show beyond doubt that the foundation of interest rates throughout the British economy was rising, and that would be a

LOCAL AUTHORITY MORTGAGES
(£ million)

Years to March 31st	1952	1953	1954
Small Dwelling Acts:—			
For acquisition and construction of houses	17·9	15·8	20·9
Housing Act 1936:—			
Advances to Housing Societies	1·8	2·0	3·0
Housing Act, 1949:—			
For acquisition and construction of houses	5·5	5·7	8·6
For conversion and alteration	0·1	0·1	0·2
Total	25·3	23·6	32·7

Source: Parliamentary Questions.



A mark of confidence

The confidence of investors throughout the country in the Leicester Permanent Building Society is reflected in the latest Report and Accounts.

A copy will gladly be sent on request.

The largest Building Society in the Midlands, the Leicester Permanent, has Assets of more than £36,000,000 and Reserves in excess of £2,700,000.

LEICESTER PERMANENT
BUILDING SOCIETY

Head Office: WELFORD HOUSE, LEICESTER. Tel.: 22264 (3 lines)
London Office: FITZHERBERT HOUSE, 49 PARK LANE, W.1
Tel.: MAYfair 6021 (3 lines)

BRANCHES THROUGHOUT THE COUNTRY

2½% INTEREST
INCOME TAX PAID BY SOCIETY

Security for your Savings



ASSETS OVER £5,500,000

Your investment programme is not complete if it does not include the Birmingham Citizens Permanent Building Society. You can invest up to £5,000 with non-fluctuating security either on Share or Deposit accounts. Prospectus and Balance Sheet will be forwarded on request.

Birmingham Citizens
PERMANENT BUILDING SOCIETY
20, BENNETTS HILL, BIRMINGHAM 2
Director & Secretary L. GOODE
Telephone: MIDland 2954-5
I.G.S.

HUDDERSFIELD
BUILDING SOCIETY

The Society offers the full range of Building Society facilities combined with efficient and courteous service.

General Manager: ANDREW STEWART, C.A.

Head Office: Britannia Buildings, Huddersfield.
London Office: Britannia House, 203 Strand, W.C.2.

BRANCHES THROUGHOUT THE COUNTRY



"I recommend HASTINGS and THANET BUILDING SOCIETY for Investment & House Purchase"

Any amount from £1 to £5,000 may be invested, and earns 2½% interest, Income Tax paid. Payments may be made by cash, postal order or cheque. Any sum up to £50 may be withdrawn on request and large amounts at short notice. Regular savers earn 3% net—limit £10 per month.

Please call or write for full details and a copy of our booklet "Profitable Investment"; also for our "Home Buyers' Guide", which deals with the Society's excellent House Purchase facilities.

Hastings and Thanet
BUILDING SOCIETY

Established over 100 years. *Assets £18,000,000.*

99, Baker Street, London, W.1. Tel.: WELbeck 0028
Also at BIRMINGHAM, CANTERBURY, HASTINGS, MANCHESTER, MARGATE, PRESTON, RAMSGATE, SALISBURY.

trend that the societies could hardly ignore. It is less easy to see what may happen to building society rates and charges on the alternative assumption—that the 4½ per cent rate is held for a prolonged spell and that the Bank of England actively sets to work to make that rate effective. Leading building societies would presumably hold on to the basis of 2½ per cent net paid on shares and 4½ per cent charged on mortgage as long as they could ; and at any rate there seems little prospect of a general change in rates within the next three months.

Beyond that point it is difficult to peer, but slightly dearer money spells a slightly tougher life for the societies. One symptom of that is a move by some of the smaller London societies (Chelsea is a recent example) that have found it necessary to offer shareholders ¼ per cent more than the general 2½ per cent. This increase is not a consequence of the higher Bank rate as such, but a confession of the need slightly to outbid the Halifax Building Society which recently came into line with the general 2½ per cent rate. There always was a fringe of societies that needed to offer a shade above the normal rate, and the present slight extension of the number causes no great concern.

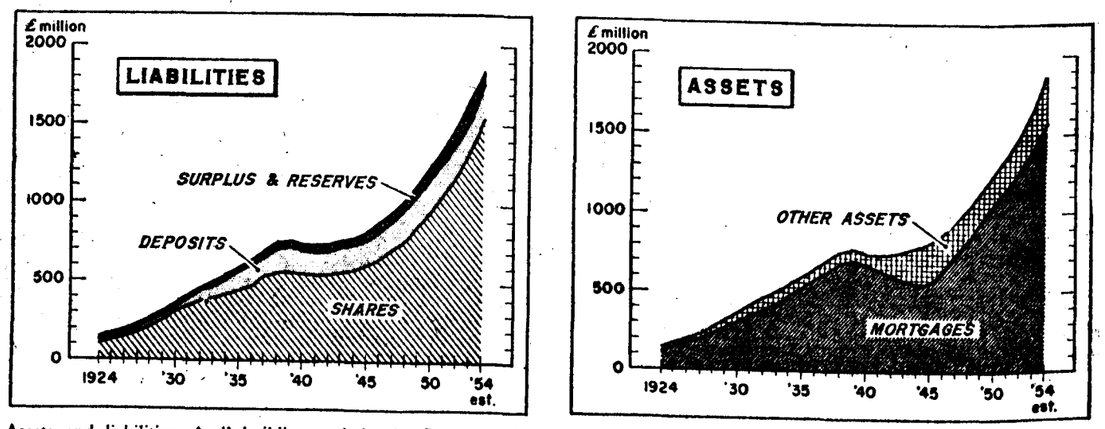
But it raises a big question: are the powers and duties of the Building Societies' Association quite wide enough to provide the discipline that a responsible and nationwide movement serving unsophisticated savers and borrowers ought to have? The building societies are strongholds of private initiative. They do not take kindly to discipline, and the prewar attempt to establish a code of conduct temporarily split the movement. For that reason the association's powers are mainly advisory and persuasive. It has one firm rule—the 7½ per cent liquidity ratio. Failure to show that ratio results first in a warning and then in a request to resign. But most of the association's other decisions are requests. The request to maintain an approximate reserve ratio of 5 per cent is impossible to attain in a period of growth ; the request not to grant mortgages exceeding 25 years is openly defied by a few societies ; the recommended interest rates and charges are disregarded though only by a small minority.

The rugged individualists who run the societies generally run them well, but they are now facing big new problems on which slightly stronger central guidance might be justified. There were the unhappy Skipton and Dudley affairs that fortunately leave the shareholders and borrowers unscathed. There is the even more unhappy Southern Counties affair. These incidents fortunately have not shaken the general confidence of investors but they must raise in the minds of building society people the question whether the high status that investment in building societies rightly enjoys with the saving public does not deserve to be protected by some central fund. There is no sign that such a move is likely in the near future, but if it does have to come a demand for a stronger discipline will come with it.

Thirty Years' Expansion

THIRTY years ago the building societies claimed less than £200 million of assets between them. Now their resources are over nine time that amount. Only during the war, while most borrowers continued repaying mortgage debt, has the growth been reversed. The chart of assets shows how the mortgage borrowings were then reduced more steeply than were total assets. Most of the "other assets" are liquid—cash, gilt-edged securities and loans to local authorities. The societies therefore ended the war with a degree of liquidity much greater than they wished. Those extra liquid assets were subsequently absorbed by a revival of mortgage business and by inflation in house prices. The societies have, however, insisted on maintaining a reasonable degree of liquidity.

Share subscriptions have provided much the largest part of the funds that the societies receive from the public and re-lent on mortgage. There has not in recent years been any sustained growth in the amount of money received from depositors, but the popularity of the shares—largely with small investors—has been constantly growing. It is significant that although their assets and share investment have continued to expand, the number of building societies in Great Britain has been steadily falling, mainly through the process of amalgamation. The number of societies reached its peak—3,642—in 1895. At the end of 1954 the number was 777.



Assets and liabilities of all building societies in Great Britain. *Source:* Report of the Chief Registrar of Friendly Societies for 1953. Figures for 1954 are estimates made by *The Economist.*

BRITISH BANKING
1955

Bank Rate's Second Round
How Credit Restraint has Worked
Restrictions within the Sterling Area
South Africa and the Foreign Investor
Monetary Weakness in Australia
Financing India's Development

Bank Rate's Second Round

THIS past year, it is safe to prophesy, will merit a prominent place in all future studies of the evolution of Britain's monetary policy and technique—but it will not be merely the most obvious of recent monetary developments that gain it this prominence. To the general public, the most striking fact will undoubtedly be the use of the Bank rate weapon, for the second time since its unsheathing in 1951, as the means of cutting down the excess of demand that is threatening Britain's equilibrium. Some observers may add the further significant fact that the working of monetary measures during the first round of Bank rate increases had been sufficiently encouraging to induce the authorities to leave them to operate as almost the sole instruments of restraint in this second round. Their effectiveness, moreover, has already been even more clearly demonstrated than it was in 1951-52, when the working of the monetary restraints could not be readily disentangled from that of the many other influences that were operating simultaneously.

This view of the recent measures has admittedly to rest mainly upon observation of their effects within the monetary sphere. It is still too soon for it to be possible to gauge with any certainty their impact upon the "real" factors in the economy—the trends of public spending, stock-building and the balance of external payments. But the principal monetary indicator gives a very clear reading. The trend of the total volume of money, which had been rising steadily for almost two years, has been strikingly reversed since the increase in Bank rate to 4½ per cent on February 24. In the three months from mid-February net deposits of the clearing banks declined by £153 million, or 2½ per cent, to £6,104 million, the very point at which they had stood twelve months previously. This is the first time since before the war that there has been any decline at all over this period of the year. In the corresponding months of 1954 deposits rose by £94 million, and in 1953 by £45 million ; in 1952 they were just stable—but the comparable period in that year coincided with the sharpest phase of the credit squeeze in round one.

This heartening contrast, it should be observed, does not owe anything to the big build-up of the budget surplus that occurred in the last fiscal year ; the fruits of that big gain over the surplus of 1953-54 had been harvested during the phase when the trend of bank deposits was still upwards. One other consequence of past inflation has, however, continued to relieve the immediate pressure upon the domestic economy, and therefore upon the credit system, during these past three months. At the similar time last year Britain was still financing an external surplus, whereas this year its external account has almost certainly been in deficit—but this swing cannot have been sufficient to account for more than a moderate part of the difference of £247 million

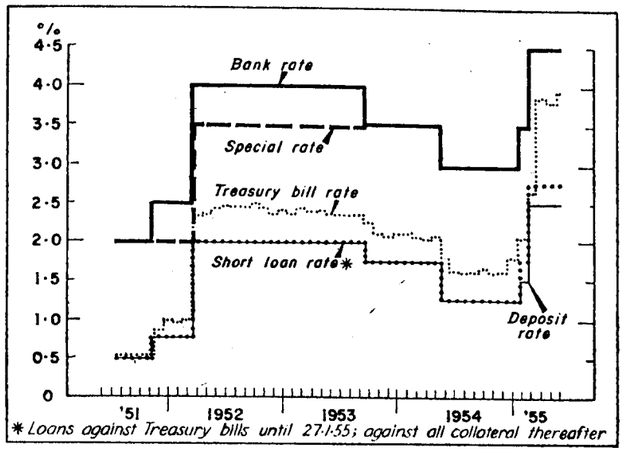
between the movements of deposits during the two periods. Most of that difference has been clearly and directly attributable to the deliberate pressure of monetary policy.

This demonstration of the ability of monetary policy to bring about so striking a change within so short a period, and yet to do so without exerting any of those violent and dislocating effects upon the economy that its critics constantly regard as inseparable from its effective operation, is clearly of the utmost significance. Yet the long-term significance of this past year's experience will not rest upon this demonstration alone. Even more enlightening are the means by which the pressures have been exerted. The lessons to be learned from them are less obvious, but it is the more important that they should not be overlooked—especially by those who, even now, regard monetary policy as a clumsy bludgeon instead of the sensitive instrument that it can and should be.

The Growth of Flexibility

On a long view, the really important monetary development of the past year has been the marked improvement in the flexibility of the whole monetary mechanism. It is this greater flexibility, rather than the power inherent in any one instrument of monetary orthodoxy, whether Bank rate or "open market" action, that has made the whole apparatus so effective. And this new advance to flexibility, though it was jolted even faster forward by the two increases in Bank rate and by the manner in which the authorities supported them, was really quite a separate process. It actually began during last summer and early autumn, during the phase of easy optimism when few people in either official or unofficial circles saw that there might be trouble ahead.

During the early years of the move towards orthodoxy it was the monetary authorities themselves who made the running—with the commercial banks lagging noticeably behind and therefore limiting the pace of advance. But it has now been demonstrated that, just as control begets more control, so does some flexibility sooner or later lead to wider flexibility—provided that the first injection is sufficiently potent. This latest advance was started by the commercial banks—not, apparently, because of faith in the virtues of flexibility as such, but simply because it was eventually perceived that the relationships rigidly established between the several short money rates during the prolonged phase of rate stability were not appropriate when the whole level of rates was liable to vary. The clearing banks had clung obstinately to their habits of lending to the discount market at fixed rates (established in three tiers according to the type of collateral offered), as well as to the convention, forced upon them during the cheap money phase, of fixing the lowest of these rates at an abnormally wide margin below Bank rate and at parity with their standard rate of interest allowed on deposit accounts. The abnormalities of these arrangements, by contrast with former phases of flexible money, were fully discussed in *The Economist* on January 8th last.



The new flexibility that led the clearing banks to think again was that in the Treasury bill rate. In the conditions of risk that had been re-created for the discount market by the possibility of changes in Bank rate, this rate had settled down at a much wider margin above the banks' short loan rate than the exiguous margin that obtained when Bank rate was frozen. Throughout last summer, this was inducing the banks to try to switch from call money into bills; and although they still hesitated to open up a margin between their minimum short loan rate and the deposit rate, some of them were striving hard to find ways of lending a proportion of their money at rates above the minimum (which, for "good" money, was by convention also a maximum). Thus was flexibility extending automatically and unobtrusively even before the rise in Treasury bill rates gave further incentive to such tactics; and it was virtually certain, even then, that an overt move would be made upon the next change in Bank rate—even if it were downwards.

The really decisive step to flexibility was not, therefore, associated with the 4½ per cent Bank rate. It was taken at the moment of the ½ per cent increase, to 3½ per cent—much criticised as too timid—on January 27th. The banks thereupon abandoned their three-tier system of rates for short money, and opened up a margin between their deposit rate and the basic rate for short money by raising the former by only ¼ per cent and the latter by ½ per cent. It was also informally agreed that not more than about two-thirds of the short money would automatically command the basic rate; the remainder was to be lendable at variable higher rates if market conditions justified an increase. The essential principle of flexibility had been conceded, if with some reservations. At the same time, to minimise the risk that the margin between deposit allowances and short money rates might start a flow from deposit accounts into the money market, the notice period for deposit balances was reduced from twenty-one to seven days—the shortest period that is regarded as drawing a firm line between time and current accounts (for the banks are very fearful of pressure for a revival of interest allowances on the latter).

All this, it will be seen, was achieved without any initiative from the authorities—apart from the indication that there had been no disapproval of the preceding rise in Treasury bill rates (in the end, there had been some official encouragement). Thereafter, the Bank of England's vigorous drive to make the 3½ per cent Bank rate effective just before it gave place to 4½ per cent, and then the forthright-

More than 100,000 customers have appointed Lloyds Bank as their executors

If you would like details of this service, please ask for a booklet at any branch of Lloyds Bank.

NATIONAL PROVINCIAL BANK LIMITED

Chairman: David John Robarts, Esq.
Deputy Chairman: Sir Frederick William Leith-Ross, G.C.M.G., K.C.B.
Chief General Manager: L. J. Williams.
Joint General Managers: F. Keighley, C. G. Wheatley, H. C. Pearson, W. Lynn.
Head Office: 15 Bishopsgate, London, E.C.2
Principal Overseas Branch & Trustee Department: 1 Princes Street, London, E.C.2

GLYN, MILLS & CO.

BANKERS

HEAD OFFICE:
67, LOMBARD STREET, LONDON, E.C.3

Associated Banks:
THE ROYAL BANK OF SCOTLAND
WILLIAMS DEACON'S BANK LIMITED

HAMBROS BANK LIMITED

Merchant Bankers
ESTABLISHED 1839

Head Office
41 BISHOPSGATE, LONDON, E.C.2
West End Branch
67 PALL MALL, LONDON, S.W.1
Holborn Branch
ELY PLACE, LONDON, E.C.1



THE ROYAL BANK OF SCOTLAND

INCORPORATED BY ROYAL CHARTER 1727

EDINBURGH, GLASGOW, LONDON & BRANCHES

GLYN, MILLS & CO.

ESTABLISHED 1753

LONDON

WILLIAMS DEACON'S BANK LTD.

FOUNDED 1771

MANCHESTER, LONDON AND BRANCHES

TOTAL ASSETS THE BIG III BANKS **£414,353,819**



Head Office

DISTRICT OFFICES IN

LONDON, LEEDS, LIVERPOOL, MANCHESTER, BIRMINGHAM and NEWCASTLE upon TYNE

and

OVER 600 BRANCHES THROUGHOUT THE COUNTRY

AGENTS ALL OVER THE WORLD

MARTINS BANK LIMITED

London District Office: 68 Lombard Street, E.C.3

Chief Overseas Branch: 80 Gracechurch St., London, E.C.3

HEAD OFFICE: WATER STREET, LIVERPOOL 2.

Total Assets (as at 31st December, 1954), £363,655,940

If it's AUSTRALIA and NEW ZEALAND ASK A.N.Z BANK

Enquiries welcomed on

BANKING · INDUSTRY · TRADE · EMIGRATION

AUSTRALIA AND NEW ZEALAND BANK LTD.

HEAD OFFICE: 71 CORNHILL, LONDON E.C.3. Phone AVEnue 1281

Over 800 Branches and Agencies

The African Link in International Trade

Our wide experience in matters of Commerce and Industry is available to all who are interested in trading with South, Central and East Africa.

THE

STANDARD BANK OF SOUTH AFRICA

LIMITED

Over 650 offices available and ready to care for your banking needs

Head Office:

10 CLEMENTS LANE, LOMBARD STREET

AND 77 KING WILLIAM STREET, LONDON EC4

London Wall Branch: 63 London Wall, EC2

West End Branch: 9 Northumberland Avenue, WC2

New York Agency: 67 Wall Street. *Hamburg Agency:* Speersort 6

ness of that move itself, had the effect of completing the conversion of the clearing banks. The new basic rates for deposits and short money kept step with Bank rate, and the new flexibility, which might have slipped back into a too conventional management of the "one-third" of variable money, extended still further. The more the authorities forced bill rates towards Bank rate by keeping money tight in the short loan market, the more the clearing banks found (and seized) opportunities to charge high rates for new money and the more ready were discount houses to accept renewals of old money at rates above the minimum. There has certainly been no systematic observance of the principle of the two-thirds/one-third division, which is all to the good.

The whole system, therefore, has become an active market mechanism in which the several rates tend towards an appropriate equilibrium. And the fact that the clearing banks' money rates have become so far variable means that, for the first time since the early thirties, the dominant influence upon the whole rate system is Bank rate and the wishes of the authorities in supporting it, rather than the arbitrarily fixed rates of the clearing banks. The one anomaly is the absolute rigidity of the clearing banks' maximum deposit allowance. But, paradoxically, this one remaining rigidity has given to the recent official exercises in flexibility a power and a speed in action that the authorities could not, in the particular circumstances, have attained otherwise unless they had been prepared to reinforce them by heavy sales of gilt-edged.

From Deposits to Bills

At this point the market mechanism has not been able to bring the rates themselves into equilibrium; the unnatural gap of 1⅛ per cent or more between what can be earned from a seven-day deposit and from a three-months' bill has provoked a big flow of funds from the one to the other, yet has been kept open from the one end by the rigidity of the banks' rate and from the other by the official pressures that have kept money short and rates for bills firm despite the increasing "outside" demand for them. The banks have lost liquid assets and deposits simultaneously, so that the screw upon their liquidity ratios has been kept tight despite the Treasury's need to borrow on bills to finance its seasonal deficit. If deposit rates had come sufficiently into line at the margins (i.e., for big deposits that are competitive with bills) to check the outflow from deposits, the squeeze on liquidity could have been sustained only if the authorities had financed part at least of their requirements by selling gilt-edged instead of bills. As it is, they have been able to squeeze the volume of liquid assets, and not merely force up rates, by operating almost wholly in the short-term market.

No one had foreseen the full strength of this particular influence, and the fact that it has acted so strongly has led to the suggestion that it provides an additional weapon of real value. This, however, is an exaggeration; and the suggestion itself is yet another example of the many misconceptions and frictions that have stemmed from the failure to recognise that the extent to which orthodox monetary devices achieve their full potential worth and efficiency must depend in the end upon how far they rest upon and use the principles of freely functioning markets and eschew arbitrary rules—whether of pegged deposit rates or unduly rigid liquidity ratios. Recent experience in the extension of flexibility in the short loan market suggests that it might be unwise to assume that deposit rates will indefinitely be held at an unnatural relationship to other rates. However reluctant the banks might be to abandon their maximum-rate agreement formally, it is readily conceivable that on this or some future occasion when pressure becomes strong some or all of them might circumvent it, just as they always used to do, by *ad hoc* offers of higher rates for deposits at notice for longer periods (not necessarily much longer) than the minimum period, to which the agreement alone applies. For this reason alone, this new "weapon" would be liable to break in the hands of the authorities at precisely the moment when most reliance was put upon it.

There is, however, another reason, which also stems from the normal working of market principles, for discounting the worth of this influence in future, even if all deposit allowances were again to be kept arbitrarily below other short money rates. The force of the movement from deposits into bills in these past three months derives from the fact that the margin was opened up suddenly and drastically. Some margin, as all past experience of flexible money shows, is justifiable; and there must always be some point at which even a wide margin represents a position of equilibrium—since only a small fraction of total deposit-holders either have the opportunity or would take the trouble to switch into bills. A change in the margin now would start a new flow or a reverse movement, but these changes would start from a position of equilibrium, and thus would not be comparable to the spate of recent months. Instead of providing a new "weapon," they would simply take their place in the whole series of normal market adjustments to changing conditions, even though this particular resultant flow would always be larger than would occur if deposit rates had some degree of flexibility themselves.

Lessons for Round Three

The immediate lesson to be drawn from this is, of course, that even in this second round of essays in flexible restraint the authorities have not had to employ their full armoury of orthodox weapons in order to achieve the desired result. Just as in the first round they were strongly aided by the shock effects of the dramatic unsheathing, so in round two they have been fortified by a transitional adjustment that is never likely to be repeated on the same scale. At each successive stage in the whole continuing evolution, the orthodox weapons have to do more of the work. It is well, indeed, that there have been these transitional aids to help the authorities after they had wisely cast aside the special arbitrary devices—such as the compulsory fundings and the "special" rate for loans against Treasury bills—they themselves enlisted for the opening phase. Because of the progress achieved by natural and special influences combined, the authorities have been encouraged to uses of the orthodox weapons from which they might otherwise have been deterred by popular prejudice and misunderstanding, given the uncertainties of their own recollections of the technique and doubts about its fitness for modern conditions.

This latest experience should hearten them for the next occasion, when once again a bigger call will be made upon the orthodox armoury if the whole policy is to progress. Who would have supposed, three months or so ago, that the banks could have unloaded investments to the extent of £157 million without causing the most acute paralysis in the gilt-edged market? The monetary mechanism in these past

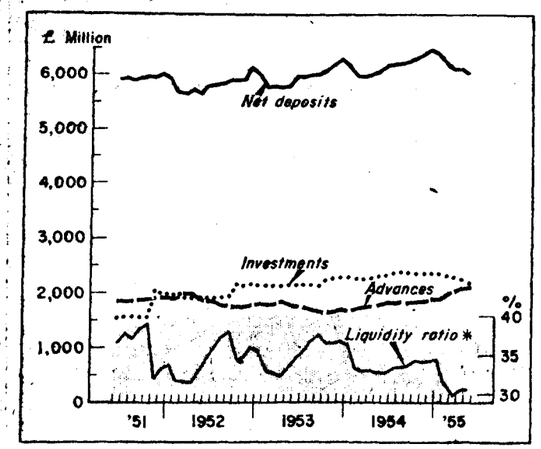
three months, like the whole economy in these past three years, has been shown to have far greater resilience than almost anyone had supposed. Fears for the gilt-edged market have generated many inhibitions about the use of monetary policy in the past. Now it has been clearly shown that this is a sphere in which the weapons of monetary restraint can operate potently without fear of untoward consequences. And it is a near certainty that in round three, whenever that may come, they will need to do so.

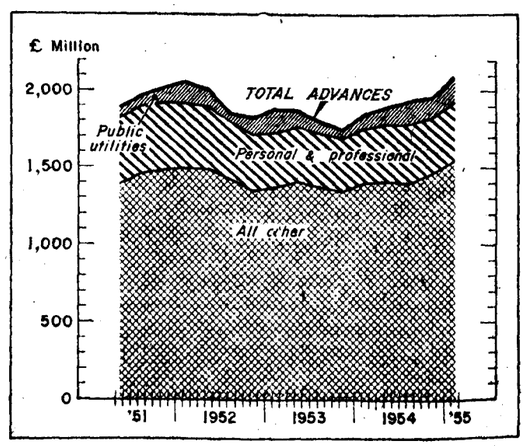
Finally, the most important lesson of all is that, given this evidence of good and steady progress in the use of the market mechanisms, there is not one shred of justification for the frequently heard suggestions about the need to "improve" the monetary apparatus by adding to it new devices not based on market principles. On this point one immediate caveat seems necessary: some of the suggested devices, notably if they resemble those employed in other countries that believe in flexibility, are not always readily detected as inimical to the market principles. It is well to remember that even the principle of the liquidity ratio, which is a much more vital lever now than it ever was in former times, is, or should be, a principle of flexibility. The sensitiveness of the whole apparatus will be better served by leaving the desirable minimum ratio to the judgment of individual bankers rather than by seeking to impose upon them collectively a single and almost rigid minimum comparable to the cash ratio. This, however, is a wide issue that cannot be adequately discussed in this article. It is comparable in importance to the even more difficult problem of how monetary pressures exert their restraint upon bank advances when conditions of full employment tend to equalise the risks of different loans in the eyes of lenders. The "new" monetary policy has made excellent headway, but both those who manage it and those through whom it is exerted still have much to discover about the use of these classical principles in the modern world.

How Credit Restraint has Worked

From the time of the introduction of a positive monetary policy at the end of 1951, to the end of 1954, the net deposits of the clearing banks rose by 8¼ per cent. That expansion matched almost exactly the increase in the country's gross domestic product; and this has been a period in which Britain has been financing an external surplus—to a total of some £360 million in the three years. But whilst the secular credit trend of the past three-and-a-half years has been one of steady expansion, there have been two phases of contraction—this year, and early 1952. Both these phases have been marked by steep increases in Bank rate; but the nature and causes of the falls in deposits have been very different. In 1952 the major influence was the reduction of advances, attributable in part to tighter standards of lending by the banks and especially to the reduced demands resulting from the fall in the prices of stocks, the reduction in the volume of stock-holdings, and the drop in production. But in the past few months the economy and the demand for advances have boomed merrily on; and the banks have not as yet checked the expansion in their lendings. But, thanks to the flexibility in the money market that has evolved since 1951, they have had to make almost exactly compensating cuts in their other "risk" asset, investments. For the banks have recently been subject to strong pressure from withdrawals from deposits for investment in Treasury bills. This, as the preceding article explains more fully, has been the dominant influence through which the banks have suffered a liquidity squeeze, bringing their liquidity ratios down sharply to 30 per cent and below for the first time since the war.

The truest picture of the movement of advances is that given by the quarterly figures of the British Bankers' Association, which include all advances made in Great Britain. These are plotted in the right-hand chart. The most significant trend is that shown after the exclusion of the public utilities, since the utilities' cycle of piling up their bank borrowings and then reducing them at a swoop from the proceeds of public issues is a major distorting factor. Advances to all other borrowers fell in the two years from November, 1951, from £1,922 million to a low point of £1,699 million. But from the beginning of 1954 they have been rising steadily, and by February last they had broken through their earlier peak. About one-third of the fall in advances in 1952-53 was suffered by personal and professional borrowers; but this category has been responsible for less than one-seventh of the subsequent rise. That rise has been fairly evenly spread between the various industrial and commercial groups, though advances to the "financial" group of borrowers have expanded particularly fast.





* Ratio of cash, call money and bills to gross deposits.

BANK OF SCOTLAND

Scotland's First Bank

Scotland's most extensive banking network

Incorporating
THE UNION BANK OF SCOTLAND

The Head Office of the Bank in Mosley Street, Manchester



WILLIAMS DEACON'S BANK LIMITED
founded 1771

Head Office: Mosley Street, Manchester
City Office: 20, Birchin Lane, E.C.3.

Every description of Banking business transacted

The Bank acts as Executor & Trustee

Associated Banks:
THE ROYAL BANK OF SCOTLAND
GLYN, MILLS & CO.

Canada

New trade connections

For assistance in arranging desirable new trade connections in Canada, call on our Business Development Department.

London Offices:
6 Lothbury, E.C.2
2 Cockspur Street, S.W.1

THE ROYAL BANK OF CANADA

Over 800 branches in Canada, the West Indies, Central and South America

CANADA'S LARGEST BANK

Incorporated with limited liability in Canada in 1869

An Emblem of Service

Throughout the length and breadth of Scotland, this emblem identifies

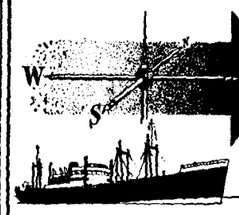
The Commercial Bank of Scotland Limited

which has fostered commerce and industry for over a century.

Scottish men and women in all walks of life appreciate its friendly service in all matters pertaining to modern banking.

The Bank was founded by Scottish business men to assist in the development of Scottish trade.

Head Office:
14 · George Street · Edinburgh
General Manager: Ian W. Macdonald.
Branches throughout Scotland and in London.



Eastern Trading Intelligence

For many years The Mercantile Bank of India has been intimately associated with the principal trading centres of the East and will be pleased to supply to all interested exporters and merchants on-the-spot information relative to the state of markets, agency representation, financial and currency exchange problems.

THE MERCANTILE BANK OF INDIA LIMITED

Head Office: 15 GRACECHURCH ST., LONDON, E.C.3

★

INDIA · PAKISTAN · BURMA · CEYLON · MALAYA · SINGAPORE
HONG KONG · CHINA · MAURITIUS · THAILAND · JAPAN

THE NATIONAL BANK OF SCOTLAND LIMITED

Established 1825

Capital—Subscribed - -	£5,400,000
Paid up - - -	2,400,000
Reserve Fund - - - -	2,400,000
Total Assets (1st November, 1954) - -	135,000,000

Head Office : EDINBURGH

General Manager : DAVID ALEXANDER

London Offices :

City Office :
37, Nicholas Lane, Lombard Street, E.C.4.

West End Office :
18/20, Regent Street, Piccadilly Circus, S.W.1.

BRANCHES THROUGHOUT SCOTLAND

BROWN, SHIPLEY & CO. LTD.
LONDON

FOUNDERS COURT Tel.: MONarch 9833 (14 lines)
LOTHBURY, E.C.2 Telex : London 8623

FOUNDED 1810

A complete International Banking Service
Covering : Commercial Credits
Foreign Exchange
Overseas Collections
Dividends Collected
Deposit and Current Accounts
Executor and Trustee Department

CORRESPONDENTS IN
THE UNITED STATES OF AMERICA
BROWN BROTHERS HARRIMAN & CO.
NEW YORK · PHILADELPHIA · BOSTON

THE
ENGLISH, SCOTTISH & AUSTRALIAN BANK
LIMITED.

★

Subscribed Capital	**£5,000,000**
Paid-up Capital	**£3,000,000**
Further Liability of Proprietors ...	**£2,000,000**
Reserve Fund	**£3,000,000**

Through more than 400 Branches in Australia and a network of Agents and Correspondents in all overseas countries, this Bank is enabled to handle all classes of Banking Business, exchange transactions, trade enquiries, &c.

★

Address enquiries to Head Office:
5, Gracechurch Street, London, E.C.3.
J. A. CLEZY, General Manager in London.
West End Branch: **8-12, Brook Street, W.1.**
Chief Office in Australia: Collins Street, Melbourne

Restrictions within the Sterling Area

ONE of the most familiar descriptions of the sterling area is that it comprises a very large part of the trading world within which payments are free, so that trade can flourish without having to force its way through the barriers of exchange control. As a broad generalisation, this complimentary description is justified, but closer examination shows the implied claim to be subject to more qualifications than it usually receives. It is true that under the exchange regulations of the United Kingdom current payments within the sterling area—or, in the language of the Exchange Control Act, within the "scheduled territories"—are entirely free ; to that extent trade within the sterling area can indeed proceed without impediment from exchange control. But when this claim is made it should be borne in mind that restrictions can be applied to *current* payments by import controls as well as by exchange regulations as such. No such quantitative restrictions apply to sterling imports into the United Kingdom, but many such restrictions operate upon trade flowing in the reverse direction, especially on goods moving from the United Kingdom to such dominions as Australia, New Zealand and South Africa.

Moreover, while no exchange control at all is applied by the United Kingdom to any payments to other sterling area countries—not even for the purpose of measuring the flow—no corresponding immunity is granted by those other countries to payments transactions with other sterling countries. Each sterling dominion maintains an exchange control that applies to payments to other scheduled territories as to payments to non-sterling countries. These controls operate with varying degrees of severity. Some of them scrutinise sterling payments for no other purpose than the compilation of adequate statistics. Others, though ostensibly no more constrictive of sterling payments than this, have at times been used as a "psychological" deterrent to incoming funds. For example, during the latter part of 1950 and in early 1951 when a great deal of capital was moving to Australia, speculatively bent on hopes of an appreciation in the Australian pound, of which there was then much discussion, the Australian authorities did their best to discourage the movement by reminding all concerned that when the time came to repatriate this capital the holders might find that the authorities in Australia had the right to put restrictions on such an outflow of funds. Many other sterling area controls are more exacting, and impose a number of restrictions upon current as well as capital payments to other sterling area countries. All sterling dominions except South Africa limit tourist expenditure in the rest of the sterling area. Britain imposes no such restraint, nor does it control outgoing capital funds. The only circumstance in which any reference has to be made to the authorities before making any payment within the sterling area is when the amount exceeds £50,000 and is for capital purposes that require the sanction of the Capital Issues Committee.

★

For the purpose of describing the restrictions upon payments within the area, the territories concerned can be divided into three broad groups. The first of these comprises the colonies or "dependent territories," in which there is virtual freedom for all payments to the United Kingdom or elsewhere in the sterling area. Exchange control as operated in the colonial territories is almost identical with that operated in the United Kingdom. Secondly, there are the "white" independent territories in most of which the exchange control machinery at least takes note of payments to and from the rest of the sterling area—and, in certain instances, moderately interferes with the free flow of capital. Thirdly, there are the Asian territories, and here the regulations differ very considerably from country to country. In general, residents of the particular country are subject to restrictions on current payments and to very strict control of capital remittances to the rest of the sterling area ; non-residents who reside elsewhere within the sterling area enjoy much greater freedom than the local population, but still have to submit to rigorous procedures of exchange control.

★

The conditions obtaining in the first two of these groups need only brief description. In the colonies no control at all is applied to sterling area payments. Profits and interest on capital invested from elsewhere in the area can be remitted and the capital itself can be repatriated. Current payments can be made for visible or invisible transactions without any reference to exchange control authorities.

Australia imposes no restrictions upon the inflow of sterling area capital for investment or upon the transfer of the resultant profits and interest. It gives no guarantee that capital may be repatriated, but in practice no restrictions on repatriation have been imposed. Similar conditions are applied by New Zealand, though a little more formality appears to be involved in securing permission to repatriate capital to the rest of the sterling area. The capital repatriations are expected to be "reasonable" in rate and amount, as judged by the circumstances of each case ; but in practice the control is operated moderately—there have not, apparently, been any sufficiently important instances of impediment on repatriation of capital to deserve publicity. In South Africa and in the Federation of Rhodesia and Nyasaland there is virtual freedom of payments, both outwards and inwards, for capital as well as current transactions. In Rhodesia and Nyasaland, however, all capital repatriations must be notified to the authorities, and there is power in the regulations to limit them to a reasonable level.

It is in the Asian territories that the concept of freedom of payments within the sterling area is most often and most severely violated. In each of these countries—India, Pakistan, Ceylon, as well as in Burma—there are rigid limitations on current remittances by residents to the rest of the sterling area. Travel allowances are limited, and strict control is also maintained over remittances for maintenance of students in other parts of the sterling area. There is also rigorous control, generally amounting to virtual prohibition, of exports of capital by residents of these countries to the rest of the sterling area ; without such control there would probably be a substantial exodus of capital. These arrangements for control of domestic capital vary from one country to another and are too various and detailed for

summarised description. Perhaps more important from an international standpoint are the restrictions and restraints on payments, whether for current or capital purposes, for account of residents in other parts of the sterling area.

In India, the record on this account is reasonably good. Very few difficulties are encountered in making payments for most current transactions. Nonetheless, detailed investigation and sometimes long delays have to be endured in getting permission to remit profits and dividends. In these investigations the aim of the Indian authorities is to ensure that before a remittance is sanctioned the would-be remitter has honoured or provided for all his current liabilities in India, and, in particular, that his tax liabilities have been cleared. All this takes time, and the remittance queue is sometimes long.

The export of capital from India for account of residents in the United Kingdom has been, and still ought to be, facilitated by the agreements made with the three Asian dominions soon after the end of the war whereby their sterling assets were segregated into "No. 1" and "No. 2" accounts, the first being freely available and the second immobilised. It was then provided that any resident in the United Kingdom who had in the past acquired capital in this area, and wished to repatriate it, would be given the right to do so by the authorities in the three countries concerned, and that the necessary sterling would then be made available by release from the blocked "No. 2" accounts, and so would not strain the freely available balances in the "No. 1" accounts. In general, this principle has worked fairly well in practice, but in recent years the administrative difficulties in getting sanction for the repatriation of capital have been increasing. For example, a British investment trust that sold some rupee jute shares and asked permission to remit the proceeds home would have to show first that it had complied with all its fiscal obligations in India. If the seller were a British insurance company, it would, in addition, have to give an assurance that it had sufficient assets left in India to cover its local potential liabilities. A British tea company that sold one of its tea gardens in India last year and wished to repatriate the proceeds had to wait many months for permission to do so. Many letters often pass to and from the Indian exchange control authorities before even the most trivial capital transaction can be completed. Questions may be asked about when and why the shares in question were originally bought and why they have been sold. Months may elapse without the necessary sanction, and although it usually is forthcoming in the end, there are indications that this administrative delay is in many subtle ways acting as an additional measure of exchange control.

Homeward remittances by United Kingdom personnel working in India are generally limited to £150 per month, and the amount remitted must come from earnings in the month of remittance. Full allowance must be made for taxation, and sufficient funds must be retained in India to meet all commitments. All such personnel can, however, remit their savings on leaving India to take up permanent residence in the United Kingdom.

In Pakistan there are considerably greater difficulties, which have become more pronounced as the country's sterling reserves have declined. Remittances by British personnel are limited to £100 a month, and it has become more difficult to secure permission for the remittance of profits and dividends—the "queue" of applicants for such purposes has been lengthening considerably recently, and the delay may extend to six months. As might be expected, the most severe restrictions relate to capital transactions. Pakistan has for some time imposed a strict control on the inflow of capital, and all investments in excess of £1,500 or its equivalent must receive the prior approval of the State Bank. In practice no serious difficulty is experienced in getting this approval, but a real measure of restriction is applied to the repatriation of capital. The Pakistan Government announced towards the end of last year that capital invested in Pakistan in a given range of industries after September 1, 1954—twenty-seven industries were listed initially—would rank for certain concessions for repatriation. It seems to follow from this that investments made prior to September 1, 1954, or in other industries do not enjoy unconditional facilities for repatriation. The general rule seems to be that each case is dealt with on its merits. British persons in Pakistan who have invested savings in that country may not repatriate that capital unless the person in question is leaving Pakistan permanently.

*

In Ceylon the repatriation of capital is likewise controlled by decisions made in the light of the circumstances of each case. The permission of the central bank is required before British or other foreign-owned capital can be withdrawn, and the nature of the answer to the request is usually guided by the current state of Ceylon's balance of payments and the level of its exchange reserves. British personnel working in Ceylon are allowed to remit home up to £100 a month from current earnings in order to meet current liabilities, but it is specified that such remittances are not eligible for investment in any other part of the sterling area, i.e., they must be for current and not for capital purposes.

Burma permits remittances for certain personal expenditures and also for the transfer of such current earnings as rent, profit and dividends. There is, however, a complete ban on remittances from Burma for investment, whether by Burmese or by foreign personnel working in that country. When a non-Burmese who is a resident of another country in the sterling area and who has lived in Burma and accumulated savings there leaves the country permanently for his home country, he is in theory entitled to transfer his savings with him.

Apart from these various restrictions applied by sterling area countries to payments within the rest of the sterling area generally or to the United Kingdom, there are also a number of bilateral restrictions, which operate mainly between Asian sterling countries. There are, for example, many tiresome difficulties to be overcome in effecting payments between India and Pakistan. Ceylon has used restrictions upon payments to discourage the influx of Tamils from Southern India. All three Asian dominions have for political and racial reasons imposed special restrictions on payments with South Africa.

It will thus be seen that the familiar claim made for the sterling area derives from, and rests upon, the complete freedom permitted by the regulations of the United Kingdom; but the system as a whole embraces many different kinds of restrictions. This contrast between United Kingdom and overseas regulations may become greater and the overseas restraint of remittances may grow tighter if sterling becomes an effectively convertible currency. For in that event the temptations for the exodus of capital from some of the sterling area countries, and from the Asian dominions in particular, will be heightened.

At your service!

The
COMMERCIAL BANK OF AUSTRALIA
Limited
(Incorporated in Victoria)

690 OFFICES THROUGHOUT
NEW ZEALAND AND AUSTRALIA
Founded 1866

LONDON OFFICE: 12 OLD JEWRY, E.C.2
(Telephone: MONarch 8747)
Telex No. 2-2652

THE
HONGKONG AND SHANGHAI
BANKING CORPORATION

(Incorporated in the Colony of Hong Kong)
The Liability of Members is limited to the extent and in manner prescribed in Chapter 70 of the Laws of Hong Kong.

CAPITAL ISSUED AND FULLY PAID UP ... $25,000,000
RESERVE FUNDS STERLING £7,687,500
RESERVE LIABILITY OF MEMBERS $25,000,000

HEAD OFFICE: HONG KONG
Chairman: C. BLAKER, M.C., E.D.
Chief Manager: MICHAEL W. TURNER
London Office: 9, Gracechurch Street, E.C.3
London Managers: S. A. Gray, M.C., A. M. Duncan-Wallace, M. D. Scott.

BRANCHES:

BURMA
Rangoon

CAMBODIA
Phnom-Penh

CEYLON
Colombo

CHINA
*Shanghai

DJAWA (JAVA)
Djakarta
Surabaja

EUROPE
Hamburg
Paris

HONG KONG
Hong Kong
Kowloon
Mongkok

INDIA
Bombay
Calcutta

JAPAN
Kobe
Osaka
Tokyo
Yokohama

MALAYA
Cameron Highlands
Ipoh

MALAYA—contd.
Johore Bahru
Kuala Lumpur
Malacca
Muar
Penang
Singapore
Singapore (Orchard Rd.)
Sungei Patani
Teluk Anson

NTH. BORNEO
Brunei Town
Jesselton
Kuala Belait
Sandakan
Tawau

PHILIPPINES
Iloilo
Manila

SIAM
Bangkok

UTD. KINGDOM
London

U.S.A.
New York
San Francisco

VIETNAM
Saigon

* Not at present operating.

BANKING BUSINESS OF EVERY KIND TRANSACTED
A comprehensive service as Trustees and Executors is also undertaken by the Bank's Trustee Companies in
HONG KONG LONDON SINGAPORE

East of Suez

East of Suez! A phrase that quickens the imaginative pulse, evoking images of a strange, exciting world—the mysterious Orient, the exotic East of Stevenson, Kipling's India. Life would be dull, indeed, without fiction, and Kipling and Stevenson will always find a welcome from the armchair traveller; but for those concerned with the sterner stuff of eastern commerce, information of a more realistic nature is required. This explains why so many businessmen and traders consult the National Bank of India for accurate and dependable information on conditions in the East. Through their long-standing associations the National Bank of India have established an unrivalled knowledge of the many problems peculiar to eastern trading, and can supply up-to-date information on the prevailing conditions and trends in your particular market.

A comprehensive service is available at the Bank's branches in INDIA, PAKISTAN, CEYLON, BURMA, KENYA, ZANZIBAR, UGANDA, TANGANYIKA, SOMALILAND PROTECTORATE AND AT CAMP AND STEAMER POINT, ADEN.



The statue at Port Said of Ferdinand de Lesseps, diplomat and engineer, who was responsible for the cutting of the Suez Canal.

NATIONAL BANK OF INDIA LIMITED
Head Office: 26 Bishopsgate, London, E.C.2.
West End (London) Branch: 13 St. James's Square, London, S.W.1
Bankers to the Government in ADEN, KENYA, UGANDA & ZANZIBAR

Whither Bound?

To-day trade winds lead to Canada. There are rich opportunities in this expanding market for business men armed with accurate data on Canadian economic trends. The Bank of Montreal, experienced in Canadian affairs since 1817, is at the service of all who seek to know modern Canada.

CANADA'S OLDEST BANK

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

A complete banking service, special departments for foreign exchange, income tax and executor and trustee business

THE

NATIONAL BANK

LIMITED

13-17, OLD BROAD STREET, LONDON, E.C.2.

(MEMBER OF THE LONDON BANKERS' CLEARING HOUSE)

LIVERPOOL : MANCHESTER : CARDIFF, ETC.

34 & 35, COLLEGE GREEN, DUBLIN

BRANCHES AND SUB-OFFICES THROUGHOUT IRELAND

AGENTS and CORRESPONDENTS ALL OVER THE WORLD

THE BRITISH LINEN BANK

INCORPORATED BY ROYAL CHARTER 1746.

LONDON OFFICES:

City Office:

38, THREADNEEDLE STREET, E.C.2.

West End Branch:

198, PICCADILLY, W.1.

OVERSEAS BUSINESS

Special Departments at the Bank's London City Office, at the Principal Glasgow Office, and at the Head Office are fully equipped to handle every description of Overseas Banking Business. Enquiries are invited.

Principal GLASGOW Office:

110, QUEEN STREET, C.1.

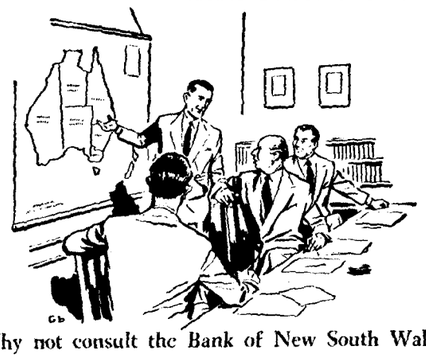
BRANCHES THROUGHOUT SCOTLAND.

HEAD OFFICE:

38, ST. ANDREW SQUARE, EDINBURGH, 2.

AFFILIATED TO BARCLAYS BANK LIMITED

Talking of trade with Australia and New Zealand



Why not consult the Bank of New South Wales? It is the largest commercial bank there and has had a longer experience of Australasia than any other public company.

BANK OF NEW SOUTH WALES

MAIN LONDON OFFICE—29 Threadneedle St., E.C.2

D. J. M. Fraser, Manager

(INCORPORATED IN NEW SOUTH WALES WITH LIMITED LIABILITY)

GBSNZE

THE BANK THAT CONDUCTS THE LARGEST BANKING BUSINESS IN NEW ZEALAND

Since its establishment nearly 100 years ago, the Bank of New Zealand has kept pace with the country's development. Information supplied by over 340 Branches and Agencies provides current data on all aspects of commerce and industry, which is freely available to all with present or projected interests in the Dominion.

You are invited to contact the London Office or the Head Office

BANK OF NEW ZEALAND

(Incorporated with limited liability in New Zealand)

London Office : 1, Queen Victoria Street, E.C.4.
Manager : A. R. Frethey.
Assis. Manager · A. E. Abel.

Head Office : Wellington, New Zealand.
General Manager : R. D. Moore.

Branches also in

Melbourne and Sydney (Australia); Suva, Lautoka, Labasa, Ba and Nadi (Fiji); Apia (Samoa).

South Africa and the Foreign Investor

"IF we had not kept our interest rate fairly high, less capital would have come to South Africa from abroad. Through a wise interest rate policy, we have practically righted our balance of payments," declared a Nationalist member of the House of Assembly in Cape Town early this year. He was concerned in part, presumably, with the direct influence of stable and comparatively high interest rates in South Africa—where Bank rate has stood at 4 per cent since early 1952—in attracting foreign money to the Union. A similar concern was shown by the Minister of Finance, Mr Eric Louw, when in March, following the increases in Britain's Bank rate, he raised Treasury bill rates in the Union in an attempt to check a consequent outflow of funds to London. But the more important influence upon foreign capital of the conservative financial policy pursued by this far from politically conservative Government since it took office in 1948 has been indirect—in giving the foreign investor confidence to grasp the glittering opportunities that investment in South Africa has offered.

Since the war the foreign investor—and more recently perhaps the South African repatriating money from abroad—has played a most significant part in South Africa's balance of payments. That is the striking evidence of the balance of payments accounts, which are summarised in the accompanying table. From 1946 to the end of 1954 the net inflow of private funds amounted to some £530 million, an average of about £60 million a year. That flow served to offset or significantly reduce the impact upon the Union's reserves of the large deficits on current account incurred in most years since the war. Last year, for example, South Africa had a current deficit of £30 million, but enjoyed a net inflow of £55 million of private capital and of £19 million under official loans. The Reserve Bank's holdings of gold and international exchange, therefore, rose by £44 million. But this raised the total of the reserves to only around £160 million—against the peak of £212 million reached in 1946. The rise recorded last year was the only postwar increase in the reserves with the exception of those of £17 million in 1949, when the capital inflow was probably still influenced by the last of the hot money that flowed into South Africa from the sterling area in the immediate postwar years, and the increase of £71 million in 1950. Since devaluation the inflow of private capital has been for more genuine investment purposes; it has averaged about £45 million a year.

The weakness in South Africa's trade balance since the war has been largely attributable to the fact that the price of the main export item, gold, has failed to match the steady increases in the prices of the goods the Union buys from abroad. Against this, the pace of increase in its spending on imports has been moderated since official control was imposed in 1948 and widened in 1949; there has been a steady increase in the earnings of exports other than gold; and the value of gold exports had a "once-for-all" benefit from the upward step in its sterling value produced by devaluation. Last year's current deficit, indeed, was only about half as much as that incurred in 1953.

Though Mr Louw, in his budget speech this year, showed himself prepared for some slackening in the net inflow of capital from abroad, he was confident that the rising production of gold and now of uranium would earn enough to ensure that the additional relaxations he has made in import controls do not cause an excessive drain upon the Union's exchange reserves. In considering how large a reduction in the reserves it might be safe to accept over the year, he mentioned the figure of £30 million. On May 27 the reserves stood at £125 million. This represents a fall of about £35 million since the end of 1954. This is a season during which the Union always expects to lose gold, but certainly not to this extent. It appears that, notwithstanding the counter measures taken by the South African authorities, there has been some attraction of short-term funds to London.

★

Internally, South Africa has experienced certain periods of rapid inflation since the war, but since 1951 conservative finance and disinflationary budgeting have succeeded in holding prices fairly stable. Even since 1946 the retail price index shows an increase of less than 50 per cent and the index of wholesale prices an increase of about 70 per cent. That is not an immoderate degree of price inflation for an economy expanding as fast as is that of the Union.

The real rate of expansion in the South African economy cannot be deduced on the basis of these inadequate indices of changing money values. At current market prices, however, the Union's national income is estimated to have doubled between 1946 and 1954, reaching the level of about £1,400 million in 1953-54. National accounting in a country where two-thirds of the population consists of Africans presents huge problems and degrees of error, but the rapid expansion of economic activity in the Union is unmistakable. Besides the absolute figures, it is significant to note the movements in the division of the national output and in the proportionate rate of capital formation in the economy: on both counts, some justification emerges for the claim that South Africa is today in the upsurge of an industrial revolution.

FINANCING SOUTH AFRICA'S EXTERNAL DEFICIT, 1946-54

	1946	1947	1948	1949	1950	1951	1952	1953	1954
Merchandise :—									
Imports	−212	−303	−354	−314	−305	−467	−417	−423	−437
Exports	88	100	132	140	209	281	277	288	323
Net gold output	102	97	99	114	147	150	152	147	165
Net invisible items	− 41	− 74	− 51	− 54	− 51	− 62	− 72	− 71	− 81
Balance on current account	**− 63**	**−180**	**−175**	**−114**	Nil	**−102**	**− 60**	**− 59**	**− 30**
Official loans, increase in short term liabilities, etc. (net)	...	− 5	− 80	81	18	6	13	3	19
Private capital inflow (net)	17	182	91	50	53	58	40	27	55
Change in gold and foreign exchange holdings	**− 46**	**− 3**	**−184**	**+ 17**	**+ 71**	**− 38**	**− 7**	**− 29**	**+ 44**

In 1938, it has been estimated, mining industry in the Union accounted for nearly 21 per cent of the national income (before the first world war it contributed about 28 per cent); today its contribution is down to about 12 per cent. Manufacturing, which accounted for only about 7 per cent of national income in South Africa before the first world war, rose to about 17.6 per cent by 1938; by 1953-54 it accounted for 34.5 per cent of national income.

These comparisons may tend to understate the continued importance of mining, since the small extent of the rise in the gold price has reduced the proportionate value of mineral output. Mining remains the Union's greatest export industry, and a considerable amount of the manufacturing activity that has developed over the years has been ancillary to it or largely supported by it. Nevertheless, the growth of manufacturing output since the thirties has been remarkable; its labour force, to use another measurement, has increased by more than half, while employment in agriculture has risen by less than 20 per cent and employment in mining by only 6 per cent.

This vast expansion of industrial output has been partly generated by an unusually high rate of capital formation; in 1947 and 1948 this reached 30 per cent of the Union's national income, and in 1953 about 23 per cent. The greater part of this capital investment, however, has been financed from outside the Union by the inflow of foreign capital. Though domestic saving does recently appear to have shown some increase, in 1953-54 it still amounted to only about 12 per cent of national income.

★

This shift in industrial structure has brought some weaknesses as well as rewards, and the young manufacturing industries of the Union are now much concerned with the threat of a setback to the easy expansion of recent years. Politicians and businessmen in South Africa have recently begun to talk confidently about an approaching end to import control; and certain of the manufacturing industries that have benefited from a sheltered market are accordingly staking out their claims for tariff protection. They have been encouraged by an official "Buy South African" campaign designed to show that domestic industries can now offer a fair range and quality in consumer goods. This is broadly true. Nevertheless, for most products the Union is still a high-cost country. Apart from the cost of imported materials or parts, this is attributable mainly to South Africa's two-tier structure of employment. White South African labour, although it is guaranteed a high standard of living and protected in the majority of works from any too direct competition from non-Europeans, is fairly efficient by British standards, as are the coloured and Asian workmen where these are employed; but African labour, in general, is uneducated and shiftless, wtih an extremely low productivity that largely offsets its cheapness.

The value of production, even so, is clearly rising more than prices are at the present time; and the volume of output is probably rising more than employment. There does accordingly seem to be some improvement in the general efficiency of South African labour; in practice, too, though not in Nationalist theory, the non-European is gradually being admitted to semi-skilled jobs in certain industries, which should reduce costs. Nor is it easy to single out particular "mushroom industries" that one would necessarily expect to wither if the warm wall of import control were, in fact, completely demolished. A very considerable share of the nation's industrial investment since the war has gone into its basic industries such as power and steel, which make use of the country's abundant low-cost reserves of raw materials. These materials are the really unshakeable foundation of South Africa's industrialisation.

★

The great extractive industry built upon the South African natural resource that was first profitably exploited, gold, has provided most of the basis for this recent development of secondary industries; but it has suffered somewhat in the postwar competition for resources. Both manufacturing and commerce have been more successful than mining in obtaining extra labour, offering rates that under its fixed prices mining cannot match. At the same time, the rise in the prices of the manufactured goods the mining industry buys, domestic and imported, has increased its costs and raised the margin at which gold production becomes profitable. In spite of their huge postwar investment outlays—in particular in the Orange Free State and the Far West Rand—the gold mines have thus found it impossible to push production beyond the levels attained during the war; though diamond output and the new by-product recovery of uranium oxide offer increases in output that are less demanding in terms of extra labour. The late Minister of Finance, Mr Havenga, said in his last Budget speech in 1954 that he counted upon the gold and uranium earnings of the Union to rise by about £100 million during the ensuing four years, that is by 1958. Mining is still the largest earner of the imports that much of its rival manufacturing industry continues to require.

The recent decline in the Union's exchange reserves, in spite of the seasonal ingredient, is raising some doubts whether the current liberalisation of imports can be sustained and extended without further adjustments in monetary policy. Last year's increased inflow of private capital is considered by some observers to have been influenced significantly by the repatriation of South African money from London for investment in the National Finance Corporation, a Government-sponsored institution set up to improve the facilities for deployment of short-term funds in the Union. Its interest rates were adjusted in the spring at the same time as the Treasury bill rate, following Britain's increases in Bank rate, but it seems probable that these adjustments have not been enough to prevent a significant outflow of capital from the Union. Certainly the rate of net inflow of capital will have been reduced markedly this year.

In the medium term, this decline can be accepted. Some slackening is expected in the current rate of investment in basic industries, such as electric power, and perhaps in manufacturing industry itself; the extremely high rate of investment achieved in the economy since the war may safely be allowed to decline somewhat. Nevertheless, in the short term, the South African balance of payments remains vulnerable, and it remains to be seen whether the conservative managers of its national finances will proceed to end all import control as soon as many businessmen in the country still profess to expect.

ALEXANDERS DISCOUNT COMPANY LIMITED

24, LOMBARD STREET, LONDON, E.C.3

CAPITAL PAID UP - - £2,600,000
RESERVES - - - - £2,267,000
£4,867,000

DIRECTORS:
SIR ERIC GORE BROWNE, D.S.O., O.B.E., T.D., *Chairman.*
ROBERT ALEXANDER
THE RT. HON. LORD BALFOUR OF BURLEIGH, D.L.
MARK DINELEY
SEYMOUR JOHN LOUIS EGERTON
JOHN PATRICK RIVERSDALE GLYN
ALAN RUSSELL

MANAGER:
ANTONY MACNAGHTEN
DEPUTY MANAGER: CHARLES C. DAWKINS
ASSISTANT MANAGERS:
A. J. McLENNAN, M. L. CREGEEN, I. W. K. SMITH
SECRETARY: F. W. HATCHER

BANK AND FIRST-CLASS TRADE BILLS DISCOUNTED

MONEY RECEIVED ON DEPOSIT

KLEINWORT, SONS & CO., LTD.

Established:
CUBA 1792 LONDON 1830

MERCHANT BANKERS

20, FENCHURCH STREET, LONDON, E.C.3.

GUINNESS, MAHON & CO.

MERCHANT BANKERS
ESTABLISHED 1836
53, CORNHILL,
LONDON, E.C.3.

GUINNESS & MAHON
17, COLLEGE GREEN,
DUBLIN

GUINNESS MAHON
REPRESENTATION CO. INCORPORATED
115, BROADWAY, NEW YORK 6, N.Y., U.S.A.

CRÉDIT LYONNAIS

Limited Liability Company Incorporated in France
LONDON OFFICE 40, LOMBARD ST., E.C.3
WEST END BRANCH
25/27, CHARLES II STREET, HAYMARKET, S.W.1.
Private Safes for rental at this Office

TRAVELLERS' CHEQUES ISSUED IN FRENCH FRANCS PAYABLE AT ALL BRANCHES OF THE BANK IN FRANCE AND THE FRENCH FRANC AREA.

ALL BANKING TRANSACTIONS

BRANCHES IN EGYPT AND THE SUDAN, NORTH AFRICA, SYRIA AND ON THE WEST AFRICAN COAST.

AFFILIATIONS IN
BRAZIL, LEBANON, PERU, PORTUGAL AND VENEZUELA.

Central Office: PARIS. Head Office: LYONS.

PHILIP HILL, HIGGINSON
& CO. LIMITED

BANKERS

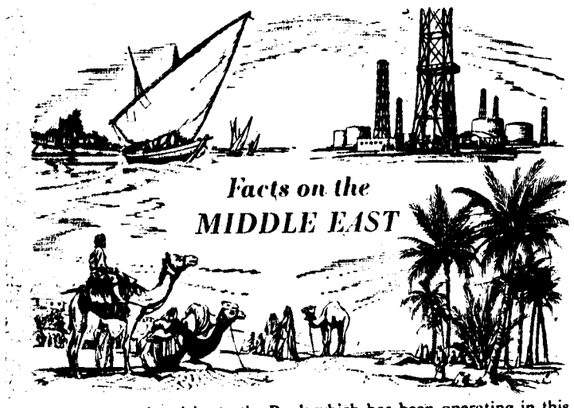
34 MOORGATE, LONDON, E.C.2

Associated Company

PHILIP HILL, HIGGINSON & Co. (AFRICA) LIMITED

Eagle Star House, Commissioner Street

JOHANNESBURG



Facts on the
MIDDLE EAST

Address your inquiries to the Bank which has been operating in this area for nearly 70 years, and thus possesses an unrivalled knowledge of market conditions in the Middle East and India. In recent years newly acquired oil revenues have transformed the economy of many Middle Eastern states and they are now keen buyers of consumer goods and capital goods, particularly in the industrial and agricultural fields. Your inquiries will be welcomed at our Head Office.

THE BRITISH BANK
OF THE MIDDLE EAST
Incorporated by Royal Charter 1889
HEAD OFFICE: 51 GRACECHURCH STREET, E.C.3

CHAIRMAN:
Sir Dallas Bernard, Bart.

DEPUTY CHAIRMAN: G. C. R. Eley, Esq., C.B.E.
GENERAL MANAGER: H. Musker, Esq., O.B.E., M.C.

BRANCHES:
IRAQ: Baghdad, Basra PERSIAN GULF: Bahrain, Doha, Dubai, Kuwait, Muscat, Sharjah INDIA: Bombay, Calcutta SAUDI ARABIA: Alkhobar, Dammam, Jeddah SYRIA: Aleppo, Damascus LEBANON: Beruit, Tripoli JORDON: Amman, Jerusalem ADEN: Aden LIBYA: Tripoli



Where the NATIONAL comes in

Australia's continued development offers undoubted scope and opportunities for the expansion of British industrial interests and activities. In the initial stages of estimating prospects, and later during the planning and operation of an enterprise, The National Bank of Australasia is in a good position to help the wheels go round much more smoothly. 'On the spot' information, gathered from over 750 branches throughout Australia, is readily obtainable from the Information Department of the Bank's London Office.

THE NATIONAL BANK OF AUSTRALASIA LIMITED
(Incorporated in Victoria)

Your best introduction to Australia

Head Office: 271-279 Collins Street, Melbourne
London Office: 7 Lothbury, EC2

Over 750 Branches throughout Australia *Assets £271 Million*

UNITED DOMINIONS TRUST LTD.

BANKERS

The companies comprising the U.D.T. Group together provide a complete financial service to industry and commerce throughout Great Britain and the Commonwealth.

Facilities are available for the provision of medium term loan capital to cover development and improvements to plant and buildings, for the purchase of equipment and transport and for the placing or public issue of shares.

United Dominions House, Eastcheap, London, E.C.3

Telephone: MANsion House 8744

Monetary Weakness in Australia

BY A CORRESPONDENT

SECOND only to an unprecedented turnover in visiting Hollywood entertainers in Australia during the past six months has been the strong inflow of VIPs from the City of London—bankers, economists and investment advisers, to be noted almost daily pursuing their independent tours of observation in Collins Street and Martin Place. Their verdicts, unlike those of the Americans, are unspoken; and they are awaited with trepidation for the tangible form they will eventually take in the movements of capital to Australia. It has been evident that the financial visitors came, for the most part, in a constructive, indeed indulgent, spirit and that the external signs of prosperity and growth have not failed to make an impression. But they have inevitably been deeply disturbed by the glaring weakness in the Australian economy—the tendency to chronic external deficit. They have been disturbed, too, by the inadequacy of the Australian Government's methods of countering that tendency, and particularly by its apparent lack of influence over the Commonwealth's commercial banking system.

The payments problem was highlighted in the early months of this year first by the evident pressure it was placing on sterling and the central gold and dollar reserves, and later by the considerable tightening of import controls from the beginning of April. But the strain was in fact long-lived. The trade balance and the Commonwealth's external reserves had been moving adversely since the spring of 1954, and the stability in the external accounts in the twelve months or so before that was largely attributable to the effect of the stringent import restrictions imposed in the crisis of 1952. Once the relaxations made in 1953 and 1954 had taken effect the pressure of demand—and a drop in export receipts due in part to the lower level of world wool prices—swung Australia once more into the red. In the ten months from July, 1954, to April, 1955, imports reached £A690 million—£A146 million more than in the corresponding period of 1953-54. Exports, meanwhile, were falling sharply, so that the visible balance was transformed from a surplus of £A168 million to a deficit of £A51 million. The resultant strain emerged in the sharp fall in the Commonwealth's external reserves—from the high point of £A543 million reached in March, 1954, to £A376 million by the beginning of last month.

In the circumstances, Australia could not but cut down hard and directly on its swollen imports; but even when equilibrium is thereby achieved—and that is not yet—the problem of the underlying unbalance in the economy will remain. That malaise can be remedied only through measures acting on the internal economy. Australia has as yet done little to harmonise the pattern and pace of domestic expansion with the demands of the balance of payments. In particular, it has made only sparing and inconsistent use of the monetary weapon to this end. In part, that is attributable to the special difficulties of controlling an external balance as volatile as is that of Australia. But that is not the whole story. Monetary weakness is also the result of political antipathies to conforming to the discipline of monetary restraint; and to some degree too to deficiencies in the technical fabric of monetary control.

The strain on the balance of payments has undoubtedly been intensified by the undue expansion of credit; but there have, of course, been many other factors that have served to swell internal demand. Stocks have been rising particularly fast, and investment in commercial building and other forms of fixed capital investment in the private sector have been increasing. The decline in export receipts from wool has, moreover, had only muffled effects on economic activity. Incomes of graziers still remain very good, and it is their savings rather than their personal expenditures or capital outlays that have taken the brunt of the decline in the wool cheque. Another factor that may have had inflationary consequences has been the uninhibited upsurge of consumer credit business—which has doubled in the space of two years. The role of hire purchase in Australian consumer spending now approaches American proportions.

★

Given these pressures, there was naturally a strong tendency for bank credit to rise in the absence of restraint from the authorities. Between March, 1954, and March, 1955, a period in which overseas assets fell by £A135 million, the deposits of the trading banks—including those of the Commonwealth Trading Bank—rose by £36 million to £1,725 million, whilst total advances rose by very nearly £A150 million to £A957 million, that is by 18½ per cent. Part of the responsibility for this pace of increase unquestionably lies with the authorities themselves; during the autumn the Commonwealth Bank made more than the usual seasonal releases of the trading banks' "special deposits" held with it; and this spring it has made no extra calls on them as it did in 1954. The upshot is that in March the amount of the banks' funds frozen in these special accounts was, at £A295 million, smaller by £A59 million than a year before.

It is at first sight strange, therefore, to find Dr Coombs, the Governor of the Commonwealth Bank, remarking in his report for the year ended June 30th last that the year's rise of £A115 million in trading bank advances "was substantial and may well have been more than was required." That amounted to a diplomatic rebuke to the private trading banks for not having toed the line; as early as November, 1953, it is understood, the central bank had privately intimated to the general managers of the trading banks the desirability of a slackening in the rate of credit expansion. The inconsistency shown by the Commonwealth Bank between its advice and its subsequent action was due primarily to its reluctance to bear responsibility for the depressive effects of the fall in deposits caused by the increase in the external deficit. It may also have been a by-product, however, of the bank's attempts to improve its techniques of control.

The effectiveness of the weapon of the manipulation of the special accounts has always been limited by the failure of the Australian banks to maintain even reasonably constant ratios of liquid assets to deposits. In recent years, in particular, the liquidity ratio has fluctuated widely, so that

quiet, but they might yet come to an agreement if they were not subjected to political pressure on both sides. Other Saar companies work smoothly under mixed ownership, and the Völklingen works might do the same. There is provision for Franco-German economic collaboration in the agreement signed by M. Mendès-France and Dr Adenauer last October, and industrialists on both sides seem to be taking it seriously. They are working out ways and means of collaborating in arms production and for joint undertakings in French Africa. As things are, however, it may prove easier to work together in Gaboon than at Völklingen.

Rash Tactics in Rio

THE latest developments in Brazil show once again that good finance and bad politics do not mix. Dr Gudin, the Minister of Finance, and Sr Mariani, president of the Bank of Brazil, have been dismissed by the government of President Café Filho, at the very time when the country most urgently needed a steady fiscal policy. Their dismissal represents a barefaced piece of political horse-trading with a view to the presidential elections six months from now. In order to obtain from Sr Janio Quadros, the dynamic and ambitious governor of the state of Sao Paulo, a promise that he would not run for president and would support the government's candidate, Sr Café Filho had to give the ministry of finance and the presidency of the bank to men from Sao Paulo. Not even in official pronouncements has the slightest attempt been made to disguise this shoddy operation. Evidently, the government needs all the support it can muster against Sr Juscelino Kubitschek, the candidate who claims to be political heir to the late President Vargas. It is not yet clear who will be nominated by the government, but most observers believe that the choice will fall on General Tavora, the head of the president's military household.

The new Finance Minister, Sr José Maria Whitaker, who served in this office in 1930, does not face a pleasant task. Sr Gudin's dismissal brought on a major break in confidence: the cruzeiro-dollar exchange rate dropped sharply, and foreign investors who had begun to take Brazil's fight against inflation seriously received a severe shock. Sr Whitaker's only known policy is a wish to make all exchange rates free, and nothing could be less realistic in Brazil's present financial situation. In fact, his actions will be largely dictated by the continuing coffee crisis. Last week, Brazil and Colombia signed an agreement in order to stabilise coffee prices and prevent a major glut. This probably means that Brazil will withdraw five million bags from the market and Colombia two million. Continued massive support for coffee-growers by the government will make inflationary pressures more intense.

Smoothing the Ratepayer

THE Rating and Valuation Bill, which had its second reading in the House of Commons last week, is—as the Minister of Housing and Local Government unenthusiastically observed—an odds and ends measure. But one clause of the Bill is of considerable interest. It is designed to foil a howl of protest and a flood of appeals from ratepayers when, about a year from now, they find that the rateable value of their properties has been assessed substantially higher—by reminding them that, at the same time, the number of "shillings in the pound" in the local rate will become substantially lower. Under the previous procedure, ratepayers had to have prior notice of proposed changes in rateable values. One of the objects of the new Bill is to make sure that the new and higher valuations and the new and lower poundage rates will go through the ratepayers' letter boxes together. The right to launch appeals will remain, but there should be substantially fewer of them than there would otherwise have been.

The new valuation lists, which have been under preparation by the Inland Revenue for a very long time, are designed to iron out local anomalies and to bring valuations somewhat more in line with modern realities. The last lists were made as long ago as 1934, since the outbreak of war prevented the quinquennial review in 1939. But many MPs foresaw considerable trouble, and plenty of appeals, even under the new procedure. For one thing, the adjustments may tempt local authorities not to reduce their poundage rates quite to the level which maintenance of their previous revenue would permit. More important, it is clear that shopkeepers are going to pay far more than house owners, since shops are to be assessed on modern values (on the argument that there has been a free market in such property) while houses are to be valued more or less at 1939 levels (since there has been so much rent restriction). One MP suggested that whole some house owners will pay up to 20 per cent less, some traders will pay up to 60 per cent more—which, however, they can set against profits as an expense. Mr Sandys must feel very glad that this storm lies on the other side of the general election.

Proconsul for Nigeria

IN Sir James Robertson, whose appointment to succeed Sir John Macpherson was announced this week, Nigeria will have as Governor-General a first-class administrator, trained in the Sudan political service. That is important, since the country's administration needs attention if it is to carry the burdens imposed by federation and self government. But this responsibility falls more on the regional governors than the Governor-General. The real task which faces Sir James will be political and imaginative: to hold the federation together when the constitution is reviewed in 1956. After this review the regions will be given complete autonomy and independence in their own affairs, which were much broadened in scope by the Lyttelton agreement. They will come near to being allied sovereign states, but it could be disastrous for them to behave as sovereign states. The Governor-General has a short period before him in which to fan a stronger feeling of Nigerian nationhood and statehood at the centre and in the regions, in face of wide differences in tribal attitudes, religion and social development. Sir James Robertson's sympathies will surely lie all in favour of unity, since he will bring from the Sudan a strong preoccupation with the importance of developing a diversified economy and a large trading area.

• RADIO & TELEVISION RECEIVERS • RADIOGRAMS AND RECORD PLAYERS • GRAMOPHONE RECORDS • 'PHILISHAVE' ELECTRIC DRY SHAVERS •

SOUND AMPLIFYING INSTALLATIONS • TAPE RECORDERS • X-RAY EQUIPMENT FOR ALL PURPOSES • ELECTRONIC MEASURING INSTRUMENTS • ELECTRO-MEDICAL APPARATUS

TUNGSTEN, FLUORESCENT, BLENDED AND DISCHARGE LAMPS AND LIGHTING EQUIPMENT • 'PHOTOFLUX' FLASHBULBS • HIGH FREQUENCY HEATING GENERATORS •

March into the future... No.3



Maybe one day...

For the moment, of course, it's just a case of 'Let's pretend'—but the day is probably coming when she really *will* graduate at one of the great universities. And Philips will have helped to make her work there far easier, far more interesting, than it was for the students of yesterday. Science is her subject—so Philips electron microscopes will show her the secret ways of Nature, the myriad unseen worlds around us. A career in horticulture or agriculture is her plan. There again, Philips will help her in many ways—with ultra-violet and infra-red techniques, for instance. For Philips, in adding so much to the knowledge of today, contribute so much to the better world of tomorrow.

PHILIPS

CONTRIBUTE TO THE BETTER WORLD OF TO-MORROW

• ARC & RESISTANCE WELDING PLANT & ELECTRODES • MAGNETIC FILTERS • BATTERY CHARGERS & RECTIFIERS • CINEMA PROJECTORS •

the effects of given changes in the special accounts have been largely unpredictable. Dr Coombs has therefore been trying for some time to persuade the banks to accept a ratio of standard size; in 1953 he requested them to maintain in liquid assets—which in Australia are taken to include government securities, but exclude the special accounts themselves—an average of 25 per cent of deposits over each year. But when the Commonwealth Bank impounded part of the seasonal increase in deposits in the spring of 1954 in special accounts the banks merely reacted by running down their liquidity ratios. In his latest annual report therefore Dr Coombs made public his endeavours to introduce an effective conventional ratio—and gave a hint that sanctions might be imposed for non-compliance in the future. He indicated, moreover, that his future ability and willingness to release special accounts would depend on the trading banks' observance of the convention.

The releases of special accounts last autumn may thus have been made partly to induce the banks to raise their liquidity ratios (which had fallen to only 16 per cent in September, 1954) to the hoped-for conventional figure. By March of this year the ratios had indeed risen to 22 per cent—but credit inflation had proceeded still further. This abortive attempt to improve the monetary weapons had involved a soft-pedalling of the one existing sanction, the calling of special accounts.

The reluctance of the trading banks to submit to tighter conventions of practice is, from the standpoint of the efficacy of monetary control in Australia, unquestionably unfortunate. But it must be conceded that the banks' recalcitrance is in part to be explained by the equivocal status of the governor of the central bank—he is also governor of a vigorously competitive trading institution, the Commonwealth Trading Bank. A piquant small example of the effects of this duality occurred recently in Sydney. A hire-purchase company that happened to be the leading exponent of no-deposit transactions with the public transferred its account from a private bank to the Commonwealth Trading Bank on the understanding that this bank's superior liquidity would permit it to offer overdraft accommodation on more liberal terms. The private bank could naturally not help but feel that Dr Coombs's own trading institution had penalised it for observing the earnest preachings of restraint by Dr Coombs, the central banker.

Responsibility for this situation is not, of course, attributable to Dr Coombs himself, whose relationships with commercial bankers are obviously happy. It was the legislation of the Labour Government in 1945 that compelled the Commonwealth Bank to change the tempo of its own trading activities from one of gentlemanly diffidence to active competitiveness. The subsequent attempt to nationalise the trading banks, abortive as it was, completed the chain of distrust and fear of the Commonwealth Bank on the part of the trading banks; and it also created a special impetus to uninhibited expansiveness. The private banks felt that at all costs they had to avoid gaining a reputation for being less liberal than the Commonwealth Trading Bank. The Trading Bank has in fact been increasing its advances at a considerably faster rate than have the private banks; the trading adjunct of the central bank may thus be held to have become an active pace-setter in the present credit expansion. If the Australian authorities are to evolve a more effective mechanism of monetary control they will have to be considerably more single-minded in their purpose than they have been in recent years.

Financing India's Development

BY A CORRESPONDENT

As the Indian economy stands poised in mid-1955 between the final phases of the first five-year plan and the opening of the second, it is natural that foreign companies and banks should pause to take stock of their future prospects in this changing and increasingly socialised country. Thus far, they have fared considerably better than might have been expected, given the dual pressures of nationalism and anti-capitalism. That has been largely the reward of their own remarkable measure of adaptation to the new conditions on the one hand and of the general good sense and sympathetic attitude displayed in practice by Indian officials on the other. But now that India is on the threshold of its second and more ambitious phase of development, the foreign concerns have renewed fears for their future—not only on account of the Government's vague and possibly half-hearted plans for more socialisation and control, but also for fear of the effects of the plan on India's economic stability, both internal and external.

The first plan was very largely a collation of agricultural policies and industrial projects that had been started during and immediately after the war. The initiative that passed to Mr Nehru's Government from the pre-independence regime has, on the whole, been turned to good account. Central and States administrations have endeavoured to create, in conjunction with their policies to encourage food production, the will amongst the agricultural population to raise its living standards; and by their Rural Extension Services and Community Projects the authorities have provided the means by which local communications, health and education services can be improved. It has been recognised that rural planning demands a substantial element of "self-help" for its success. Industrial expansion in turn has been fashioned to the Government's plans by regulation of investment, both domestic and foreign.

Yet, despite the complex and formidable network of controls that has been built up, a very fair measure of freedom for the individual has up to now been maintained. Legislation has generally tended to look more frightening than it has in fact turned out to be. The right kind of proposition has rarely failed to receive administrative approval—once, that is, the right official in Delhi or in some State capital could be found. But the extent to which the Indian economy in recent years has become an increasingly controlled economy may be seen as the inevitable prelude to the "socialised" economy that the ruling Congress Party proclaimed as its ultimate goal early this year. As a rough generalisation, it can be said that as the second five-year plan comes into sight—it is due to begin in 1956—the